

**TROY TOWNSHIP
ASHLAND COUNTY, OHIO**

**FOR THE YEARS ENDED
DECEMBER 31, 1999 AND 1998**

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STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140

Telephone 614-466-4514
800-282-0370

Facsimile 614-466-4490

Board of Trustees
Troy Township
Ashland County, Ohio

We have reviewed the independent auditor's report of Troy Township, Ashland County, prepared by Rea & Associates, Inc., Certified Public Accountants, for the audit period January 1, 1998 through December 31, 1999. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. Troy Township is responsible for compliance with these laws and regulations.

A handwritten signature in black ink, appearing to read "Jim Petro", written over a horizontal line.

JIM PETRO
Auditor of State

July 3, 2000

June 14, 2000

Board of Trustees
Troy Township
Ashland County, Ohio

INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying financial statements of Troy Township, Ashland County, as of and for the years ended December 31, 1999 and 1998, as listed in the table of contents. These financial statements are the responsibility of Troy Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, the Township, prepares its financial statements on a prescribed basis of accounting that demonstrates compliance with the cash basis and budget laws of the State of Ohio, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects the combined cash balances of Troy Township, Ashland County, as of December 31, 1999 and 1998, and the cash receipts and disbursements for the years then ended, on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued a report dated June 14, 2000 on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

This report is intended solely for the information and use of the officials authorized to receive this report under Section 117.26, Ohio Revised Code, and it is not intended to be and should not be used by anyone other than these specified parties.

Rea & Associates, Inc.

**TROY TOWNSHIP
ASHLAND COUNTY, OHIO**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL AND SIMILAR
FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1999**

	Governmental Fund Types			Fiduciary Fund Type	Total (Memorandum Only)
	General	Special Revenue	Capital Projects	Non-Expendable Trust	
CASH RECEIPTS:					
Taxes	\$ 13,845	\$ 66,101	\$ 0	\$ 0	\$ 79,946
Licenses, Permits, and Fees	3,185	1,250	0	0	4,435
Intergovernmental Receipts	45,029	62,148	0	0	107,177
Interest	801	251	441	57	1,550
All Other Revenue	409	3,670	0	0	4,079
Total Cash Receipts	<u>63,269</u>	<u>133,420</u>	<u>441</u>	<u>57</u>	<u>197,187</u>
CASH DISBURSEMENTS:					
General Government	33,044	0	0	0	33,044
Public Safety	0	8,616	0	0	8,616
Public Works	4,552	95,994	0	0	100,546
Health	0	3,828	0	0	3,828
Conservation - Recreation	1,869	0	0	0	1,869
Capital Outlay	650	5,895	0	0	6,545
Total Cash Disbursements	<u>40,115</u>	<u>114,333</u>	<u>0</u>	<u>0</u>	<u>154,448</u>
Total Receipts Over (Under) Disbursements	23,154	19,087	441	57	42,739
OTHER FINANCING SOURCES (USES):					
Operating Transfers - In	0	0	0	0	0
Operating Transfers - Out	0	0	0	0	0
Other Financing Sources	24	0	0	0	24
Total Other Financing Sources (Uses)	<u>24</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>24</u>
Total of Receipts and Other Sources Over (Under) Disbursements and Other Financing Uses	23,178	19,087	441	57	42,763
Fund cash balances, beginning of year	11,249	42,028	10,485	2,899	66,661
Fund cash balances, end of year	<u>\$ 34,427</u>	<u>\$ 61,115</u>	<u>\$ 10,926</u>	<u>\$ 2,956</u>	<u>\$ 109,424</u>

The notes to the financial statements are an integral part of this statement.

