

**TROY TOWNSHIP
MORROW COUNTY, OHIO**

Audited Financial Statements

For the Years Ended December 31, 2006 and 2005



Mary Taylor, CPA
Auditor of State

Board of Trustees
Troy Township
7833 County Road 37
Lexington, Ohio 44904

We have reviewed the *Independent Auditor's Report* of Troy Township, Morrow County, prepared by Van Kregel and Company, CPA's, for the audit period January 1, 2005 through December 31, 2006. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

Mary Taylor

Mary Taylor, CPA
Auditor of State

March 4, 2008

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Troy Township
Morrow County, Ohio

Table of Contents

Title	Page
Independent Auditor's Report.....	1
Basic Financial Statements:	
2006 Government-Wide Financial Statements:	
Statement of Net Assets- Cash Basis-December 31, 2006.....	3
Statement of Activities- Cash Basis-For the Year Ended December 31, 2006.....	4
2006 Fund Financial Statements:	
Statement of Cash Basis Assets and Fund Balances- Governmental Funds-December 31, 2006.....	5
Statement of Receipts, Disbursements and Changes in Cash Basis Fund Balances-Governmental Funds-For the Year Ended December 31, 2006.....	6
Statement of Receipts, Disbursements and Changes in Fund Balances-Budget and Actual-Budget Basis-General Fund-For the Year Ended December 31, 2006.....	7
Statement of Receipts, Disbursements and Changes in Fund Balances-Budget and Actual-Budget Basis-Gasoline Tax Fund-For the Year Ended December 31, 2006.....	8
Statement of Receipts, Disbursements and Changes in Fund Balances-Budget and Actual-Budget Basis-Fire District Fund-For the Year Ended December 31, 2006.....	9
2005 Government-Wide Financial Statements:	
Statement of Net Assets- Cash Basis-December 31, 2005.....	10
Statement of Activities- Cash Basis-For the Year Ended December 31, 2005.....	11
2005 Fund Financial Statements:	
Statement of Cash Basis Assets and Fund Balances- Governmental Funds-December 31, 2005.....	12
Statement of Receipts, Disbursements and Changes in Cash Basis Fund Balances-Governmental Funds-For the Year Ended December 31, 2005.....	13
Statement of Receipts, Disbursements and Changes in Fund Balances-Budget and Actual-Budget Basis-General Fund-For the Year Ended December 31, 2005.....	14
Statement of Receipts, Disbursements and Changes in Fund Balances-Budget and Actual-Budget Basis-Gasoline Tax Fund-For the Year Ended December 31, 2005.....	15
Statement of Receipts, Disbursements and Changes in Fund Balances-Budget and Actual-Budget Basis-Fire District Fund-For the Year Ended December 31, 2005.....	16

Troy Township
Morrow County, Ohio

Table of Contents
(continued)

<u>Title</u>	<u>Page</u>
Statement of Receipts, Disbursements and Changes in Fund Balances-Budget and Actual - Budget Basis-Miscellaneous Special Revenue Fund-For the Year Ended December 31, 2005.....	17
Notes to the Financial Statements.....	18
Independent Accountant's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	28
Schedule of Audit Findings.....	30
Schedule of Prior Audit Findings.....	32



INDEPENDENT AUDITOR'S REPORT

Troy Township
Morrow County, Ohio
7833 County Road 37
Lexington, Ohio 44904

To the Board of Trustees:

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Troy Township, Morrow County, Ohio (the Township) as of and for the years ended December 31, 2006 and 2005, which collectively comprise the Township's basic financial statements as listed in the table of contents. 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 audits.

We conducted our audits 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 our audits provide a reasonable basis for our opinions.

As discussed in Note 2, the accompanying financial statements and notes follow the cash basis of accounting. This is a comprehensive accounting basis other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Troy Township, Morrow County, Ohio, as of December 31, 2006 and 2005, and the respective changes in cash financial position and the respective budgetary comparisons for the General, Gasoline Tax, and Fire District funds thereof for the year ended December 31, 2006 and for the General, Gasoline Tax, Fire District, and Miscellaneous Special Revenue funds thereof for the year ended December 31, 2005 in conformity with the basis of accounting Note 2 describes.

For the years ended December 31, 2006 and 2005, the Township revised its financial presentation comparable to the requirements of Government Accounting Standards No. 34, "Basic Financial Statements - and Management's Discussion and Analysis - for the State and Local Governments."

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 a part of, the financial statements.

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Troy Township
Morrow County
Independent Auditor's Report
Page 2

In accordance with *Government Auditing Standards*, we have also issued our report dated November 26, 2007, 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. 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* and should be read in conjunction with this report in assessing the results of our audits.

A handwritten signature in cursive script that reads "Van Krevel & Company".

Van Krevel & Company
Dublin, Ohio

November 26, 2007

Troy Township
Morrow County, Ohio

Statement of Net Assets - Cash Basis
December 31, 2006

	<u>Governmental Activities</u>
ASSETS	
Equity in Pooled Cash and Cash Equivalents	\$172,280
Certificate of Deposit	<u>216,000</u>
Total Assets	<u>\$388,280</u>
NET ASSETS	
Restricted for:	
Other Purposes	\$329,263
Unrestricted	<u>59,017</u>
Total Net Assets	<u>\$388,280</u>

Troy Township
Morrow County, Ohio

Statement of Activities - Cash Basis
For the Year Ended December 31, 2006

		Program Cash Receipts		Net (Disbursements) Receipts and Changes in Net Assets
	Cash Disbursements	Charges For Services and Sales	Operating Grants and Contributions	Governmental Activities
Governmental Activities:				
General Government	\$ 34,039	\$	\$	\$(34,039)
Public Safety	19,419	2,096	6,901	(10,422)
Public Works	72,125	1,303	95,377	24,555
Health	252			(252)
Capital Outlay	<u>55,384</u>			<u>(55,384)</u>
Total Governmental Activities	<u>\$181,219</u>	<u>\$3,399</u>	<u>\$102,278</u>	<u>\$(75,542)</u>
General Receipts:				
Property Taxes				103,887
Grants and Entitlements not Restricted to Specific Programs				35,375
Other Debt Proceeds				49,564
Earnings on Investments				10,373
Miscellaneous				<u>1,402</u>
Total General Receipts				200,601
Changes in Net Assets				125,059
Net Assets-Beginning of the Year				<u>263,221</u>
Net Assets-End of the Year				<u>\$388,280</u>

