



**Auditor of State
Betty Montgomery**

**TROY TOWNSHIP
DELAWARE COUNTY**

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

Troy Township
Delaware County
1721 Buttermilk Hill 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, 2002, and December 31, 2001. 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 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 and reserves for encumbrances of the Township as of December 31, 2002, and December 31, 2001, 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 June 6, 2003, 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. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Troy Township
Delaware County
Independent Accountants' Report
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This report is intended solely for the information and use of management, the 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.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

BETTY MONTGOMERY
Auditor of State

June 6, 2003

**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, 2002**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Local Taxes	\$68,793	\$0	\$0	\$68,793
Intergovernmental	112,018	63,417	0	175,435
Licenses, Permits, and Fees	4,547	5,981	0	10,528
Earnings on Investments	6,794	1,978	0	8,772
Other Revenue	501	0	0	501
	<u>192,653</u>	<u>71,376</u>	<u>0</u>	<u>264,029</u>
Total Cash Receipts				
	<u>192,653</u>	<u>71,376</u>	<u>0</u>	<u>264,029</u>
Cash Disbursements:				
Current:				
General Government	94,331	0	0	94,331
Public Works	1,586	62,090	0	63,676
Health	4,923	9,539	0	14,462
Capital Outlay	0	697	0	697
	<u>100,840</u>	<u>72,326</u>	<u>0</u>	<u>173,166</u>
Total Cash Disbursements				
	<u>100,840</u>	<u>72,326</u>	<u>0</u>	<u>173,166</u>
Total Receipts Over/(Under) Disbursements	<u>91,813</u>	<u>(950)</u>	<u>0</u>	<u>90,863</u>
Other Financing Receipts and (Disbursements):				
Transfers-In	17,369	0	70,000	87,369
Transfers-Out	(70,000)	0	(172)	(70,172)
	<u>(52,631)</u>	<u>0</u>	<u>69,828</u>	<u>17,197</u>
Total Other Financing Receipts/(Disbursements)				
	<u>(52,631)</u>	<u>0</u>	<u>69,828</u>	<u>17,197</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	39,182	(950)	69,828	108,060
Fund Cash Balances, January 1	<u>295,705</u>	<u>144,829</u>	<u>60,172</u>	<u>500,706</u>
Fund Cash Balances, December 31	<u><u>\$334,887</u></u>	<u><u>\$143,879</u></u>	<u><u>\$130,000</u></u>	<u><u>\$608,766</u></u>
Reserve for Encumbrances, December 31	<u><u>\$333</u></u>	<u><u>\$1,831</u></u>	<u><u>\$0</u></u>	<u><u>\$2,164</u></u>

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

**TROY TOWNSHIP
DELAWARE COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
FIDUCIARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2002**

	Nonexpendable Trust
Operating Cash Receipts:	
Earnings on Investments	\$302
Total Operating Cash Receipts	302
Operating Cash Disbursements:	
Total Operating Cash Disbursements	0
Excess of Receipts Over/(Under) Disbursements Before Interfund Transfers	302
Transfers-Out	(17,197)
Net Receipts (Under) Disbursements	(16,895)
Fund Cash Balances, January 1	16,895
Fund Cash Balances, December 31	\$0

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

**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, 2001**

	Governmental Fund Types			Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	
Cash Receipts:				
Local Taxes	\$67,369	\$0	\$0	\$67,369
Intergovernmental	94,660	63,226	0	157,886
Licenses, Permits, and Fees	2,576	9,881	0	12,457
Earnings on Investments	14,499	2,775	0	17,274
Other Revenue	3,178	0	0	3,178
Total Cash Receipts	182,282	75,882	0	258,164
Cash Disbursements:				
Current:				
General Government	93,640	0	0	93,640
Public Works	43,628	33,591	0	77,219
Health	6,943	10,880	0	17,823
Capital Outlay	224	2,500	0	2,724
Total Cash Disbursements	144,435	46,971	0	191,406
Total Receipts Over Disbursements	37,847	28,911	0	66,758
Other Financing Receipts and (Disbursements):				
Transfers-In	0	0	60,000	60,000
Transfers-Out	(60,000)	0	0	(60,000)
Total Other Financing Receipts/(Disbursements)	(60,000)	0	60,000	0
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(22,153)	28,911	60,000	66,758
Fund Cash Balances, January 1	317,858	115,918	172	433,948
Fund Cash Balances, December 31	\$295,705	\$144,829	\$60,172	\$500,706
Reserve for Encumbrances, December 31	\$2,329	\$6,089	\$0	\$8,418

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

**TROY TOWNSHIP
DELAWARE COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
FIDUCIARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2001**

Operating Cash Receipts:	
Earnings on Investments	<u>\$674</u>
Total Cash Receipts	<u>674</u>
Operating Cash Disbursements:	
Purchased Services	<u>46</u>
Total Cash Disbursements	<u>46</u>
Net Receipts Over Disbursements	628
Fund Cash Balances, January 1	<u>16,267</u>
Fund Cash Balances, December 31	<u><u>\$16,895</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, 2002 AND 2001**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the 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 Trustees. 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.

