



Dave Yost • Auditor of State



**TROY TOWNSHIP  
DELAWARE COUNTY**

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

Troy Township  
Delaware County  
2378 Horseshoe Road  
Delaware, Ohio 43015

To the Board of Trustees:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements and related notes of Troy Township, Delaware County, Ohio, (the Township) as of and for the years ended December 31, 2012 and 2011.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Township's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Township's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinion.

### ***Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles***

As described in Note 1 of the financial statements, the Township prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03, which is an accounting basis other than accounting principles generally accepted in the United States of America, to satisfy requirements.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2012 and 2011, or changes in financial position thereof for the year then ended.

***Opinion on Regulatory Basis of Accounting***

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of Troy Township, Delaware County, Ohio as of December 31, 2012 and 2011, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 permits, described in Note 1.

***Emphasis of Matter***

As discussed in Note 1 to the financial statements, during 2011 the Township adopted new accounting guidance in Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. Our opinion is not modified with respect to this matter.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated July 17, 2013, 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 grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control over financial reporting and compliance.



**Robert R. Hinkle**  
Chief Deputy Auditor, CPA, CGFM

Columbus, Ohio

July 17, 2013

**TROY TOWNSHIP  
UNION COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2012**

	General	Special Revenue	Totals (Memorandum Only)
<b>Cash Receipts</b>			
Property and Other Local Taxes	\$97,792	-	\$97,792
Licenses, Permits and Fees	1,300	14,100	15,400
Intergovernmental	51,697	98,866	150,563
Earnings on Investments	823	82	905
Miscellaneous	60	3,600	3,660
<i>Total Cash Receipts</i>	<u>151,672</u>	<u>116,648</u>	<u>268,320</u>
<b>Cash Disbursements</b>			
Current:			
General Government	111,077	-	111,077
Public Works	27,196	92,261	119,457
Health	22,269	8,623	30,892
Capital Outlay	-	11,693	11,693
Debt Service:			
Principal Retirement	17,480	-	17,480
Interest and Fiscal Charges	889	-	889
<i>Total Cash Disbursements</i>	<u>178,911</u>	<u>112,577</u>	<u>291,488</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(27,239)</u>	<u>4,071</u>	<u>(23,168)</u>
<i>Fund Cash Balances, January 1</i>	<u>403,539</u>	<u>404,038</u>	<u>807,577</u>
<b>Fund Cash Balances, December 31</b>			
Restricted	-	408,109	408,109
Assigned	72,076	-	72,076
Unassigned (Deficit)	304,224	-	304,224
<i>Fund Cash Balances, December 31</i>	<u>\$376,300</u>	<u>\$408,109</u>	<u>\$784,409</u>

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

**TROY TOWNSHIP  
UNION COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2011**

	General	Special Revenue	Totals (Memorandum Only)
<b>Cash Receipts</b>			
Property and Other Local Taxes	\$94,509	-	\$94,509
Licenses, Permits and Fees	1,125	12,431	13,556
Intergovernmental	67,636	103,815	171,451
Earnings on Investments	755	60	815
Miscellaneous	1,396	3,300	4,696
<i>Total Cash Receipts</i>	<u>165,421</u>	<u>119,606</u>	<u>285,027</u>
<b>Cash Disbursements</b>			
Current:			
General Government	124,336	-	124,336
Public Works	15,395	73,063	88,458
Health	15,618	10,886	26,504
Capital Outlay	-	22,386	22,386
Debt Service:			
Principal Retirement	16,633	-	16,633
Interest and Fiscal Charges	1,736	-	1,736
<i>Total Cash Disbursements</i>	<u>173,718</u>	<u>106,335</u>	<u>280,053</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(8,297)</u>	<u>13,271</u>	<u>4,974</u>
<i>Fund Cash Balances, January 1</i>	<u>411,836</u>	<u>390,767</u>	<u>802,603</u>
<b>Fund Cash Balances, December 31</b>			
Restricted	-	404,038	404,038
Assigned	72,391	-	72,391
Unassigned (Deficit)	331,148	-	331,148
<i>Fund Cash Balances, December 31</i>	<u><u>\$403,539</u></u>	<u><u>\$404,038</u></u>	<u><u>\$807,577</u></u>

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

**TROY TOWNSHIP  
DELAWARE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2012 AND 2011**

**1. Summary of Significant Accounting Policies**

**A. Description of the Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of Troy Township, Delaware County, Ohio, (the Township) as a body corporate and politic. A publicly-elected three-member Board of Trustees directs the Township. The Township provides road and bridge maintenance, and cemetery maintenance. The Township contracts with Tri-Township Fire District to provide fire protection and rescue services.

