



Mary Taylor, CPA
Auditor of State

**TROY TOWNSHIP
ATHENS COUNTY**

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ATHENS COUNTY**

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Troy Township
Athens County
P.O. Box 491
Coolville, Ohio 45723

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, Athens County, Ohio (the Township), as of and for the years ended December 31, 2007 and 2006, 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 opinions 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 the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure 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. The Township processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Township because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. We believe our audit provides a reasonable basis for our opinions.

As discussed in Note 2, the accompanying financial statements and notes follow the cash accounting basis. 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, Athens County, Ohio, as of December 31, 2007 and 2006, and the respective changes in cash financial position and the respective budgetary comparison for the General, Gasoline Tax, Road and Bridge, Cemetery and Special Fire Levy Funds thereof for the years then ended in conformity with the basis of accounting Note 2 describes.

For the years ended December 31, 2007 and 2006, the Township revised its financial presentation comparable to the requirements of Governmental Accounting Standard No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*.

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In accordance with *Government Auditing Standards*, we have also issued our report dated September 10, 2008, 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*. You should read it in conjunction with this report in assessing the results of our audit.

Management's discussion and analysis is not a required part of the basic financial statements but is supplementary information the Governmental Accounting Standards Board requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

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

Mary Taylor, CPA
Auditor of State

September 10, 2008

Troy Township
Athens County
Management's Discussion and Analysis
For the Years Ended December 31, 2007 and 2006
Unaudited

This discussion and analysis of Troy Township's, (the Township), financial performance provides an overall review of the Township's financial activities for the years ended December 31, 2007 and 2006, within the limitations of the Township's cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Township's financial performance.

Highlights

Key highlights for 2007 and 2006 are as follows:

- The Township's receipts are primarily property taxes. These receipts represent respectively 47 percent of the total cash received for governmental activities during 2007 and 50 percent of total cash received for governmental activities during 2006. Property tax receipts for 2007 changed very little compared to 2006.
- In 2006 the Township sold assets in the amount of \$7,998 which explains the majority of the decrease in net assets from 2006 to 2007.
- The Township received Issue II money in 2007 from OPWC in the amount of \$31,307. The Township's in-kind contribution was \$2,115 and the cash contribution was \$8,884.

Using the Basic Financial Statements

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to the Township's cash basis of accounting.

Report Components

The Statement of Net Assets and the Statement of Activities provide information about the cash activities of the Township as a whole.

Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the Township as a way to segregate money whose use is restricted to a particular specified purpose. These statements present financial information by fund, presenting funds with the largest balances or most activity in separate columns.

The notes to the basic financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

Basis of Accounting

The basis of accounting is a set of guidelines that determine when financial events are recorded. The Township has elected to present its financial statements on a cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the Township's cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

As a result of using the cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the cash basis of accounting.

Troy Township
Athens County
Management's Discussion and Analysis
For the Years Ended December 31, 2007 and 2006
Unaudited

Reporting the Township as a Whole

The Statement of Net Assets and the Statement of Activities reflect how the Township did financially during 2007 and 2006, within the limitations of cash basis accounting. The Statement of Net Assets presents the cash balances and investments of the Township at year end. The Statement of Activities compares cash disbursements with program receipts for each governmental program. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function draws from the Township's general receipts.

These statements report the Township's cash position and the changes in cash position. Keeping in mind the limitations of the cash basis of accounting, you can think of these changes as one way to measure the Township's financial health. Over time, increases or decreases in the Township's cash position is one indicator of whether the Township's financial health is improving or deteriorating. When evaluating the Township's financial condition, you should also consider other financial factors as well such as the Township's property tax base, the condition of the Township's capital assets and infrastructure, the extent of the Township's debt obligations, the reliance on non-local financial resources for operations and the need for continued growth in the major local revenue sources such as property taxes.

In the Statement of Net Assets and the Statement of Activities, the Township has one type of activity:

Governmental activities - All of the Township's basic services are reported here, including the major activity of road maintenance. Real estate taxes and gasoline taxes finance most of these activities.