Troy Township
Morrow County, Ohio

Statement of Cash Basis Assets and Fund Balances
Governmental Funds
December 31, 2006

	<u>General</u>	<u>Gasoline Tax</u>	<u>Fire District</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets					
Equity in Pooled Cash And Cash Equivalents	\$ 59,017	\$ 33,385	\$ 32,691	\$ 47,187	\$172,280
Certificate of Deposit	<u> </u>	<u> </u>	<u>216,000</u>	<u> </u>	<u>216,000</u>
Total Assets	<u>\$ 59,017</u>	<u>\$ 33,385</u>	<u>\$248,691</u>	<u>\$ 47,187</u>	<u>\$388,280</u>
 Fund Balances					
Unreserved:					
Undesignated, Reported in:					
General Fund	\$59,017	\$	\$	\$	\$ 59,017
Special Revenue Funds	<u> </u>	<u>33,385</u>	<u>248,691</u>	<u>47,187</u>	<u>329,263</u>
Total Fund Balances	<u>\$59,017</u>	<u>\$33,385</u>	<u>\$248,691</u>	<u>\$47,187</u>	<u>\$388,280</u>

Troy Township
Morrow County, Ohio

Statement of Receipts, Disbursements and Changes in Cash Basis Fund Balances
Governmental Funds
For the Year Ended December 31, 2006

	<u>General</u>	<u>Gasoline Tax</u>	<u>Fire District</u>	<u>Other Governmental Funds</u>	<u>Total</u>
Receipts:					
Property & Other Local Taxes	\$17,412	\$	\$ 60,570	\$25,905	\$103,887
Charges for Services			2,096		2,096
Licenses, Permit and Fees	10,671				10,671
Intergovernmental	24,703	86,201	6,901	9,175	126,980
Special Assessments				1,303	1,303
Earnings on Investments	10,180	127		66	10,373
Miscellaneous	<u>981</u>	<u>121</u>	<u> </u>	<u>300</u>	<u>1,402</u>
Total Receipts	63,947	86,449	69,567	36,749	256,712
Disbursements:					
Current:					
General Government	33,971			67	34,038
Public Safety			19,419		19,419
Public Works		69,921		2,203	72,124
Health	252				252
Capital Outlay	<u>2,736</u>	<u>51,545</u>	<u> </u>	<u>1,103</u>	<u>55,384</u>
	36,959	121,466	19,419	3,373	181,217
Total Receipts Over/ (Under) Disbursements	26,988	(35,017)	50,148	33,376	75,495
Other Financing Receipts/ Disbursements:					
Other Debt Proceeds	<u> </u>	<u>49,564</u>	<u> </u>	<u> </u>	<u>49,564</u>
Total Other Financing Receipts/Disbursements	<u> </u>	<u>49,564</u>	<u> </u>	<u> </u>	<u>49,564</u>
Excess of Receipts Over/ (Under) Disbursements	<u>26,988</u>	<u>14,547</u>	<u>50,148</u>	<u>33,376</u>	<u>125,059</u>
Fund Balances, January 1	<u>32,029</u>	<u>18,838</u>	<u>198,543</u>	<u>13,811</u>	<u>263,221</u>
Fund Balances, December 31	<u>\$59,017</u>	<u>\$33,385</u>	<u>\$248,691</u>	<u>\$47,187</u>	<u>\$388,280</u>

Troy Township
Morrow County, Ohio

Statement of Receipts, Disbursements and Changes in Fund Balances
Budget and Actual - Budget Basis
General Fund
For the Year Ended December 31, 2006

	<u>Budgeted Amounts</u>			Variance With
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Final Budget Positive (Negative)
Receipts:				
Property and Other Local Taxes	\$ 22,279	\$ 22,279	\$ 17,412	\$ (4,867)
Licenses, Permits and Fees	-	-	10,671	10,671
Intergovernmental	13,761	13,761	24,703	10,942
Earnings on Investments	1,030	1,030	10,180	9,150
Miscellaneous	<u>1,639</u>	<u>1,639</u>	<u>981</u>	<u>(658)</u>
Total Receipts	<u>38,709</u>	<u>38,709</u>	<u>63,947</u>	<u>25,238</u>
Disbursements:				
Current:				
General Government	61,634	61,634	33,971	27,663
Health	5,000	5,000	252	4,748
Capital Outlay	<u>6,000</u>	<u>6,000</u>	<u>2,736</u>	<u>3,264</u>
Total Disbursements	<u>72,634</u>	<u>72,634</u>	<u>36,959</u>	<u>35,675</u>
Total Receipts Over/ (Under) Disbursements	(33,925)	(33,925)	26,988	60,913
Other Financing Sources (Uses)				
Other Financing Sources	<u>309</u>	<u>309</u>	-	<u>(309)</u>
Total Other Financing Sources (Uses)	<u>309</u>	<u>309</u>	-	<u>(309)</u>
Net Change in Fund Balance	(33,616)	(33,616)	26,988	60,604
Fund Balances, January 1	<u>33,616</u>	<u>33,616</u>	<u>32,029</u>	<u>(1,587)</u>
Fund Balances, December 31	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 59,017</u>	<u>\$ 59,017</u>

Troy Township
Morrow County, Ohio

Statement of Receipts, Disbursements and Changes in Fund Balances
Budget and Actual - Budget Basis
Gasoline Tax Fund
For the Year Ended December 31, 2006