**TROY TOWNSHIP
ASHLAND COUNTY, OHIO**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL AND SIMILAR
FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1998**

	Governmental Fund Types			Fiduciary Fund Type	Total (Memorandum Only)
	General	Special Revenue	Capital Projects	Non-Expendable Trust	
CASH RECEIPTS:					
Taxes	\$ 13,365	\$ 60,479	\$ 0	\$ 0	\$ 73,844
Licenses, Permits, and Fees	3,305	1,800	0	0	5,105
Intergovernmental Receipts	26,460	61,424	0	0	87,884
Interest	619	261	485	56	1,421
All Other Revenue	1,532	3,913	0	0	5,445
Total Cash Receipts	45,281	127,877	485	56	173,699
CASH DISBURSEMENTS:					
General Government	32,874	0	0	0	32,874
Public Safety	0	6,070	0	0	6,070
Public Works	4,981	99,927	0	0	104,908
Health	1,061	4,284	0	0	5,345
Conservation - Recreation	3,186	0	0	0	3,186
Capital Outlay	0	9,690	0	0	9,690
Total Cash Disbursements	42,102	119,971	0	0	162,073
Total Receipts Over (Under) Disbursements	3,179	7,906	485	56	11,626
OTHER FINANCING SOURCES (USES):					
Operating Transfers - In	0	0	0	0	0
Operating Transfers - Out	0	0	0	0	0
Total Other Financing Sources (Uses)	0	0	0	0	0
Total of Receipts and Other Sources Over (Under) Disbursements and Other Financing Uses	3,179	7,906	485	56	11,626
Fund cash balances, beginning of year	8,070	34,122	10,000	2,843	55,035
Fund cash balances, end of year	\$ 11,249	\$ 42,028	\$ 10,485	\$ 2,899	\$ 66,661

The notes to the financial statements are an integral part of this statement.

**TROY TOWNSHIP
ASHLAND COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED
DECEMBER 31, 1999 AND 1998**

NOTE 1: Summary of Significant Accounting Policies

A. Description of the Entity

The Township of Troy, Ashland County, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Township is directed by a publicly elected four member Board. The Township provides general governmental services, including road, bridge and cemetery maintenance.

The Township's management believes these financial statements present all activities for which the Township is financially accountable.

B. Basis of Accounting

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

C. Fund Accounting

The Township uses fund accounting to segregate cash and investments that are restricted as to use. The Township classifies its funds into the following types:

General Fund

The General Fund is the general operating fund. It is used to account for all financial resources except those required by law or contract to be restricted.

Special Revenue Funds

These funds are used to account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. The Township had the following significant Special Revenue Funds.

Motor Vehicle License Tax Fund - This fund receives state motor vehicle license tax money for the construction, repair, and maintenance of township roads and bridges.

**TROY TOWNSHIP
ASHLAND COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED
DECEMBER 31, 1999 AND 1998**

NOTE 1: Summary of Significant Accounting Policies (continued)

C. Fund Accounting (continued)

Gasoline Tax Fund - This fund receives gasoline tax money for the construction, repair and maintenance of township roads and bridges.

Road and Bridges Funds - These funds receive real estate and personal property tax money for the construction, repair and maintenance of township roads and bridges.

Cemetery Funds - These funds receive real estate and personal property tax money and generate money through the selling of cemetery lots and donations from the general public. This money is disbursed for the maintenance and upkeep of township cemeteries.

Fire District - This fund receives real estate and personal property tax money for the operation of a volunteer fire department for the township.

Capital Projects Fund

These funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds).

Fire and Capital Equipment - This fund receives money transferred from the Fire District Fund and is to be used for future capital purchases of the Fire Department.

Fiduciary Fund (Trust and Agency Funds)

Trust funds are used to account for resources restricted by legally binding trust agreements. If the agreement requires the Township to maintain the corpus of the trust, the fund is classified as a non-expendable trust fund. The Township had the following significant fiduciary fund:

Non-Expendable Trust Fund - This fund receives money from the bequests of individuals. The earnings of which are expended for the upkeep of cemeteries and the purchase of cemetery land.

D. Budgetary Process

The Ohio Revised Code requires that each fund (except certain agency funds) be budgeted annually.

Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may

**TROY TOWNSHIP
ASHLAND COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED
DECEMBER 31, 1999 AND 1998**

NOTE 1: Summary of Significant Accounting Policies (continued)

D. Budgetary Process (continued)

not exceed estimated resources. The Township must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year end.

The Township's Fire Levy Fund disbursements exceeded appropriations by \$964 for the year ended December 31, 1998.

Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1. The County Budget Commission must also approve estimated resources.

Encumbrances

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year.

A summary of 1999 and 1998 budgetary activity appears in Note 3.

E. Property, Plant and Equipment

Acquisitions of property, plant and equipment are recorded as disbursements (capital outlays) when paid. These items are not reflected as assets in the accompanying financial statements.