Reporting the Township's Most Significant Funds

Fund financial statements provide detailed information about the Township's major funds – not the Township as a whole. The Township establishes separate funds to better manage its many activities and to help demonstrate that money that is restricted as to how it may be used is being spent for the intended purpose. The funds of the Township consist of one category—governmental.

Governmental Funds – All of the Township's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the Township's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Township's programs. The Township's significant governmental funds are presented on the financial statements in separate columns. The information for nonmajor funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The Township's major governmental funds are the General, Gasoline Tax, Road and Bridge, Cemetery and Special Fire Levy Funds. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements. We describe this relationship in reconciliations presented with the governmental fund financial statements.

Troy Township
Athens County
Management's Discussion and Analysis
For the Years Ended December 31, 2007 and 2006
Unaudited

The Township as a Whole

Table 1 provides a summary of the Township's net assets for 2007 compared to 2006 on a cash basis:

(Table 1)

Net Assets

	Governmental Activities	
	2007	2006
Assets		
Cash and Cash Equivalents	\$ 101,250	\$ 120,747
Total Assets	\$ 101,250	\$ 120,747
 Net Assets		
Restricted for:		
Other Purposes	\$ 19,960	\$ 34,718
Unrestricted	81,290	86,029
Total Net Assets	\$ 101,250	\$ 120,747

The most significant change occurred in unrestricted net assets between 2006 and 2007. The decrease of \$4,739 resulted primarily from the \$7,998 sale of assets which was posted to the General Fund and the Cemetery fund in 2006.

Table 2, reflects the changes in net assets on a cash basis in 2007 and 2006 for governmental activities and total primary government.

Troy Township
Athens County
Management's Discussion and Analysis
For the Years Ended December 31, 2007 and 2006
Unaudited

(Table 2)
Changes in Net Assets

	Governmental Activities	
	2007	2006
Receipts:		
Program Receipts:		
Charges for Services and Sales	\$2,800	\$ 2,800
Operating Grants and Contributions	126,592	126,174
Capital Grants and Contributions	31,307	
Total Program Receipts	160,699	128,974
General Receipts:		
Property and Other Local Taxes	170,816	167,202
Grants and Entitlements Not Restricted to Specific Programs	23,756	20,719
Interest	332	402
Sale of Capital Assets		7,998
Miscellaneous	3,055	7,070
Total General Receipts	197,959	203,391
Total Receipts	358,658	332,365
Disbursements:		
General Government	47,911	54,431
Public Safety	64,000	52,500
Health	22,896	24,717
Public Works	198,269	169,344
Capital Outlay	31,307	20,338
Principal Retirement	11,118	11,118
Other	2,654	20,767
Total Disbursements	378,155	353,215
Increase (Decrease) in Net Assets	(19,497)	(20,850)
Net Assets, January 1	120,747	141,597
Net Assets, December 31	\$ 101,250	\$ 120,747

Program receipts for 2007 represent only 45 percent of total receipts and are primarily comprised of restricted intergovernmental receipts such as motor vehicle license and gasoline tax money. Program receipts for 2006 represent about 39 percent of the total receipts. In addition, the Township received \$31,307 in Issue II monies in 2007 which are reflected as Program Revenues from Capital Grants.

Troy Township
Athens County
Management's Discussion and Analysis
For the Years Ended December 31, 2007 and 2006
Unaudited

General receipts represent 55 percent of the Township's total 2007 receipts and 61 percent of the total 2006 receipts, and of this amount, 86 percent of the 2007 general receipts and 82 percent of the 2006 general receipts are from local taxes. State and federal grants and entitlements not restricted to specific programs make up 12 percent of the Township's 2007 general receipts and 10 percent of the Township's 2006 general receipts. Other receipts are normally insignificant and somewhat unpredictable revenue sources.

Total receipts increased by \$26,294 or 8 percent during 2007. The primary reasons contributing to the increases in cash balances are as follows:

- A State Issue II Grant for paving was received in 2007.

Disbursements for General Government represent the overhead costs of running the Township and the support services provided for the other Township activities. These include the costs of the board of trustees and the fiscal officer services as well as payroll, health insurance and purchasing. These costs do not represent direct services to residents so we try to limit these costs.