	<u>Budgeted Amounts</u>			Variance With
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Final Budget Positive (Negative)
Receipts:				
Intergovernmental	\$ 72,100	\$ 72,100	\$86,201	\$ 14,101
Earnings on Investments	-	-	127	127
Miscellaneous	<u>2,184</u>	<u>2,184</u>	<u>121</u>	<u>(2,063)</u>
Total Receipts	<u>74,284</u>	<u>74,284</u>	<u>86,449</u>	<u>12,165</u>
Disbursements:				
Current:				
Public Works	92,622	92,622	69,921	22,701
Capital Outlay	<u>-</u>	<u>-</u>	<u>51,545</u>	<u>(51,545)</u>
Total Disbursements	<u>92,622</u>	<u>92,622</u>	<u>121,466</u>	<u>(28,844)</u>
Total Receipts Over/ (Under) Disbursements	(18,338)	(18,338)	(35,017)	(16,679)
Other Financing Receipts/ Disbursements:				
Other Debt Proceeds	<u>-</u>	<u>-</u>	<u>49,564</u>	<u>49,564</u>
Total Other Financing Receipts/Disbursements	<u>-</u>	<u>-</u>	<u>49,564</u>	<u>49,564</u>
Net Change in Fund Balance	(18,338)	(18,338)	14,547	32,885
Fund Balances, January 1	<u>18,338</u>	<u>18,338</u>	<u>18,838</u>	<u>500</u>
Fund Balances, December 31	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 33,385</u>	<u>\$ 33,385</u>

Troy Township
Morrow County, Ohio

Statement of Receipts, Disbursements and Changes in Fund Balances
Budget and Actual - Budget Basis
Fire District Fund
For the Year Ended December 31, 2006

	<u>Budgeted Amounts</u>			Variance With
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Final Budget Positive (Negative)
Receipts:				
Local Taxes	\$ 75,356	\$ 75,356	\$ 60,570	\$(14,786)
Charges for Services	-	-	2,096	2,096
Intergovernmental	<u>2,146</u>	<u>2,146</u>	<u>6,901</u>	<u>4,755</u>
Total Receipts	<u>77,502</u>	<u>77,502</u>	<u>69,567</u>	<u>(7,935)</u>
Disbursements:				
Current:				
Public Safety	<u>275,850</u>	<u>275,850</u>	<u>19,419</u>	<u>256,431</u>
Total Disbursements	<u>275,850</u>	<u>275,850</u>	<u>19,419</u>	<u>256,431</u>
Net Change in Fund Balance	(198,348)	(198,348)	50,148	248,496
Fund Balances, January 1	<u>198,348</u>	<u>198,348</u>	<u>198,543</u>	<u>195</u>
Fund Balances, December 31	<u>\$ -</u>	<u>\$ -</u>	<u>\$248,691</u>	<u>\$248,691</u>

Troy Township
Morrow County, Ohio

Statement of Net Assets - Cash Basis
December 31, 2005

	<u>Governmental</u> <u>Activities</u>
ASSETS	
Equity in Pooled Cash and Cash Equivalents	\$ 82,221
Certificate of Deposit	<u>181,000</u>
Total Assets	<u>\$263,221</u>
NET ASSETS	
Restricted for:	
Other Purposes	\$231,192
Unrestricted	<u>32,029</u>
Total Net Assets	<u>\$263,221</u>

Troy Township
Morrow County, Ohio

Statement of Activities - Cash Basis
For the Year Ended December 31, 2005

	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Assets
Cash Disbursements	Charges For Services and Sales	Operating Grants and Contributions	Governmental Activities	
Governmental Activities:				
General Government	\$ 35,282	\$	\$	\$(35,282)
Public Safety	48,610	1,590	7,580	(39,440)
Public Works	113,142	840	109,041	(3,261)
Health	373			(373)
Capital Outlay	7,687			(7,687)
Debt Service:				
Principal Reduction	12,600			(12,600)
Interest and Fiscal Charges	693			(693)
Total Governmental Activities	\$218,387	\$2,430	\$116,621	\$(99,336)
General Receipts:				
Property Taxes				\$ 85,775
Grants and Entitlements not Restricted to Specific Programs				24,720
Earnings on Investments				5,810
Miscellaneous				635
Total General Receipts				116,940
Changes in Net Assets				17,604
Net Assets-Beginning of the Year				245,617
Net Assets-End of the Year				\$263,221

Troy Township
Morrow County, Ohio

Statement of Cash Basis Assets and Fund Balances
Governmental Funds
December 31, 2005

	<u>General</u>	<u>Gasoline Tax</u>	<u>Fire District</u>	<u>Misc Special Revenue</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets						
Equity in Pooled Cash and Cash Equivalents	\$32,029	\$18,838	\$ 17,543	\$ 1,173	\$12,638	\$ 82,221
Certificate of Deposit	<u> </u>	<u> </u>	<u>181,000</u>	<u> </u>	<u> </u>	<u>181,000</u>
Total Assets	<u>\$32,029</u>	<u>\$18,838</u>	<u>\$198,543</u>	<u>\$ 1,173</u>	<u>\$12,638</u>	<u>\$263,221</u>
 Fund Balances						
Unreserved:						
Undesignated, Reported in:						
General Fund	\$32,029	\$	\$	\$	\$	\$ 32,029
Special Revenue Funds	<u> </u>	<u>18,838</u>	<u>198,543</u>	<u>1,173</u>	<u>12,638</u>	<u>231,192</u>
Total Fund Balances	<u>\$32,029</u>	<u>\$18,838</u>	<u>\$198,543</u>	<u>\$ 1,173</u>	<u>\$12,638</u>	<u>\$263,221</u>

Troy Township
Morrow County, Ohio

Statement of Receipts, Disbursements and Changes in Cash Basis Fund Balances
Governmental Funds
For the Year Ended December 31, 2005

