

TROY TOWNSHIP
BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2003 AND 2004



**Auditor of State
Betty Montgomery**

Board of Trustees
Troy Township
2378 Horseshoe Rd.
Delaware, OH 43015

We have reviewed the *Independent Accountants' Report* of Troy Township, Delaware County, prepared by Fruth & Company, PPL, for the audit period January 1, 2003 through December 31, 2004. 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.

The financial statements in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Auditor of State. Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Independent Accountants' Report* on your financial statements. While the Auditor of State does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. The attached report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the statements are misstated under the non-GAAP regulatory basis. The *Independent Accountants' Report* also includes an opinion on the financial statements using the regulatory format the Auditor of State permits.

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, Delaware County is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Betty Montgomery".

BETTY MONTGOMERY
Auditor of State

September 28, 2005

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INDEPENDENT ACCOUNTANTS' REPORT

Troy Township
Delaware County
2378 Horseshoe Road
Delaware, Ohio 43015

To the Board of Trustees:

We have audited the accompanying financial statements of Troy Township, Delaware County, Ohio (the Township) as of and for the years ended December 31, 2004, and December 31, 2003. These financial statements are the responsibility of the 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 auditing standards generally accepted in the United States of America 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 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 more fully in Note 1, the Township has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Revisions to GAAP would require the Township to reformat its financial statements presentation and make other changes effective for the year ended December 31, 2004. Instead of the combined funds the accompanying financial statements present for 2004 (and 2003), the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately for 2004. While the Township does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to the new GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The Township has elected not to reformat its statements. Since this Township does not use GAAP to measure financial statement amounts, the following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the year ended December 31, 2004, do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2004.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of Troy Township, Delaware County, as of December 31, 2004 and 2003, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The aforementioned revision to generally accepted accounting principles also requires the Township to include Management's Discussion and Analysis for the year ended December 31, 2004. The Township has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our reported dated July 12, 2005 on our consideration of the Township's internal control over financial reporting and our test of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Fruth & Company, PLL
Certified Public Accountants

July 12, 2005

TROY TOWNSHIP
DELAWARE COUNTY

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2004

(Memorandum	Governmental Funds Types			Totals
	General	Special Revenue	Capital Projects	only)
Cash Receipts:				
Local Taxes	\$ 84,112	0	0	84,112
Intergovernmental	48,772	107,064	0	155,836
Licenses, Permits and Fees	13,983	7,306	0	21,289
Earnings on Investments	5,941	1,556	0	7,497
Other Revenue	<u>17</u>	<u>11,400</u>	<u>0</u>	<u>11,417</u>
Total Cash Receipts	<u>\$152,825</u>	<u>127,326</u>	<u>0</u>	<u>280,151</u>
Cash Disbursements:				
Current				
General Government	120,684	0	0	120,684
Public Works	0	73,345	0	73,345
Health	17,842	3,878	0	21,720
Capital Outlay	<u>0</u>	<u>4,452</u>	<u>0</u>	<u>4,452</u>
Total Cash Disbursement	<u>138,526</u>	<u>81,675</u>	<u>0</u>	<u>220,201</u>
Total Receipts Over/Under Disbursements	<u>14,299</u>	<u>45,651</u>	<u>0</u>	<u>59,950</u>
Other Financing Reports and (Disbursements):				
Transfer-in	0	15,000	60,000	75,000
Transfer-out	(75,000)	0	0	(75,000)
Other Financing Sources	537	0	0	537
Other Financing Uses	<u>(1,345)</u>	<u>0</u>	<u>0</u>	<u>(1,345)</u>
Total Other Financing Receipts/(Disbursements)	<u>(75,808)</u>	<u>15,000</u>	<u>60,000</u>	<u>(808)</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(61,509)	60,651	60,000	59,142
Fund Cash Balances, January 1	<u>276,897</u>	<u>124,118</u>	<u>190,000</u>	<u>591,015</u>
Fund Cash Balances, December 31	<u>\$215,388</u>	<u>184,769</u>	<u>250,000</u>	<u>650,157</u>
Reserve for Encumbrances, December 31	<u>\$ 0</u>	<u>0</u>	<u>0</u>	<u>0</u>

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

TROY TOWNSHIP
DELAWARE COUNTY

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2003

(Memorandum	Governmental Funds Types			Totals (only)
	General	Special Revenue	Capital Projects	
Cash Receipts:				
Local Taxes	\$ 79,111	0	0	79,111
Intergovernmental	54,313	68,718	0	123,031
Licenses, Permits and Fees	4,368	5,615	0	9,983
Earnings on Investments	4,601	1,501	0	6,102
Other Revenue	<u>648</u>	<u>4,150</u>	<u>0</u>	<u>4,798</u>
Total Cash Receipts	<u>\$143,041</u>	<u>79,984</u>	<u>0</u>	<u>223,025</u>
Cash Disbursements:				
Current				
General Government	110,280	0	0	110,280
Public Works	0	98,920	0	98,920
Health	24,082	0	0	24,082
Capital Outlay	<u>6,669</u>	<u>825</u>	<u>0</u>	<u>7,494</u>
Total Cash Disbursement	<u>141,031</u>	<u>99,745</u>	<u>0</u>	<u>240,776</u>
Total Receipts Over/Under Disbursements	<u>2,010</u>	<u>(19,761)</u>	<u>0</u>	<u>(17,751)</u>
Other Financing Reports and (Disbursements):				
Transfer-in	0	0	60,000	60,000
Transfer-out	<u>(60,000)</u>	<u>0</u>	<u>0</u>	<u>(60,000)</u>
Total Other Financing Receipts/(Disbursements)	<u>(60,000)</u>	<u>0</u>	<u>60,000</u>	<u>0</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(57,990)	(19,761)	60,000	(17,751)
Fund Cash Balances, January 1	<u>334,887</u>	<u>143,879</u>	<u>130,000</u>	<u>608,766</u>
Fund Cash Balances, December 31	<u>\$276,897</u>	<u>124,118</u>	<u>190,000</u>	<u>591,015</u>
Reserve for Encumbrances, December 31	<u>\$ 319</u>	<u>0</u>	<u>0</u>	<u>0</u>

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

TROY TOWNSHIP
DELAWARE COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of Entity

Troy Township, Delaware County, Ohio (the Township) is a body corporate and politic 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 three-member Board of Trustee. The Township provides general governmental services and cemetery maintenance. The Township also jointly governs the Tri-Township Fire District. The Fire District is governed by one trustee each from Delaware Township, Brown Township, and Troy Township.