Public Safety Expenditures relate to the costs of the fire protection contract and Public Works Expenditures relate to the cost associated with the maintenance and repair of Township roads and bridges.

Governmental Activities

If you look at the 2007 Statement of Activities on page 11 and the 2006 Statement of Activities on page 23, you will see that the first column lists the major services provided by the Township. The next column identifies the costs of providing these services. The major program disbursements for governmental activities are for general government, public works and public safety, which, in 2007, accounted for \$310,180 or 82 percent of all governmental disbursements. In 2006, these disbursements accounted for \$276,275 or 78 percent of all governmental disbursements. The next columns of the Statement entitled Program Cash Receipts identify amounts paid by the people who are directly charged for the services and grants received by the Township which must be used for a specific service. The Net Receipt (Disbursement) column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service which ends up being paid from money provided by local taxpayers. These net costs are paid from the general receipts which are presented at the bottom of the Statement. A comparison between the total cost of services and the net cost is presented in Table 3.

(Table 3)

	Governmental Activities			
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
	2007	2007	2006	2006
General Government	\$ 47,911	\$ 46,635	\$ 54,431	\$ 51,914
Public Safety	64,000	64,000	52,500	52,500
Public Works	198,269	72,953	169,344	45,687
Health	22,896	20,096	24,717	21,917
Other	2,654	2,654	20,767	20,767
Capital Outlay	31,307	0	20,338	20,338
Principal Retirement	11,118	11,118	11,118	11,118
Total Expenses	\$ 378,155	\$ 217,456	\$ 353,215	\$ 224,241

Troy Township
Athens County
Management's Discussion and Analysis
For the Years Ended December 31, 2007 and 2006
Unaudited

The dependence upon property tax receipts is apparent as over 45 percent of 2007 governmental activities and 47 percent of 2006 governmental activities are supported mainly through these general receipts.

The Township's Funds

Total governmental funds had receipts of \$364,658 and disbursements of \$384,155 in 2007. The greatest changes within governmental funds occurred within the General Fund. The fund balance of the General Fund decreased \$14,758 in 2007 as the result of increased costs for salaries and benefits and not achieving anticipated growth in property tax receipts. The General Fund received \$6,940 in sale of fixed assets funds in 2006 which did not recur in 2007 resulting in a decrease.

2007 Expenditures increased by nearly \$31,000 over those in 2006. This can be attributed to an increase in Capital outlay due to the Issue II money received in 2007.

General Fund Budgeting Highlights

The Township's budget is prepared according to Ohio law and is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. For 2006 and 2007, the most significant budgeted funds is the General Fund.

During 2007, actual receipts in the General Fund fell short of budgeted receipts by \$13,787.

During 2007, final disbursements in the General Fund were well under the final budgeted amount by \$33,747.

During 2006, actual receipts in the General Fund fell short of budgeted receipts by \$3,811.

During 2006, final disbursements in the General Fund were well under the final budgeted amount by \$38,514.

Debt Service

At December 31, 2007, the Township's outstanding debt was \$21,164 from a loan issued for the purchase of a tractor. For further information regarding the Township's debt, see Note 11 to the financial statements. The loan is scheduled to be fully paid during 2009.

Current Issues

The challenge for all Townships is to provide quality services to the public while staying within the restrictions imposed by limited, and in some cases shrinking, funding. We rely heavily on local taxes and have very little industry to support the tax base. Our newly prepared forecast predicts that we will stay within our revenue for 2008.

Contacting the Township's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Township's finances and to reflect the Township's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Jim Ford, Fiscal Officer, Troy Township, PO Box 491, Coolville, OH, 45723, 740-667-6652.