	<u>General</u>	<u>Gasoline Tax</u>	<u>Fire District</u>	<u>Miscellaneous Special Revenue</u>	<u>Other Governmental Funds</u>	<u>Total</u>
Receipts:						
Property & Other Local Taxes	\$16,001	\$	\$ 63,376	\$	\$ 6,398	\$ 85,775
Licenses, Permits and Fees	4,358					4,358
Charges for Services			1,590			1,590
Intergovernmental	20,362	77,233	7,580	25,039	6,769	136,983
Special Assessments					840	840
Earnings on Investments	5,665	73			72	5,810
Miscellaneous	<u>623</u>	<u>12</u>	<u> </u>	<u> </u>	<u> </u>	<u>635</u>
Total Receipts	47,009	77,318	72,546	25,039	14,079	235,991
Disbursements:						
Current:						
General Government	34,748			534		35,282
Public Safety			48,610			48,610
Public Works		86,951		23,332	2,859	113,142
Health	373					373
Capital Outlay	7,687					7,687
Debt Service						
Principal Reduction					12,600	12,600
Interest and Fiscal Charges					<u>693</u>	<u>693</u>
	<u>42,808</u>	<u>86,951</u>	<u>48,610</u>	<u>23,866</u>	<u>16,152</u>	<u>218,387</u>
Excess of Receipts Over (Under) Disbursements	4,201	(9,633)	23,936	1,173	(2,073)	17,604
Balances, January 1	<u>27,828</u>	<u>28,471</u>	<u>174,607</u>	<u> -</u>	<u>14,711</u>	<u>245,617</u>
Fund Balances, December 31	<u>\$32,029</u>	<u>\$ 18,838</u>	<u>\$198,543</u>	<u>\$ 1,173</u>	<u>\$12,638</u>	<u>\$263,221</u>

Troy Township
Morrow County, Ohio

Statement of Receipts, Disbursements and Changes in Fund Balances
Budget and Actual - Budget Basis
General Fund
For the Year Ended December 31, 2005

	<u>Budgeted Amounts</u>			Variance With Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>(Negative)</u>
Receipts:				
Property and Other Local Taxes	\$ 21,630	\$ 21,630	\$ 16,001	\$ (5,629)
Licenses, Permits and Fees	3,000	-	4,358	4,358
Intergovernmental	13,360	16,360	20,362	4,002
Earnings on Investments	1,000	1,000	5,665	4,665
Miscellaneous	<u>1,591</u>	<u>1,591</u>	<u>623</u>	<u>(968)</u>
Total Receipts	<u>40,581</u>	<u>40,581</u>	<u>47,009</u>	<u>6,428</u>
Disbursements:				
Current:				
General Government	55,469	57,469	34,748	22,721
Health	5,000	5,000	373	4,627
Capital Outlay	<u>10,000</u>	<u>8,000</u>	<u>7,687</u>	<u>313</u>
Total Disbursements	<u>70,469</u>	<u>70,469</u>	<u>42,808</u>	<u>27,661</u>
Excess of Receipts Over (Under) Disbursements	(29,888)	(29,888)	4,201	34,089
Other Financing Sources (Uses)				
Other Financing Sources	<u>2,060</u>	<u>2,060</u>	<u>-</u>	<u>(2,060)</u>
Total Other Financing Sources (Uses)	<u>2,060</u>	<u>2,060</u>	<u>-</u>	<u>(2,060)</u>
Net Change in Fund Balance	(27,828)	(27,828)	4,201	32,029
Fund Balances, January 1	<u>27,828</u>	<u>27,828</u>	<u>27,828</u>	<u>-</u>
Fund Balances, December 31	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 32,029</u>	<u>\$ 32,029</u>

Troy Township
Morrow County, Ohio

Statement of Receipts, Disbursements and Changes in Fund Balances
Budget and Actual - Budget Basis
Gasoline Tax Fund
For the Year Ended December 31, 2005

	<u>Budgeted Amounts</u>			Variance With
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Final Budget Positive (Negative)
Receipts:				
Intergovernmental	\$ 61,800	\$ 61,800	\$ 77,233	\$ 15,433
Earnings on Investments	2,121	2,121	73	(2,048)
Miscellaneous	<u>2,121</u>	<u>2,121</u>	<u>12</u>	<u>(2,109)</u>
Total Receipts	<u>66,042</u>	<u>66,042</u>	<u>77,318</u>	<u>11,276</u>
Disbursements:				
Current:				
Public Works	<u>92,392</u>	<u>92,392</u>	<u>86,951</u>	<u>5,441</u>
Total Disbursements	<u>92,392</u>	<u>92,392</u>	<u>86,951</u>	<u>5,441</u>
Excess of Receipts Over (Under) Disbursements	(26,350)	(26,350)	(9,633)	16,717
Fund Balances, January 1	<u>28,471</u>	<u>28,471</u>	<u>28,471</u>	<u>-</u>
Fund Balances, December 31	<u>\$ 2,121</u>	<u>\$ 2,121</u>	<u>\$ 18,838</u>	<u>\$ 16,717</u>

Troy Township
Morrow County, Ohio

Statement of Receipts, Disbursements and Changes in Fund Balances
Budget and Actual - Budget Basis
Fire District Fund
For the Year Ended December 31, 2005

	<u>Budgeted Amounts</u>			Variance With
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Final Budget Positive (Negative)
Receipts:				
Property and Other Local Taxes	\$ 73,161	\$ 73,161	\$ 63,376	\$ (9,785)
Charges for Services	-	-	1,590	1,590
Intergovernmental	<u>2,084</u>	<u>2,084</u>	<u>7,580</u>	<u>5,496</u>
Total Receipts	<u>75,245</u>	<u>75,245</u>	<u>72,546</u>	<u>(2,699)</u>
Disbursements:				
Current:				
General Government	<u>249,852</u>	<u>249,852</u>	<u>48,610</u>	<u>201,242</u>
Total Disbursements	<u>249,852</u>	<u>249,852</u>	<u>48,610</u>	<u>201,242</u>
Excess of Receipts Over (Under) Disbursements	(174,607)	(174,607)	23,936	198,543
Fund Balances, January 1	<u>174,607</u>	<u>174,607</u>	<u>174,607</u>	<u>-</u>
Fund Balances, December 31	<u>\$ -</u>	<u>\$ -</u>	<u>\$198,543</u>	<u>\$198,543</u>