The Township participates in one jointly governed organizations and the Ohio Plan Risk Management public entity risk pool. Notes 6 and 7 to the financial statements provide additional information for these entities. These organizations are:

Jointly Governed Organizations:

The Township jointly governs the Tri Township Fire District. The Fire District is governed by one trustee from each of the governing townships: Brown, Delaware, and Troy.

Public Entity Risk Pool:

The Township belongs to the Ohio Plan Risk Management, Inc., a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio Governments.

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

**B. Accounting Basis**

These financial statements follow the accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The Township recognizes receipts when received in cash rather than when earned, and recognizes disbursements 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 the Auditor of State prescribes or permits.

**C. Deposits and Investments**

The Township's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

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

**TROY TOWNSHIP  
DELAWARE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2012 AND 2011  
(Continued)**

**1. Summary of Significant Accounting Policies (Continued)**

**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 accounts for and reports all financial resources not accounted for and reported in another fund.

**2. Special Revenue Funds**

These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Township had the following significant Special Revenue Funds:

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

Cemetery Fund - This fund receives fees from burial services and sale of cemetery lots for operation and maintenance of the Township cemetery.

**E. Budgetary Process**

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

**1. Appropriations**

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the 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. Appropriations lapse at year end.

**2. Estimated Resources**

Estimated resources include estimates of cash to be received (budgeted receipts) plus 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 canceled, and reappropriated in the subsequent year.

A summary of 2012 and 2011 budgetary activity appears in Note 3.

**TROY TOWNSHIP  
DELAWARE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2012 AND 2011  
(Continued)**

**1. Summary of Significant Accounting Policies (Continued)**

**F. Fund Balance**

Fund balance is divided into five classifications based primarily on the extent to which the Township must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

**1. Nonspendable**

The Township classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

**2. Restricted**

Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

**3. Committed**

Trustees can *commit* amounts via formal action (resolution). The Township must adhere to these commitments unless the Trustees amend the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

**4. Assigned**

Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Township Trustees or a Township official delegated that authority by resolution, or by State Statute.

**5. Unassigned**

Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Township applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

**G. Property, Plant, and Equipment**

The Township records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

**TROY TOWNSHIP  
DELAWARE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2012 AND 2011  
(Continued)**

**2. Equity in Pooled Deposits and Investments**

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

	2012	2011
Demand deposits	\$326,352	\$349,867
Total deposits	326,352	349,867
STAR Ohio	458,057	457,710
Total deposits and investments	\$784,409	\$807,577

**Deposits:** Deposits are insured by the Federal Depository Insurance Corporation and collateralized by securities specifically pledged by the financial institution to the Township.

**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, 2012 and 2011 follows:

2012 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$137,928	\$151,672	\$13,744
Special Revenue	120,097	116,648	(3,449)
Total	\$258,025	\$268,320	\$10,295

2012 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$210,071	\$178,911	\$31,160
Special Revenue	207,974	112,577	95,397
Total	\$418,045	\$291,488	\$126,557

**TROY TOWNSHIP  
DELAWARE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2012 AND 2011  
(Continued)**

**3. Budgetary Activity (Continued)**

2011 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$149,553	\$165,421	\$15,868
Special Revenue	112,026	119,606	7,580
Total	\$261,579	\$285,027	\$23,448

2011 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$212,329	\$173,718	\$38,611
Special Revenue	147,340	106,335	41,005
Total	\$359,669	\$280,053	\$79,616

**4. Property Tax**

Real property taxes become a lien on January 1 preceding the October 1 date for which the Trustees adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, 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 distributing all property taxes on behalf of the Township.