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**TROY TOWNSHIP
ATHENS COUNTY**

**STATEMENT OF NET ASSETS - CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2007**

	<u>Governmental Activities</u>
Assets:	
Cash	\$ 101,250
<i>Total Assets</i>	<u>\$ 101,250</u>
Net Assets:	
Restricted for:	
Other Purposes	\$ 19,960
Unrestricted	81,290
<i>Total Net Assets</i>	<u>\$ 101,250</u>

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

TROY TOWNSHIP
ATHENS COUNTY

STATEMENT OF ACTIVITIES - CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2007

	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Assets	
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental Activities:					
General Government	\$ 47,911	\$	\$ 1,276	\$	\$ (46,635)
Public Safety	64,000				(64,000)
Public Works	198,269		125,316		(72,953)
Health	22,896	2,800			(20,096)
Other	2,654				(2,654)
Capital Outlay	31,307			31,307	0
Debt Service:					
Principal Retirement	11,118				(11,118)
<i>Total Governmental Activities</i>	<u>\$ 378,155</u>	<u>\$ 2,800</u>	<u>\$ 126,592</u>	<u>\$ 31,307</u>	<u>(217,456)</u>
		General Receipts:			
		Property Taxes			170,816
		Grants and Entitlements not Restricted			23,756
		Interest			332
		Miscellaneous			3,055
		<i>Total General Receipts</i>			<u>197,959</u>
		<i>Change in Net Assets</i>			(19,497)
		Net Assets Beginning of Year			<u>120,747</u>
		Net Assets End of Year			<u>\$ 101,250</u>

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

**TROY TOWNSHIP
ATHENS COUNTY**

**STATEMENT OF CASH BASIS ASSETS AND FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2007**

	General	Gasoline Tax	Road and Bridge	Cemetery
Assets:				
Cash	\$ 19,960	\$ 30,157	\$ 22,857	\$ 21,958
<i>Total Assets</i>	\$ 19,960	\$ 30,157	\$ 22,857	\$ 21,958
Fund Balances:				
Unreserved:				
Undesignated (Deficit), Reported in:				
General Fund	\$ 19,960			
Special Revenue Funds		\$ 30,157	\$ 22,857	\$ 21,958
<i>Total Fund Balances</i>	\$ 19,960	\$ 30,157	\$ 22,857	\$ 21,958

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

<u>Special Fire Levy</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 877	\$ 5,441	\$ 101,250
<u>\$ 877</u>	<u>\$ 5,441</u>	<u>\$ 101,250</u>
		\$ 19,960
\$ 877	\$ 5,441	81,290
<u>\$ 877</u>	<u>\$ 5,441</u>	<u>\$ 101,250</u>

**TROY TOWNSHIP
ATHENS COUNTY**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES
IN CASH BASIS FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2007**

	<u>General</u>	<u>Gasoline Tax</u>	<u>Road and Bridge</u>	<u>Cemetery</u>
Cash Receipts:				
Property and Other Local Taxes	\$ 40,659	\$	\$ 53,468	\$ 22,407
Charges for Services				2,800
Intergovernmental	23,756	84,798	8,136	3,344
Interest	332	385		
Other	55			
<i>Total Cash Receipts</i>	<u>64,802</u>	<u>85,183</u>	<u>61,604</u>	<u>28,551</u>
Cash Disbursements:				
Current:				
General Government	44,442		1,395	589
Public Safety				
Public Works	30,000	80,703	65,042	
Health				22,896
Other				
Capital Outlay				
Principal and Interest Retirement	5,118	3,000	3,000	
<i>Total Cash Disbursements</i>	<u>79,560</u>	<u>83,703</u>	<u>69,437</u>	<u>23,485</u>
<i>Excess of Cash Receipts Over (Under) Cash Disbursements</i>	<u>(14,758)</u>	<u>1,480</u>	<u>(7,833)</u>	<u>5,066</u>
Other Financing Sources (Uses):				
Advances In	3,000			
Advances Out	(3,000)			
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	(14,758)	1,480	(7,833)	5,066
Fund Balances Beginning of Year	<u>34,718</u>	<u>28,677</u>	<u>30,690</u>	<u>16,892</u>
Fund Balances End of Year	<u>\$ 19,960</u>	<u>\$ 30,157</u>	<u>\$ 22,857</u>	<u>\$ 21,958</u>