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:

**TROY TOWNSHIP
DELAWARE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

D. Fund Accounting (Continued)

2. Special Revenue Funds (Continued)

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 constructing, 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.

4. Fiduciary Funds (Trust Funds)

These funds are used to account for resources restricted by legally binding trust agreements. The Township had the following significant Fiduciary Fund:

Pleasant Hill Cemetery Bequest Fund – This fund receives monies from the earnings on the investment of the principal for cemetery beautification.

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, 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.

**TROY TOWNSHIP
DELAWARE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

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 2002 and 2001 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 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:

	2002	2001
Demand deposits	\$81,765	\$88,842
Total deposits	81,765	88,842
STAR Ohio	527,002	428,759
Total investments	527,002	428,759
Total deposits and investments	\$608,767	\$517,601

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, 2002 and December 31, 2001 follows:

2002 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$98,847	\$210,022	\$111,175
Special Revenue	76,200	71,376	(4,824)
Capital Projects	70,000	70,000	0
Fiduciary	865	302	(563)
Total	\$245,912	\$351,700	\$105,788

**TROY TOWNSHIP
DELAWARE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

2002 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$247,629	\$171,173	\$76,456
Special Revenue	134,264	74,157	60,107
Capital Projects	172	172	0
Fiduciary	17,497	17,197	300
Total	<u>\$399,562</u>	<u>\$262,699</u>	<u>\$136,863</u>

2000 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$147,270	\$182,282	\$35,012
Special Revenue	75,700	75,882	182
Capital Projects	60,000	60,000	0
Fiduciary	865	674	(191)
Total	<u>\$283,835</u>	<u>\$318,838</u>	<u>\$35,003</u>

2001 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$244,246	\$206,764	\$37,482
Special Revenue	109,181	53,060	56,121
Fiduciary	1,000	46	954
Total	<u>\$354,427</u>	<u>\$259,870</u>	<u>\$94,557</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 distributing all property taxes on behalf of the Township.

**TROY TOWNSHIP
DELAWARE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(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 2002 and 2001, members of 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, 2002.

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.

7. TRANSFER

On December 13, 2002, the Township's Nonexpendable Trust Cemetery Bequest Funds in the amount of \$17,197 were approved for dissolution by the Delaware County Probate Court and the balances in the funds were transferred to the Township's General Fund.

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**Auditor of State
Betty Montgomery**

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

Troy Township
Delaware County
1721 Buttermilk Hill Road
Delaware, Ohio 43015

To the Board of Trustees:

We have audited the financial statements of Troy Township, Delaware County, Ohio, (the Township) as of and for the years ended December 31, 2002, and December 31, 2001, and have issued our report thereon dated June 6, 2003. 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.

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 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 the Township in a separate letter dated June 6, 2003.

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 judgment, could adversely affect the 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 2002-001.

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**Internal Control Over Financial Reporting
(Continued)**

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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we consider the reportable condition described above to be 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 June 6, 2003.

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



BETTY MONTGOMERY
Auditor of State

June 6, 2003

**TROY TOWNSHIP
DELAWARE COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2002 AND 2001**

**FINDING RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

FINDING NUMBER 2002--001

Reportable Condition- Material Weakness

The Township has no formal policy on the handling and recording of monies collected for the opening and closing of graves. In addition, there was no source documentation maintained to support the balances of these transactions for the audit period. The Township also did not maintain support documentation for tax and intergovernmental receipts.

These weaknesses in the cash collection process could result in monies being diverted or lost without management knowledge.

We recommend that the Board of Trustees adopt policies and procedures over the handling and recording of all monies collected by the Township. Policies and procedures should include receipting individual transactions in a duplicate receipt book, maintaining a detailed ledger of all sales, and maintaining supporting documentation for all receipts.



**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
AUGUST 7, 2003**