NOTE 2: Equity in Pooled Cash

The Township maintains a cash pool used by all funds. The Ohio Revised Code prescribes allowable deposits. The carrying amount of cash at December 31 was as follows:

	1999	1998
Deposits	\$ 98,939	\$ 56,176
Certificate of deposit	10,485	10,485
Total Cash	\$ 109,424	\$ 66,661

Deposits

Deposits are covered by Federal Depository Insurance and security pledged as collateral.

**TROY TOWNSHIP
ASHLAND COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED
DECEMBER 31, 1999 AND 1998**

NOTE 3: Budgetary Activity

Budgetary activity for the years ended December 31, 1999 and 1998 was as follows:

	Budgeted vs. Actual Receipts					
	1999			1998		
	Budgeted Receipts	Actual Receipts	Variance	Budgeted Receipts	Actual Receipts	Variance
General	\$ 64,645	\$ 63,293	\$ (1,352)	\$ 41,503	\$ 45,281	\$ 3,778
Special Revenue	140,033	133,420	(6,613)	125,036	127,877	2,841
Capital Projects	22,346	441	(21,905)	481	485	4
Non-Expendable	81	57	(24)	79	56	(23)
Total	<u>\$ 227,105</u>	<u>\$ 197,211</u>	<u>\$ (29,894)</u>	<u>\$ 167,099</u>	<u>\$ 173,699</u>	<u>\$ 6,600</u>

	Budgeted vs. Actual Expenditures					
	1999			1998		
	Appropriation Authority	Actual Expenditures	Variance	Appropriation Authority	Actual Expenditures	Variance
General	\$ 56,213	\$ 40,115	\$ 16,098	\$ 55,212	\$ 42,102	\$ 13,110
Special Revenue	168,949	114,333	54,616	160,078	119,971	40,107
Capital Projects	10,979	0	10,979	10,400	0	10,400
Non-Expendable	2,981	0	2,981	2,925	0	2,925
Total	<u>\$ 239,122</u>	<u>\$ 154,448</u>	<u>\$ 84,674</u>	<u>\$ 228,615</u>	<u>\$ 162,073</u>	<u>\$ 66,542</u>

NOTE 4: Property Tax

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by Troy Township. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to make semiannual payments, the first half is due December 31. The second half payment is due the following June 20.

Tangible personal property tax is assessed by the property owners, who must file a list of such property taxes to the County by each April 30.

The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Township.

**TROY TOWNSHIP
ASHLAND COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED
DECEMBER 31, 1999 AND 1998**

NOTE 6: Retirements Systems

The Board of Trustees, Township Clerk, and other employees of the Township belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost sharing, multiple employer plan. This plan provides retirement benefits, including postretirement health care, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code. The Public Employee Retirement System issues a stand-alone financial report. Interested parties may obtain a copy by making a written request to 277 East Town Street, Columbus, Ohio 4325-4642 or by calling (614) 466-2085 or 1-800-222-PERS (7377).

Contribution rates are also prescribed by the Ohio Revised Code. For 1999 and 1998, PERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries. The Township has paid all contributions required through December 31, 1999.

NOTE 7: Risk Management

The Township has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Automobile
- Public Officials Liability

June 14, 2000

The Board of Trustees
Troy Township
Ashland County, Ohio

**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

We have audited the financial statements of Troy Township, Ashland County, as of and for the years ended December 31, 1999 and 1998, and have issued our report thereon dated June 14, 2000. We have conducted our audit in accordance with generally accepted auditing standards and standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Troy Township financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of Troy Township in a separate letter dated June 14, 2000.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Troy Township internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be a material weakness. However, we noted other matters involving the internal control over financial reporting that we have reported to management of Troy Township in a separate letter dated June 14, 2000.

This report is intended solely for the information and use of the Board of Trustee, management, and others within the Township, and it is not intended to be and should not be used by anyone other than these specified parties.

Rea & Associates, Inc.

Columbus
New Philadelphia
Millersburg
Coshocton
Cambridge
Marietta
Medina
Lima



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TROY TOWNSHIP

ASHLAND COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

By: Susan Babbitt

Date: JULY 25, 2000