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

Special Fire Levy	Other Governmental Funds	Total Governmental Funds
\$ 54,282		\$ 170,816
		2,800
8,050	\$ 52,742	180,826
	444	1,161
3,000		3,055
<u>65,332</u>	<u>53,186</u>	<u>358,658</u>
1,485		47,911
64,000		64,000
	22,524	198,269
		22,896
	2,654	2,654
	31,307	31,307
		11,118
<u>65,485</u>	<u>56,485</u>	<u>378,155</u>
<u>(153)</u>	<u>(3,299)</u>	<u>(19,497)</u>
3,000		6,000
<u>(3,000)</u>		<u>(6,000)</u>
<u>0</u>	<u>0</u>	<u>0</u>
(153)	(3,299)	(19,497)
<u>1,030</u>	<u>8,740</u>	<u>120,747</u>
<u>\$ 877</u>	<u>\$ 5,441</u>	<u>\$ 101,250</u>

**TROY TOWNSHIP
ATHENS COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2007**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts:				
Property and Other Local Taxes	\$ 45,755	\$ 45,755	\$ 40,659	\$ (5,096)
Intergovernmental	35,380	35,380	23,756	(11,624)
Interest	399	399	332	(67)
Other	55	55	55	0
<i>Total Receipts</i>	<u>81,589</u>	<u>81,589</u>	<u>64,802</u>	<u>(16,787)</u>
Disbursements:				
Current:				
General Government	68,447	68,447	44,442	24,005
Public Works	31,360	31,360	30,000	1,360
Capital Outlay	7,500	7,500		7,500
Debt Service:				
Principal Retirement	6,000	6,000	5,118	882
<i>Total Disbursements</i>	<u>113,307</u>	<u>113,307</u>	<u>79,560</u>	<u>33,747</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(31,718)</u>	<u>(31,718)</u>	<u>(14,758)</u>	<u>16,960</u>
Other Financing Sources (Uses):				
Advances In			3,000	3,000
Advances Out	(3,000)	(3,000)	(3,000)	0
<i>Total Other Financing Sources (Uses)</i>	<u>(3,000)</u>	<u>(3,000)</u>	<u>0</u>	<u>3,000</u>
<i>Net Change in Fund Balance</i>	(34,718)	(34,718)	(14,758)	19,960
Fund Balance Beginning of Year	<u>34,718</u>	<u>34,718</u>	<u>34,718</u>	<u>0</u>
Fund Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 19,960</u>	<u>\$ 19,960</u>

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

**TROY TOWNSHIP
ATHENS COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
GASOLINE TAX FUND
FOR THE YEAR ENDED DECEMBER 31, 2007**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Receipts:				
Intergovernmental	\$ 88,000	\$ 88,000	\$ 84,798	\$ (3,202)
Interest	500	500	385	(115)
<i>Total Receipts</i>	<u>88,500</u>	<u>88,500</u>	<u>85,183</u>	<u>(3,317)</u>
Disbursements:				
Current:				
Public Works	110,177	110,177	80,703	29,474
Capital Outlay	4,000	4,000		4,000
Debt Service:				
Principal Retirement	3,000	3,000	3,000	0
<i>Total Disbursements</i>	<u>117,177</u>	<u>117,177</u>	<u>83,703</u>	<u>33,474</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	(28,677)	(28,677)	1,480	30,157
Fund Balance Beginning of Year	<u>28,677</u>	<u>28,677</u>	<u>28,677</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 30,157</u>	<u>\$ 30,157</u>

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

**TROY TOWNSHIP
ATHENS COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
ROAD AND BRIDGE FUND
FOR THE YEAR ENDED DECEMBER 31, 2007**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Receipts:				
Property and Other Local Taxes	\$ 56,551	\$ 56,551	\$ 53,468	\$ (3,083)
Charges for Services	1,000	1,000		(1,000)
Intergovernmental	8,136	8,136	8,136	0
Special Assessments	2,265	2,265		(2,265)
<i>Total Receipts</i>	<u>67,952</u>	<u>67,952</u>	<u>61,604</u>	<u>(6,348)</u>
Disbursements:				
Current:				
General Government	1,400	1,400	1,395	5
Public Works	90,242	90,242	65,042	25,200
Capital Outlay	4,000	4,000		4,000
Debt Service:				
Principal Retirement	3,000	3,000	3,000	0
<i>Total Disbursements</i>	<u>98,642</u>	<u>98,642</u>	<u>69,437</u>	<u>29,205</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	(30,690)	(30,690)	(7,833)	22,857
Fund Balance Beginning of Year	30,690	30,690	30,690	0
Fund Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 22,857</u>	<u>\$ 22,857</u>