**5. Retirement Systems**

Township officials and employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes the plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2012 and 2011, OPERS members contributed 10% of their gross salaries and the Township contributed an amount equaling 14% of participants' gross salaries. The Township has paid all contributions required through December 31, 2012.

**TROY TOWNSHIP  
DELAWARE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2012 AND 2011  
(Continued)**

**6. Risk Management**

The Township belongs to the Ohio Plan Risk Management, Inc. (OPRM) - formerly known as the Ohio Government Risk Management Plan, (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments ("Members"). The Plan is legally separate from its member governments.

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio.

OPRM coverage programs are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss, except OPRM retains 41.5% (effective November 1, 2011) of the premium and losses on the first \$250,000 casualty treaty and 10% of the first \$1,000,000 property treaty. Effective November 1, 2012 the plan increased its retention to 50% of the first \$250,000 casualty treaty. The Plan's property retention remained unchanged from prior years. This change was made to balance the reinsurance market conditions. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 767 and 765 members as of December 31, 2012 and 2011 respectively.

Plan members are responsible to notify the Plan of their intent to renew coverage by their renewal date. If a member chooses not to renew with the Plan, they have no other financial obligation to the Plan, but still need to promptly notify the Plan of any potential claims occurring during their membership period. The former member's covered claims, which occurred during their membership period, remain the responsibility of the Plan.

Settlement amounts did not exceed insurance coverage for the past three fiscal years.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2012 and 2011.

	<u>2012</u>	<u>2011</u>
Assets	\$13,100,381	\$12,501,280
Liabilities	<u>(6,687,193)</u>	<u>(5,328,761)</u>
Members' Equity	<u>\$6,413,188</u>	<u>\$7,172,519</u>

You can read the complete audited financial statements for OPRM at the Plan's website, [www.ohioplan.org](http://www.ohioplan.org).

**TROY TOWNSHIP  
DELAWARE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2012 AND 2011  
(Continued)**

**7. Jointly Governed Organizations**

The Township is a member of the Tri Township Joint Fire District which provides fire protection and rescue services. The Tri Township Joint Fire District consists of three-member Board of Trustees that governs the District. Each political subdivision within the District appoints one member. Those subdivisions are Brown Township, Delaware Township, and Troy Township.

**8. Debt**

In 2010, the Township obtained a promissory note for \$49,940 to finance the purchase of a new dump truck for Township road maintenance. The Township's taxing authority collateralized the note. In 2012, the Township paid off the promissory note balance of \$18,370 plus accrued interest. The Township had no debt outstanding as of December 31, 2012.

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY GOVERNMENT AUDITING STANDARDS

Troy Township  
Delaware County  
2378 Horseshoe Road  
Delaware, Ohio 43015

To the Board of Trustees:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of Troy Township, Delaware County, Ohio (the Township) as of and for the years ended December 31, 2012 and 2011, and the related notes to the financial statements, and have issued our report thereon dated July 17, 2013, wherein we noted the Township followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 permit. In addition, we noted that in 2011 the Township adopted Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

### ***Internal Control Over Financial Reporting***

As part of our financial statement audit, we considered the Township's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the Township's internal control. Accordingly, we have not opined on it.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. However, as described in the accompanying schedule of findings we identified certain deficiencies in internal control over financial reporting, that we consider material weaknesses.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Township's financial statements. We consider findings 2012-001 and 2012-002 described in the accompanying schedule of findings to be material weaknesses.

***Compliance and Other Matters***

As part of reasonably assuring whether the Township's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2012-002.

***Purpose of this Report***

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Township's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Township's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



**Robert R. Hinkle, CPA, CGFM**  
Chief Deputy Auditor

Columbus, Ohio

July 17, 2013

**TROY TOWNSHIP  
DELAWARE COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2012 AND 2011**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2012-001**

**Material Weakness**

Sound financial reporting is the responsibility of the Fiscal Officer and the Board of Trustees and is essential to ensure the information provided to the readers of the financial statements is complete and accurate.

Governmental Accounting Standards Board (GASB) Statement No. 54 was implemented by the Township in 2011. The objective of the statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This statement established fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds.