Troy Township
Morrow County, Ohio

Statement of Receipts, Disbursements and Changes in Fund Balances
Budget and Actual - Budget Basis
Miscellaneous Special Revenue Fund
For the Year Ended December 31, 2005

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance With
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
Receipts:				
Intergovernmental	\$ -	\$ 25,309	\$ 25,039	\$ (270)
Total Receipts	<u>-</u>	<u>25,309</u>	<u>25,039</u>	<u>(270)</u>
Disbursements:				
General Government	-	-	534	534
Public Works	-	-	23,332	23,332
Capital Outlay	<u>-</u>	<u>25,039</u>	<u>-</u>	<u>(25,039)</u>
Total Disbursements	<u>-</u>	<u>25,039</u>	<u>23,866</u>	<u>1,173</u>
Excess of Receipts Over (Under) Disbursements	-	270	1,173	903
Fund Balances, January 1	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances, December 31	<u>\$ -</u>	<u>\$ 270</u>	<u>\$ 1,173</u>	<u>\$ 903</u>

Troy Township
Morrow County, Ohio

Notes to the Financial Statements
December 31, 2006 and 2005

NOTE 1 REPORTING ENTITY

Troy Township, Morrow 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 also has an elected Township Fiscal Officer.

The reporting entity is comprised of the primary government, component units and other organizations and believes these financial statements present all activities for which the Township is financially accountable.

A Primary Government

The primary government consists of all funds, departments, boards and agencies that are not legally separate from the Township. The Township provides general governmental services, including maintenance of Township roads and bridges and cemetery maintenance. The Township contracts with Troy Township-Richland County, Ohio for fire and rescue squad protection. Police protection is provided by the Morrow County Sheriff's Department.

B Component Units

Component units are legally separate organizations for which the Township is financially accountable. The Township is financially accountable for an organization if the Township appoints a voting majority of the organization's governing board and (1) the Township is able to significantly influence the programs or services performed or provided by the organization; or (2) the Township is legally entitled or has otherwise assumed the responsibility to finance the deficits of, or provide support to, the organization; or the Township is obligated for the debt of the organization. The Township is also financially accountable for any organizations that are fiscally dependent on the Township in that the Township approves their budget, the issuance of their debt or levying of their taxes. Component units also include legally separate, tax-exempt entities whose resources are for the direct benefit of the Township, are accessible to the township and are significant in amount to the Township. The Township does not have any component units.

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

As discussed further in Note 2C, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. In the government-wide financial statements and the fund financial statements for the proprietary funds, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. The Township does not apply FASB statements issued after November 30, 1989, to its business type activities and to its enterprise funds. Following are the most significant of the Township's accounting policies.

Troy Township
Morrow County, Ohio

Notes to the Financial Statements
December 31, 2006 and 2005

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

A Basis of Presentation

The Township's basic financial statements consist of government-wide financial statements, including a statement of net assets and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

Government-Wide Financial Statements

The statement of net assets and the statement of activities display information about the Township as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. All of the Township's activities are Governmental. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions.

The statement of net assets presents the cash balances of the governmental activities of the Township at year end. The statement of activities compares disbursements with program receipts for each of the Township's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Township is responsible. Program receipts include charges paid by the recipient of the program's goods or services, grant and contributions restricted to meeting the operational or capital requirements of a particular program and receipts of interest earned on grants that is required to be used to support a particular program. General receipts are all receipts not classified as program receipts with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function activity is self financing on a cash basis or draws from the Township's general receipts.

Fund Financial Statements

During the year, the Township segregates transactions related to certain Township functions or activities in separate funds to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Township at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by type.

B Fund Accounting

The Township uses fund accounting to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity and a self balancing set of accounts. Funds are used to segregate resources that are restricted as to use. The funds of the Township are divided into one category: governmental.

Governmental Funds

The Township classifies funds financed primarily from taxes, intergovernmental receipts (e.g., grants) and other non exchange transactions as governmental funds. The Township's major governmental funds are the General Fund, Gasoline Tax Fund, Fire District Fund, and the Miscellaneous Special Revenue Fund (2005 only). The General Fund is used to account for all financial resources, except those required to be accounted for in another fund. The General Fund balance is available to the Township for any purpose provided it is expended or transferred according to the general laws of Ohio.

The other governmental funds of the Township account for grants and other resources whose uses are restricted to particular purposes.

Troy Township
Morrow County, Ohio

Notes to the Financial Statements
December 31, 2006 and 2005

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C Basis of Accounting

The Township's financial statements are prepared using the cash basis of accounting. Except for modifications having substantial support, receipts are recorded in the Townships' financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred. Any such modifications made by the Township are described in the appropriate section in this note.

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

D Budgetary Process

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources and the appropriations ordinance, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the Township may appropriate.

The appropriations ordinance is the Township's authorization to spend resources and sets limits on disbursements plus encumbrances at the level of control selected by the Township. The legal level of control has been established at the fund, department and object level for all funds.

The certificate of estimated resources may be amended during the year if projected increases or decreases in receipts are identified by the Township Fiscal Officer. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimates resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificate of estimated resources in effect at the time final appropriations were passed by the Township.

The appropriations ordinance is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation ordinance for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Township during the year.

E Cash and Investments

Township records identify the purchase of specific investments by specific funds.

To improve cash management, cash received by the Township is pooled and invested. Individual fund integrity is maintained through Township records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents."

Investments with an original maturity of three months or less at the time of purchase and investments of the cash management pool are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months that were not purchased from the pool are reported as 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 negative receipts, respectively.

Troy Township
Morrow County, Ohio

Notes to the Financial Statements
December 31, 2006 and 2005

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E Cash and Investments (continued)

During 2006 and 2005, the Township invested in nonnegotiable certificates of deposit. The nonnegotiable certificates of deposit are reported at cost.