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

**TROY TOWNSHIP
ATHENS COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
CEMETERY FUND
FOR THE YEAR ENDED DECEMBER 31, 2007**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Receipts:				
Property and Other Local Taxes	\$ 24,528	\$ 24,528	\$ 22,407	\$ (2,121)
Charges for Services			2,800	2,800
Intergovernmental	3,428	3,428	3,344	(84)
Other	3,200	3,200		(3,200)
<i>Total Receipts</i>	<u>31,156</u>	<u>31,156</u>	<u>28,551</u>	<u>(2,605)</u>
Disbursements:				
Current:				
General Government	700	700	589	111
Health	42,320	42,320	22,896	19,424
Capital Outlay	5,000	5,000		5,000
<i>Total Disbursements</i>	<u>48,020</u>	<u>48,020</u>	<u>23,485</u>	<u>24,535</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(16,864)</u>	<u>(16,864)</u>	<u>5,066</u>	<u>21,930</u>
<i>Net Change in Fund Balance</i>	(16,864)	(16,864)	5,066	21,930
Fund Balance Beginning of Year	<u>16,892</u>	<u>16,892</u>	<u>16,892</u>	<u>0</u>
Fund Balance End of Year	<u>\$ 28</u>	<u>\$ 28</u>	<u>\$ 21,958</u>	<u>\$ 21,930</u>

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

**TROY TOWNSHIP
ATHENS COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
SPECIAL FIRE LEVY FUND
FOR THE YEAR ENDED DECEMBER 31, 2007**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
Receipts:				
Property and Other Local Taxes	\$ 53,199	\$ 53,199	\$ 54,282	\$ 1,083
Intergovernmental	10,031	10,031	8,050	(1,981)
Other			3,000	3,000
<i>Total Receipts</i>	<u>63,230</u>	<u>63,230</u>	<u>65,332</u>	<u>2,102</u>
Disbursements				
Current:				
General Government	1,600	1,600	1,485	115
Public Safety	65,383	65,383	64,000	1,383
<i>Total Disbursements</i>	<u>66,983</u>	<u>66,983</u>	<u>65,485</u>	<u>1,498</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	(3,753)	(3,753)	(153)	3,600
Other Financing Sources (Uses)				
Advances In	2,723	2,723	3,000	277
Advances Out			(3,000)	(3,000)
<i>Total Other Financing Sources (Uses)</i>	<u>2,723</u>	<u>2,723</u>	<u>0</u>	<u>(2,723)</u>
<i>Net Change in Fund Balance</i>	(1,030)	(1,030)	(153)	877
Fund Balance Beginning of Year	<u>1,030</u>	<u>1,030</u>	<u>1,030</u>	<u>0</u>
Fund Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 877</u>	<u>\$ 877</u>

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

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**TROY TOWNSHIP
ATHENS COUNTY**

**STATEMENT OF NET ASSETS - CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2006**

	<u>Governmental Activities</u>
Assets:	
Cash	<u>\$ 120,747</u>
<i>Total Assets</i>	<u><u>\$ 120,747</u></u>
Net Assets:	
Restricted for:	
Other Purposes	\$ 34,718
Unrestricted	<u>86,029</u>
<i>Total Net Assets</i>	<u><u>\$ 120,747</u></u>