In addition to the audit adjustments noted in Finding Number 2012-002, the following reclassifications were qualitatively and quantitatively material to the financial statements of the Township and have been recorded to the accompanying December 31, 2012 and 2011 financial statements and accounting records of the Township.

1. Reclassification in the amount of \$941 at December 31, 2012 to record the portion of motor vehicle license tax as levied by Delaware County as intergovernmental receipts instead of property taxes in the Permissive Motor Vehicle License Tax Fund.
2. Reclassifications in the amount of \$18,369 at December 31, 2012 and 2011 to record payments on the Township's promissory note as principal retirement and interest & fiscal charges instead of capital outlay in the General Fund.
3. Reclassifications in the amount of \$11,693 and \$22,386 at December 31, 2012 and 2011, respectively, to record the purchase of mowers as capital outlay in the Cemetery and Gasoline Tax Funds, respectively
4. Reclassification in the amount of \$72,076 at December 31, 2012 to classify a portion of the General Fund's balance as an assigned fund balance required to meet subsequent year appropriations for the amount by which the subsequent year appropriations exceeded the subsequent year estimated receipts.
5. Reclassification in the amount of \$331,148 at December 31, 2011 to classify the General Fund's balance as unassigned as the Township had classified the entire balance as assigned and only \$72,391 was required to meet subsequent year appropriations.

Failure to properly classify receipts, disbursements, and fund balances results in inaccurate financial reports being disseminated to the Board of Trustees, as well as financial statement readers.

We recommend the Township implement additional procedures to provide assurance over the completeness and accuracy of information reported within the financial statements. The reclassifications identified during the audit should be reviewed by the Fiscal Officer to ensure that similar errors are not reported on the financial statements in subsequent years. In addition, the Board of Trustees should review the financial statements to identify and correct errors and omissions.

**TROY TOWNSHIP  
DELAWARE COUNTY**

**SCHEDULE OF FINDINGS (Continued)  
DECEMBER 31, 2012 AND 2011  
(Continued)**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
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**FINDING NUMBER 2012-002**

**Noncompliance/Material Weakness**

**Ohio Revised Code §5705.10(C)** states that all revenue that is derived from a special levy shall be credited to a special fund for the purpose for which the levy is made.

**Ohio Revised Code §5705.10(D)** states that all revenue derived from a source other than the general property tax and which the law prescribes shall be used for a particular purpose, shall be paid into a special fund for such purpose.

The Township did not post specific receipts to the correct funds. The following adjustments were qualitatively and quantitatively material to the financial statements of the Township and have been recorded to the accompanying December 31, 2012 and 2011 financial statements and accounting records of the Township.

1. Adjustments in the amount of \$13,677 and \$13,772 at December 31, 2012 and 2011, respectively, to record homestead/rollback receipts in the General Fund instead of the Permissive Motor Vehicle License Tax Fund;
2. Adjustments in the amount of \$6,830 and \$7,693 at December 31, 2012 and 2011, respectively, to record the portion of motor vehicle license tax as levied by Delaware County in the Permissive Motor Vehicle License Tax Fund instead of the Motor Vehicle License Tax Fund;
3. Adjustment in the amount of \$2,449 at December 31, 2011 to record gasoline tax receipts as intergovernmental receipts in the Gasoline Tax Fund instead of property taxes in the Permissive Motor Vehicle License Tax Fund;

Failure to post receipts to the correct funds results in inaccurate fund activity and balances being reported in the Township's accounting records and financial statements and could result in the monies being used for purposes other than the law requires.

The Fiscal Officer should be diligent in assuring funds are properly posted to the correct funds in accordance with the Ohio Revised Code.

The Township did not respond to the findings reported above.

**TROY TOWNSHIP  
DELAWARE COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2012 AND 2011**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain</i></b>
2010-001	Posting Receipts and Expenditures	No	Re-issued as Finding Number 2012-001 and Finding Number 2012-002
2010-002	Posting Estimated Revenues	Yes	N/A

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# Dave Yost • Auditor of State

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  
AUGUST 20, 2013