Interest earnings are allocated to Township funds according to State statutes, grant requirements, or debt related restrictions. Interest receipts credited to the General Fund during 2006 and 2005 were \$10,180 and \$5,665, respectively.

F Restricted Assets

Cash, cash equivalents and investments are reported as restricted when limitations on their use change the nature or normal understanding of their use. Such constraints are either imposed by creditors, contributors, grantors or laws of other government, or imposed by law through constitutional provisions or enabling legislation.

G Inventory and Prepaid Items

The Township reports disbursements for inventories and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

H Capital Assets

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

I Accumulated Leave

In certain circumstances, such as upon leaving employment or retirement, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Township's cash basis of accounting.

J Employer Contributions to Cost Sharing Pension Plans

The Township recognizes the disbursement for employer contributions to cost sharing pension plans when they are paid. As described in Notes 8 and 9, the employer contributions include portions for pension benefits and post retirement health care benefits.

K Long-Term Obligations

The Township's cash basis financial statements do not report liabilities for bonds or other long-term obligations. Proceeds of debt are reported when the cash is received and principal and interest payments are reported when paid. Lease payments are reported when paid.

L Net Assets

Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net assets restricted for other purposes include resources restricted for maintaining and repairing Township roads and fire protection. The Township's policy is to first apply restricted resources when an obligation is incurred for purposes for which both restricted and unrestricted net assets are available.

Troy Township
Morrow County, Ohio

Notes to the Financial Statements
December 31, 2006 and 2005

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

M Fund Balance Reserves

The Township reserves any portion of fund balances which is not available for appropriation or which is legally segregated for a specific future use. Unreserved fund balance indicates that portion of fund balance which is available for appropriation in future periods. There were no reserves for encumbrances at December 31, 2006 and 2005.

N Interfund Transactions

Exchange transactions between funds are reported as receipts to the seller funds and as disbursements in the purchaser funds. Subsidies from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular disbursements to the funds that initially paid for them are not presented in the financial statements.

NOTE 3 CHANGE IN BASIS OF ACCOUNTING AND RESTATEMENT OF FUND EQUITY

For the years ended December 31, 2004 and 2003, the Township reported fund financial statements by fund type using the regulatory basis of accounting as prescribed by the State Auditor's Office. For 2006 and 2005, the Township has implemented the cash basis of accounting described in Note 2. The fund financial statements now present each major fund in a separate column with nonmajor funds aggregated and presented in a single column, rather than a column for each fund type. The transition from the regulatory basis of accounting to the cash basis of accounting did not have any impact on the fund balances of the Township.

NOTE 4 BUDGETARY BASIS OF ACCOUNTING

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balances - Budget and Actual - Budgetary Basis presented for the General, Gasoline Tax, and Fire District Funds for 2006 and General, Gasoline Tax, Fire District, and Miscellaneous Special Revenue Funds for 2005 are prepared on the budgetary basis to provide meaningful comparison of actual results with the budget. The differences between the budgetary basis and the cash basis are outstanding year end encumbrances are treated as disbursements (budgetary basis) rather than as a reservation of fund balance (cash basis). There were no encumbrances outstanding at December 31, 2006 and 2005.

NOTE 5 DEPOSITS AND INVESTMENTS

Monies held by the Township are classified by State statute into three categories.

Active monies are public monies determined to be necessary to meet current demands upon the Township treasury. Active monies must be maintained either as cash in the Township treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that the Trustees have identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Troy Township
Morrow County, Ohio

Notes to the Financial Statements
December 31, 2006 and 2005

NOTE 5 DEPOSITS AND INVESTMENTS (continued)

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts, including passbook accounts.

Interim monies held by the Township can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal national Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 % and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio).

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the Township, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions.

At December 31, 2006 and 2005, the Township had \$0 in undeposited cash on hand which is included as part of "Cash" or "Equity in Pooled Cash and Cash Equivalents" on the financial statements.

Deposits

At December 31, 2006 and 2005, the Township maintained deposits at Kingston National Bank. At December 31, 2006, the carrying and bank balances of the Township's deposits were \$388,280 and \$389,843, respectively. At December 31, 2005, the carrying and bank balances of the Township's deposits were \$263,221 and \$286,311, respectively. Of the bank balances at December 31, 2006 and 2005, \$100,000 was covered by the Federal Depository Insurance; and up to \$1,000,000 was protected by a Memorandum of Agreement for Deposit of Public Funds at Kingston National Bank.

Troy Township
Morrow County, Ohio

Notes to the Financial Statements
December 31, 2006 and 2005

NOTE 5 DEPOSITS AND INVESTMENTS (continued)

Deposits (continued)

Custodial credit risk is the risk that in the event of bank failure, the Township will not be able to recover deposits or collateral securities that are in the possession of an outside party. At December 31, 2006 and 2005, \$289,843 and \$186,311 of the Township's bank balances were exposed to custodial credit risk because those deposits were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Township's name.

The Township has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the Township or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

Investments

At December 31, 2006 and 2005, the Township had no investments.

Interest rate risk arises because the fair value of investments changes as interest rates change. The Township's investment policy addresses interest rate risk by requiring that the Township's investment portfolio be structured so that securities mature to meet cash requirements for ongoing operations and/or long-term debt payments, thereby avoiding that need to sell securities on the open market prior to maturity, and by investing operating funds primarily in short-term investments.

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Township will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Township has no investment policy dealing with investment custodial risk beyond the requirements in ORC 135.14 (M)(2) which states, "Payment for investments shall be made only upon the delivery of securities representing such investments to the treasurer, investing authority, or qualified trustee. If the securities transferred are not represented by a certificate, payment shall be made only upon receipt of confirmation of transfer from the custodian by the treasurer, governing board, or qualified trustee."