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

**TROY TOWNSHIP
ATHENS COUNTY**

**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	\$ 54,431	\$	\$ 2,517	\$ (51,914)
Public Safety	52,500			(52,500)
Public Works	169,344		123,657	(45,687)
Health	24,717	2,800		(21,917)
Other	20,767			(20,767)
Capital Outlay	20,338			(20,338)
Debt Service:				
Principal Retirement	11,118			(11,118)
<i>Total Governmental Activities</i>	\$ 353,215	\$ 2,800	\$ 126,174	(224,241)
		General Receipts:		
		Property Taxes		167,202
		Grants and Entitlements not Restricted to		20,719
		Sale of Capital Assets		7,998
		Interest		402
		Miscellaneous		7,070
		<i>Total General Receipts</i>		203,391
		<i>Change in Net Assets</i>		(20,850)
		Net Assets Beginning of Year, as restated (See Note 8)		141,597
		Net Assets End of Year		\$ 120,747

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

**TROY TOWNSHIP
ATHENS COUNTY**

**STATEMENT OF CASH BASIS ASSETS AND FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2006**

	General	Gasoline Tax	Road and Bridge	Cemetery
Assets:				
Cash	\$ 34,718	\$ 28,677	\$ 30,690	\$ 16,892
<i>Total Assets</i>	\$ 34,718	\$ 28,677	\$ 30,690	\$ 16,892
Fund Balances:				
Unreserved:				
Undesignated (Deficit), Reported in:				
General Fund	\$ 34,718			
Special Revenue Funds		\$ 28,677	\$ 30,690	\$ 16,892
<i>Total Fund Balances</i>	\$ 34,718	\$ 28,677	\$ 30,690	\$ 16,892

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

Special Fire Levy	Other Governmental Funds	Total Governmental Funds
\$ 1,030	\$ 8,740	\$ 120,747
<u>\$ 1,030</u>	<u>\$ 8,740</u>	<u>\$ 120,747</u>
		\$ 34,718
<u>\$ 1,030</u>	<u>\$ 8,740</u>	<u>86,029</u>
<u><u>\$ 1,030</u></u>	<u><u>\$ 8,740</u></u>	<u><u>\$ 120,747</u></u>

**TROY TOWNSHIP
ATHENS COUNTY**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES
IN CASH BASIS FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2006**

	General	Gasoline Tax	Road and Bridge	Cemetery
Cash Receipts:				
Property and Other Local Taxes	\$ 42,657	\$	\$ 51,140	\$ 23,109
Charges for Services				2,800
Intergovernmental	20,740	86,359	9,521	1,934
Interest	402	467		
Other	1,652		150	5,269
<i>Total Cash Receipts</i>	65,451	86,826	60,811	33,112
Cash Disbursements:				
Current:				
General Government	51,407		1,258	558
Public Safety				
Public Works	16,716	82,270	46,010	
Health				24,717
Other				
Capital Outlay				20,338
Debt Service:				
Principal and Interest Retirement	5,118	3,000	3,000	
<i>Total Cash Disbursements</i>	73,241	85,270	50,268	45,613
<i>Excess of Cash Receipts Over (Under)</i>				
<i>Cash Disbursements</i>	(7,790)	1,556	10,543	(12,501)
Other Financing Sources (Uses):				
Sale of Capital Assets	6,940			1,058
<i>Total Other Financing Sources (Uses)</i>	6,940	0	0	1,058
<i>Net Change in Fund Balances</i>	(850)	1,556	10,543	(11,443)
Fund Balances as restated (See Note 8)	35,568	27,121	20,147	28,335
Fund Balances End of Year	\$ 34,718	\$ 28,677	\$ 30,690	\$ 16,892

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

<u>Special Fire Levy</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 50,296		\$ 167,202
		2,800
4,146	23,189	145,889
		869
	537	7,608
<u>54,442</u>	<u>23,726</u>	<u>324,368</u>
1,208		54,431
52,500		52,500
	24,348	169,344
		24,717
	20,767	20,767
		20,338
		11,118
<u>53,708</u>	<u>45,115</u>	<u>353,215</u>
<u>734</u>	<u>(21,389)</u>	<u>(28,847)</u>
		7,998
<u>0</u>	<u>0</u>	<u>7,998</u>
734	(21,389)	(20,849)
296	30,129	141,596
<u>\$ 1,030</u>	<u>\$ 8,740</u>	<u>\$ 120,747</u>