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. Cash and Investments

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

Money market mutual funds (including STAR Ohio) are recorded at share values reported by the mutual fund.

D. 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:

1. General Fund

The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

TROY TOWNSHIP
DELAWARE COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003
(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

D. Fund Accounting (Continued)

2. Special Revenue Funds

These funds are used to account for proceeds from specific sources (other than from trust 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 motor vehicle license tax money for constructing, maintaining and repairing Township roads.

Gasoline Tax Fund - This fund receives gasoline tax money to pay for construction, maintaining and repairing Township roads.

Cemetery Fund - This fund receives monies from the open and closing of graves, building of foundations, and the sale of cemetery lots to pay for cemetery maintenance services.

3. Capital Projects Funds

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through enterprise or trust funds). The Township had the following significant Capital Project Fund:

Miscellaneous Capital Projects - This fund receives monies transferred from the General Fund to accumulate monies for the building of a new Township Hall.

TROY TOWNSHIP
DELAWARE COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003
(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

E. Budgetary Process

The Ohio Revised Code requires that each fund be budgeted annually.

1. Appropriations

County Budgetary expenditures (that is, disbursement and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The Board of trustees 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.

2. 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.

3. Encumbrances

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 2004 and 2003 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

TROY TOWNSHIP
DELAWARE COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003
(Continued)

2. EQUITY IN POOLED CASH AND INVESTMENTS

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

	2004	2003
Demand deposits	\$110,977	58,654
Total deposits	<u>110,977</u>	<u>58,654</u>
STAR Ohio	539,180	532,361
Total investments	<u>539,180</u>	<u>532,361</u>
Total deposits and investments	<u>\$650,157</u>	<u>591,015</u>

Deposits: Deposits are either insured by the Federal Depository Insurance Corporation, or collateralized by the financial institution's public entity deposit pool.

Investments: Investments in STAR Ohio are not evidenced by securities that exist in physical or book-entry form.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2004 and December 31, 2003 follows:

Fund Type	2004 Budgeted vs. Actual Receipts		
	Budgeted Receipts	Actual Receipts	Variance
General	\$141,350	153,363	12,013
Special Revenue	76,159	142,326	66,167
Capital Reports	<u>60,000</u>	<u>60,000</u>	<u>0</u>
Total	<u>\$277,509</u>	<u>355,689</u>	<u>78,180</u>

TROY TOWNSHIP
DELAWARE COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003
(Continued)

3. BUDGETARY ACTIVITY (Continued)

2004 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$313,919	214,872	99,047
Special Revenue	137,834	81,676	56,158
Capital Projects	<u>0</u>	<u>0</u>	<u>0</u>
Total	<u>\$451,753</u>	<u>296,548</u>	<u>155,205</u>

2003 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$138,600	143,041	4,441
Special Revenue	71,100	79,984	8,884
Capital Projects	<u>60,000</u>	<u>60,000</u>	<u>0</u>
Total	<u>\$269,700</u>	<u>283,025</u>	<u>13,325</u>

2003 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$269,600	201,350	68,250
Special Revenue	<u>121,006</u>	<u>99,745</u>	<u>21,261</u>
Total	<u>\$390,606</u>	<u>301,095</u>	<u>89,511</u>

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by the Board of Trustees. 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 to the County by each April 30.

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

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TROY TOWNSHIP
DELAWARE COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003
(Continued)

5. RETIREMENT SYSTEM

The Township's employees 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 healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2004 and 2003, members of PERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participant's gross salaries. The Township has paid all contributions required through December 31, 2004.

6. RISK MANAGEMENT

The Township has obtained commercial insurance for the following risks:

- * Comprehensive property and general liability;
- * Vehicles; and
- * Errors and omissions.

The Township also provides health insurance and dental and vision coverage to the Board of Trustees and Clerk through a private carrier.

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

Troy Township
Delaware County
2378 Horseshoe Road
Delaware, Ohio 43015

To the Board of Trustees:

We have audited the financial statements of Troy Township, Delaware County, as of and for the years ended December 31, 2004 and 2003, and have issued our report thereon dated July 12, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Troy Township's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion 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 that might be material weaknesses. A material weakness is a reportable 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 caused by error or fraud 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 material weaknesses.

Troy Township
Delaware County
Report On Internal Control Over Financial Reporting And On Compliance And
Other Matters Based On An Audit Of Financial Statements Performed In
Accordance with *Government Auditing Standards*
Page 2

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Troy Township's financial statements are free of material misstatements, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, 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 or other matters that are required to be reported under the *Government Auditing Standards*.

This report is intended solely for the information and use of the audit committee, management, Board of Trustees and is not intended to be and should not be used by anyone other than these specified parties.

Fruth & Company, PLL
Certified Public Accountants

July 12, 2005



**Auditor of State
Betty Montgomery**

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TROY TOWNSHIP

DELAWARE 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.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
OCTOBER 13, 2005**