



**TROY TOWNSHIP
ATHENS COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 1999-1998



**JIM PETRO
AUDITOR OF STATE**

STATE OF OHIO

TABLE OF CONTENTS

TITLE	PAGE
Report of Independent Accountants	1
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Governmental Fund Types – For the Year Ended December 31, 1999	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Governmental Fund Types – For the Year Ended December 31, 1998	4
Notes to the Financial Statements	5
Report of Independent Accountants on Compliance and on Internal Control Required by <i>Government Auditing Standards</i>	11
Schedule of Findings	13

This Page Intentionally Left Blank



STATE OF OHIO
OFFICE OF THE AUDITOR
JIM PETRO, AUDITOR OF STATE

743 East State Street
Athens Mall, Suite B
Athens, Ohio 45701
Telephone 740-594-3300
800-441-1389
Facsimile 740-594-2110

REPORT OF INDEPENDENT ACCOUNTANTS

Troy Township
Athens County
4175 Frost Road
Coolville, Ohio 45723

To the Board of Trustees:

We have audited the accompanying financial statements of Troy Township, Athens County, Ohio, (the Township) as of and for the years ended December 31, 1999 and 1998. 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 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 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 discussed in Note 1, the Township prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, 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 fund cash balances of Troy Township, Athens County, as of December 31, 1999 and 1998, and its combined 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 our report dated March 17, 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 management, Board of Trustees, and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

Jim Petro
Auditor of State

March 17, 2000

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

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Taxes	\$26,501	\$61,490	\$87,991
Intergovernmental Receipts	17,323	91,131	108,454
Interest	1,977	1,738	3,715
Other Revenue	307	1,937	2,244
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	46,108	156,296	202,404
Cash Disbursements:			
Current:			
General Government	87,324	1,771	89,095
Public Safety		19,000	19,000
Public Works	6,652	144,381	151,033
Health	1,180	9,038	10,218
Capital Outlay	47,813	304	48,117
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	142,969	174,494	317,463
Total Receipts Over/(Under) Disbursements	<hr/>	<hr/>	<hr/>
	(96,861)	(18,198)	(115,059)
Other Financing Receipts/(Disbursements):			
Proceeds of Notes	47,813	0	47,813
	<hr/>	<hr/>	<hr/>
Total Other Financing Receipts/(Disbursements)	47,813	0	47,813
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<hr/>	<hr/>	<hr/>
	(49,048)	(18,198)	(67,246)
Fund Cash Balances, January 1	<hr/>	<hr/>	<hr/>
	73,702	86,361	160,063
Fund Cash Balances, December 31	<hr/>	<hr/>	<hr/>
	\$24,654	\$68,163	\$92,817

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

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

	<u>Governmental Fund Types</u>		Totals
	<u>General</u>	<u>Special Revenue</u>	<u>(Memorandum Only)</u>
Cash Receipts:			
Taxes	\$25,554	\$59,315	\$84,869
Intergovernmental Receipts	206,569	112,164	318,733
Interest	2,870	1,478	4,348
Other Revenue	9,090	1,306	10,396
	<u>244,083</u>	<u>174,263</u>	<u>418,346</u>
Total Cash Receipts			
Cash Disbursements:			
Current:			
General Government	33,158	3,505	36,663
Public Safety		21,840	21,840
Public Works	66,762	106,077	172,839
Health	423	12,482	12,905
Capital Outlay		650	650
Miscellaneous		1,623	1,623
Debt Service:			
Principal Payments	77,778	11,111	88,889
Interest Payments	7,305		7,305
	<u>185,426</u>	<u>157,288</u>	<u>342,714</u>
Total Cash Disbursements			
Total Receipts Over/(Under) Disbursements	<u>58,657</u>	<u>16,975</u>	<u>75,632</u>
Fund Cash Balances, January 1	<u>15,045</u>	<u>69,386</u>	<u>84,431</u>
Fund Cash Balances, December 31	<u>\$73,702</u>	<u>\$86,361</u>	<u>\$160,063</u>

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Troy Township, Athens County, (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 Trustees. The Township provides general governmental services, including maintenance of roads and fire protection.

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.

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

C. Cash

Cash accounts are valued at cost.

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.

2. 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 motor vehicle license tax money for constructing, maintaining and repairing Township roads.

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

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

2. Special Revenue Funds (Continued)

Federal Emergency Management Agency (FEMA) Fund - This fund receives money from the Federal Emergency Management Agency to provide flood damage relief to the Township.

Fire Fund - This fund receives property tax money to provide fire protection to the Township.

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 fund 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 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.

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.