NOTE 6 PROPERTY TAXES

Property taxes include amounts levied against all real property, public utility property and tangible personal property located in the Township. Real property taxes received in 2006 represent the collection of 2005 taxes. Real property taxes received in 2006 were levied after October 1, 2005, on the assessed values as of January 1, 2005, the lien date. Assessed values for real property taxes are established by State statute at 35% of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31. If paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax receipts received in 2006 represent the collection of 2005 taxes. Public utility real and tangible personal property taxes received in 2006 become a lien on December 31, 2005, were levied on October 1, 2005, and are collected with real property taxes. Public utility real property is assessed at 35% of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

Troy Township
Morrow County, Ohio

Notes to the Financial Statements
December 31, 2006 and 2005

NOTE 6 PROPERTY TAXES (continued)

Tangible personal property tax receipts received in 2006 (other than public utility property) represent the collection of 2006 taxes. Tangible personal property taxes received in 2006 were levied after October 1, 2005, on the true value as of December 31, 2005. Tangible personal property is currently assessed at 25% of true value for capital assets and 23% for inventory. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, the first payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

The full tax rate for all Township operations for the years ended December 31, 2006 and 2005, were \$6.70 and \$5.45, respectively, per \$1,000 of assessed value. The assessed values of real property, public utility property and tangible personal property upon which 2006 and 2005 property tax receipts were based are as follows:

	<u>2006</u>	<u>2005</u>
Real Property		
Residential	\$133,566	\$103,491
Agriculture	31,407	31,459
Commercial/Industrial/Mineral	18,420	18,297
Public Utility Property		
Real	-	-
Personal	6,280	7,412
Tangible Personal Property	<u>3,304</u>	<u>2,284</u>
Total Assessed Value	<u>\$192,977</u>	<u>\$162,943</u>

NOTE 7 RISK MANAGEMENT

The Township is exposed to various risks of loss related to torts; thefts of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 2006, the Township contracts with Rinehart, Walters, Danner and Associates of Mansfield, Ohio for various types of insurance coverage as follows:

<u>Type of Coverage</u>	<u>Amount of Coverage</u>
General Liability & Casualty	\$3,000,000
Public Official's Liability	1,000,000
Vehicle	1,000,000
Property	78,000

Settled claims have not exceeded coverage in any of the last three years and there was no significant reduction in coverage from the prior year.

The Township pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs. The System administers and pays all claims.

Troy Township
Morrow County, Ohio

Notes to the Financial Statements
December 31, 2006 and 2005

NOTE 8 DEFINED BENEFIT PENSION PLAN

Ohio Public Employees Retirement System

The Township participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing, multiple employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions. (Employer contributions vest over a 5 year period at the rate of 20% per year.) Under the member directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings.

The combined plan is a cost sharing, multiple employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions are self-directed by the member and accumulate retirement assets in a manner similar to the member directed plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the traditional and combined plans. Members of the member directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand alone financial report that may be obtained by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642, or by calling (614) 222-6705 or (800) 222-7377.

For the years ended December 31, 2006 and 2005, the members of all three plans were required to contribute 9% and 8.5%, respectively, of their annual covered salaries. The Township's contribution rates for pension benefits were 13.7% and 13.55%, respectively, of covered payroll. The Ohio Revised Code provides statutory authority for member and employer contributions.

NOTE 9 POST EMPLOYMENT BENEFITS

Ohio Public Employees Retirement System

The Ohio Public Employees Retirement System (OPERS) provides post retirement health care coverage to age and service retirees with ten or more years of service of qualifying service credit with either the traditional or combined plans. Health care coverage for disability recipients and primary survivor recipients is available. Members of the member directed plan do not qualify for post retirement health care coverage. The health care coverage provided by the retirement system is considered an Other Post Employment Benefit as described in GASB Statement No. 12. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of post retirement health care based on authority granted by State statute. The 2006 and 2005 local government employer contribution rates were 13.7% and 13.55%, respectively, of covered payroll; 4.5% of covered payroll was the portion that was used to fund health care.

Benefits are advance-funded using the entry age normal actuarial cost method. Significant actuarial assumptions, based on OPERS' latest actuarial review performed as of December 31, 2005, include a rate of return on investments of 6.5%, an annual increase in active employee total payroll of 4% compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between 0.5% and 6.3% based on additional annual pay increases. Health care premiums were assumed to increase between 1% and 6% annually for the next eight years and 4% annually after eight years.

Troy Township
Morrow County, Ohio

Notes to the Financial Statements
December 31, 2006 and 2005

NOTE 9 POST EMPLOYMENT BENEFITS (continued)

Ohio Public Employees Retirement System (continued)

All investments are carried at market. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25% of unrealized market appreciation or depreciation on investment assets annually.

The number of active contributing participants in the traditional and combined plans was 369,214. Actual employer contributions for 2006 which were used to fund postemployment benefits were \$210,421. The actual contribution and the actuarially required contribution amounts are the same. OPERS' net assets available for payment of benefits at December 31, 2005 (the latest information available) were \$11.1 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$31.3 billion and \$20.2 billion, respectively.

On September 9, 2004, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. The HCPP restructures OPERS' health care coverage to improve the financial solvency of the fund in response to increasing health care costs.

NOTE 10 DEBT

The Township's long term debt activity for the year ended December 31, 2006, was as follows:

<u>Governmental Activities</u>	<u>Interest Rate</u>	<u>Balance December 31, 2005</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance December 31, 2006</u>	<u>Due Within One Year</u>
General Obligation Note						
Tractor						
2006 Issue (\$49,564)	4.45%	\$ -	\$ 49,564	\$ -	\$ 49,564	\$ 9,070

The general obligation notes are supported by the full faith and credit of the Township and are payable from unvoted property tax receipts to the extent that other resources are not available to meet annual principal and interest payments.