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:

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

2. EQUITY IN POOLED CASH (Continued)

	<u>1999</u>	<u>1998</u>
Demand deposits	\$ 92,817	\$ 160,063

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

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 1999 and December 31, 1998 follows:

1999 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 41,892	\$ 93,921	\$ 52,029
Special Revenue	<u>134,682</u>	<u>156,296</u>	<u>21,614</u>
Total	<u>\$ 176,574</u>	<u>\$ 250,217</u>	<u>\$ 73,643</u>

1999 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 108,156	\$ 142,969	\$ (34,813)
Special Revenue	<u>262,960</u>	<u>174,494</u>	<u>88,466</u>
Total	<u>\$ 371,116</u>	<u>\$ 317,463</u>	<u>\$ 53,653</u>

1998 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 197,875	\$ 244,083	\$ 46,208
Special Revenue	<u>137,181</u>	<u>174,263</u>	<u>37,082</u>
Total	<u>\$ 335,056</u>	<u>\$ 418,346</u>	<u>\$ 83,290</u>

1998 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 209,653	\$ 185,426	\$ 24,227
Special Revenue	<u>274,956</u>	<u>157,288</u>	<u>117,668</u>
Total	<u>\$ 484,609</u>	<u>\$ 342,714</u>	<u>\$ 141,895</u>

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by 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 payment, 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. DEBT

Debt outstanding at December 31, 1999 was as follows:

	Principal	Interest Rate
General Obligation Note - GMC Truck	\$ 47,813	4%
Total	\$ 47,813	

In 1998, the Township made final payment the Township building in the amount of \$85,083.

The GMC Truck Loan was entered into by the Township in 1999. Annual payments, including principal and interest of \$13,171, will be made through 2003, beginning in 2000.

Amortization of the above debt, including interest, is scheduled as follows:

Year ending December 31:	General Obligation GMC Truck
2000	\$ 13,171
2001	13,171
2002	13,171
2003	13,171
Total	\$ 52,684

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)

6. RETIREMENT SYSTEMS

The Township's elected officials and employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. The 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 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.

7. RISK MANAGEMENT

The Township is a member of the Ohio Township Association Risk Management Authority (OTARMA). The OTARMA assumes the risk of loss up to the limits of the Township's policy. The OTARMA may assess supplemental premiums. The following risks are covered by the OTARMA:

- Comprehensive property and general liability
- Public officials errors and omissions
- Vehicles

8. ACCOUNTING CHANGE

During 1999, the Township combined the Cemetery Levy Fund with the Cemetery Fund within the Special Revenue funds. This accounting change had no affect on the amounts reflected in the accompanying financial statements.

This Page Intentionally Left Blank



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

743 East State Street
Athens Mall, Suite B
Athens, Ohio 45701

Telephone 740-594-3300
800-441-1389

Facsimile 740-594-2110

**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND ON INTERNAL CONTROL
REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Troy Township
Athens County
4175 Frost Road
Coolville, Ohio 45723

To the Board of Trustees:

We have audited the accompanying financial statements of Troy Township, Athens County, Ohio (the Township), as of and for the years ended December 31, 1999 and 1998, and have issued our report thereon dated March 17, 2000. 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.

Compliance

As part of obtaining reasonable assurance about whether the Township's 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 an instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying Schedule of Findings as item 1999-40705-001. We also noted a certain immaterial instance of noncompliance that we have reported to management of the Township in a separate letter dated March 17, 2000.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Township's 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. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgement, could adversely affect Troy Township's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying Schedule of Findings as item 1999-40705-002.

A material weakness is a condition in which the design or operation of one or more internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to 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. 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 reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe that the reportable condition described above is not a material weakness. We also noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Township in a separate letter dated March 17, 2000.

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

Jim Petro
Auditor of State

March 17, 2000

**SCHEDULE OF FINDINGS
DECEMBER 31, 1999 AND 1998**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
--

FINDING NUMBER 1999-40705-001

Noncompliance Citation

Ohio Rev. Code Section 5705.41 (B) states that no subdivision is to expend money unless it has been appropriated.

This could cause expenditures to be made for which there are no funds to cover the cost.

During 1999 the Township obtained a note loan to purchase a GMC truck. The Bank paid the proceeds from the loan directly to the vendor for payment of the truck. Neither the Township's financial nor budgetary statements reflected the corresponding receipt of the debt proceeds nor the corresponding disbursement for the purchase of the truck. This resulted in the understatement of receipts and expenditures on the Township's December 31, 1999 financial statements. Adjustments were made to the accompanying audited financial statements and Note 3 Budgetary Activity footnote disclosure in order to reflect this activity. These adjustments resulted in the Townships expenditures exceeding appropriations in the General Fund in 1999.

We recommend the Township record all financial activity on their financial statements and amend their appropriations as needed.

FINDING NUMBER 1999-40705-002

Reportable Condition

There were numerous posting errors of Township receipts. Amounts were posted in the wrong funds and/or line items. Amounts were also posted in the net amount, thereby understating receipts and disbursements on the financial statements.

This resulted in under/over statements on the Township's financial statements. Appropriate adjustments and/or reclassifications have been made to the accompanying audited financial statements.

We recommend the Township monitor all entries while posting data to the computer system, to be certain the amounts are posted to the correct line item and the correct fund.



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

TROY TOWNSHIP

ATHENS 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
APRIL 18, 2000**