The following is a summary of the Township's future annual debt service requirements:

	<u>General Obligation Note</u>	
	<u>Principal</u>	<u>Interest</u>
Year Ending December 31, 2007	\$ 9,070	\$2,205
Year Ending December 31, 2008	9,469	1,807
Year Ending December 31, 2009	9,895	1,381
Year Ending December 31, 2010	10,335	940
Year Ending December 31, 2011	<u>10,795</u>	<u>480</u>
	<u>\$49,564</u>	<u>\$6,813</u>

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

Troy Township
Morrow County, Ohio
7833 County Road 37
Lexington, Ohio 44904

To the Board of Trustees:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Troy Township, Morrow County, Ohio (the Township) as of and for the years ended December 31, 2006 and 2005, which collectively comprise the Township's basic financial statements and have issued our report thereon dated November 26, 2007. 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 the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audits, we considered the Township's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinion on the financial statements, but not to opine on the effectiveness of the Township's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Township's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a certain deficiency in internal control over financial reporting that we consider a significant deficiency.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Township's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the Township's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

We consider the following deficiency described in the accompanying schedule of findings to be a significant deficiency in internal control over financial reporting: 2006-001.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Township's internal control will not prevent or detect a material financial statement misstatement.

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Troy Township
Morrow County, Ohio
Independent Accountant's Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Required by *Government Auditing Standards*

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and accordingly, would not necessarily disclose all significant deficiencies that are also material weaknesses. However, we believe the significant deficiency described above, finding number 2006-001, is also a material weakness.

Compliance and Other Matters

As part of reasonably assuring about 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, providing an opinion 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 no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We did note certain noncompliance or other matters that we reported to the Township's management in a separate letter dated November 26, 2007.

We intend this report solely for the information and use of management and the Board of Trustees. We intend it for no one other than these specified parties.



Van Krevel & Company
Dublin, Ohio

November 26, 2007

Troy Township
Morrow County, Ohio

Schedule of Audit Findings
December 31, 2006 and 2005

**Findings Related to the Financial Statements
Required to be Reported in Accordance with GAGAS**

Finding No. 2006-001

Significant Deficiency/ Material Weakness

When designing the public office's system of internal control and the specific control activities, management should consider ensuring that all transactions are properly authorized in accordance with management's policies, ensuring that accounting records are properly designed, and verifying the existence and valuation of assets and liabilities and periodically reconcile them to the accounting records.

The Townships lacked management oversight in the posting of receipts and expenditures of the Township. This lack of oversight is illustrated by the following:

- In 2006, Intergovernmental receipts of \$4,225 were posted to Property & Other Local Taxes rather than Intergovernmental.
- In 2006, EMS charges in the amount of \$1,446 were posted to the General Fund - Miscellaneous rather than the Fire District Fund – Charges for Services.
- In 2006, EMS charges in the amount of \$650 were posted to Miscellaneous rather than Charges for Services.
- In 2006, zoning fees of \$10,671 were recorded to Other Financing Sources rather than Licenses, Permits, and Fees.
- In 2006, payments for a tractor and fence in the amounts of \$1,981 and \$1,200 were posted to Public Works and General Government, respectively, rather than Capital Outlay.
- In 2006, debt proceeds and the purchase of a tractor were unrecorded rather than posted to Other Financing Sources – Debt Proceeds and Capital Outlay in the Gasoline Tax Fund.
- In 2005, Intergovernmental receipts in the amounts of \$2,018 and \$6,000 were posted to Property & Other Local Taxes and Licenses, Permits, and Fees, respectively, rather than Intergovernmental receipts.
- In 2005, EMS charges in the amount of \$195 were posted to the General Fund – Miscellaneous rather than the Fire District Fund – Charges for Services.
- In 2005, EMS charges in the amount of \$1,395 were posted to Miscellaneous rather than Charges for Services.
- In 2005, zoning fees of \$880 and \$3,479 were posted to Miscellaneous and Other Financing Sources, respectively, rather than Licenses, Permits, and Fees.
- In 2005, the payment for a fence in the amount of \$1,050 was posted to General Government rather than Capital Outlay.
- In 2005, the expense for auditing services was recorded to the Gasoline Tax Fund – Public Works for \$500 and the Road & Bridge Fund – Public Works for \$892 rather than the General Fund – General Government for \$1,392.

Troy Township
Morrow County, Ohio

Schedule of Audit Findings
December 31, 2006 and 2005

**Findings Related to the Financial Statements
Required to be Reported in Accordance with GAGAS**

Finding No. 2006-001 (continued)

- In 2005, Public Works and General Government Expenses in the amounts of \$23,332 and \$534, respectively, were posted to Capital Outlay rather than the proper account lines.
- In 2005, General Government Expenses in the amounts of \$373 and \$46 were posted to Health and Capital Outlay, respectively, rather than General Government.
- In 2005, principal and interest payments on outstanding debt were posted to Public Works rather than Debt Service in the Road & Bridge and Motor Vehicle License Funds, the payments were reclassified as follows:

<u>Fund</u>	<u>Improper Account</u>	<u>Proper Account</u>	<u>Amount</u>
Road & Bridge	Public Works	Debt Service – Principal	\$6,915
Road & Bridge	Public Works	Debt Service – Interest	580
Motor Vehicle License	Public Works	Debt Service – Principal	5,685
Motor Vehicle License	Public Works	Dent Service – Interest	113

Adjustments were made to the accompanying financial statements for the above items.

The lack of proper management oversight could result in a material misstatement of the financial statements. We recommend the Township refer to the Ohio Township Handbook for proper classification of receipts and expenditures and use due care in posting receipts and expenditures to the Township's books.

Official's Response – We did not receive a response from Officials regarding this finding.

Troy Township
Morrow County, Ohio

Schedule of Prior Audit Findings
December 31, 2006 and 2005

Finding Number	Finding Summary	Fully Corrected?
2004-001	Ohio Rev. Code Section 5705.14, 5705.15, 5705.16 provides no transfers can be made unless in compliance with the Ohio law.	Yes



Mary Taylor, CPA
Auditor of State

TROY TOWNSHIP
MORROW 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
MARCH 18, 2008