**TROY TOWNSHIP
ATHENS COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2006**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts:				
Property and Other Local Taxes	\$ 38,940	\$ 38,940	\$ 42,657	\$ 3,717
Intergovernmental	30,526	30,526	20,740	(9,786)
Interest	349	349	402	53
Other	6,387	6,387	1,652	(4,735)
<i>Total Receipts</i>	<u>76,202</u>	<u>76,202</u>	<u>65,451</u>	<u>(10,751)</u>
Disbursements:				
Current:				
General Government	73,528	73,528	51,407	22,121
Public Works	18,227	18,227	16,716	1,511
Capital Outlay	11,000	11,000		11,000
Debt Service:				
Principal Retirement	9,000	9,000	5,118	3,882
<i>Total Disbursements</i>	<u>111,755</u>	<u>111,755</u>	<u>73,241</u>	<u>38,514</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(35,553)</u>	<u>(35,553)</u>	<u>(7,790)</u>	<u>27,763</u>
Other Financing Sources (Uses):				
Sale of Capital Assets			6,940	6,940
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>0</u>	<u>6,940</u>	<u>6,940</u>
<i>Net Change in Fund Balance</i>	(35,553)	(35,553)	(850)	34,703
Fund Balance Beginning of Year, as restated (See Note 8)	<u>35,568</u>	<u>35,568</u>	<u>35,568</u>	<u>0</u>
Fund Balance End of Year	<u>\$ 15</u>	<u>\$ 15</u>	<u>\$ 34,718</u>	<u>\$ 34,703</u>

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

**TROY TOWNSHIP
ATHENS COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
GASOLINE TAX FUND
FOR THE YEAR ENDED DECEMBER 31, 2006**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Receipts:				
Intergovernmental	\$ 81,231	\$ 81,231	\$ 86,359	\$ 5,128
Interest	439	439	467	28
<i>Total Receipts</i>	<u>81,670</u>	<u>81,670</u>	<u>86,826</u>	<u>5,156</u>
Disbursements:				
Current:				
Public Works	102,791	102,791	82,270	20,521
Debt Service:				
Principal Retirement	6,000	6,000	3,000	3,000
<i>Total Disbursements</i>	<u>108,791</u>	<u>108,791</u>	<u>85,270</u>	<u>23,521</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	(27,121)	(27,121)	1,556	28,677
Fund Balance Beginning of Year	<u>27,121</u>	<u>27,121</u>	<u>27,121</u>	<u>0</u>
Fund Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 28,677</u>	<u>\$ 28,677</u>

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

**TROY TOWNSHIP
ATHENS COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
ROAD AND BRIDGE FUND
FOR THE YEAR ENDED DECEMBER 31, 2006**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts:				
Property and Other Local Taxes	\$ 47,924	\$ 47,924	\$ 51,140	\$ 3,216
Charges for Services	879	879		(879)
Intergovernmental	6,476	6,476	9,521	3,045
Other	2,363	2,363	150	(2,213)
<i>Total Receipts</i>	57,642	57,642	60,811	3,169
Disbursements:				
Current:				
General Government	1,300	1,300	1,258	42
Public Works	67,112	67,112	46,010	21,102
Capital Outlay	3,000	3,000	0	3,000
Debt Service:				
Principal Retirement	6,000	6,000	3,000	3,000
<i>Total Disbursements</i>	77,412	77,412	50,268	27,144
<i>Excess of Receipts Over (Under) Disbursements</i>	(19,770)	(19,770)	10,543	30,313
Fund Balance Beginning of Year, as restated (See Note 8)	20,147	20,147	20,147	0
Fund Balance End of Year	\$ 377	\$ 377	\$ 30,690	\$ 30,313

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

**TROY TOWNSHIP
ATHENS COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
CEMETERY FUND
FOR THE YEAR ENDED DECEMBER 31, 2006**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Receipts:				
Property and Other Local Taxes	\$ 18,576	\$ 18,576	\$ 23,109	\$ 4,533
Charges for Services			2,800	2,800
Intergovernmental	2,618	2,618	1,934	(684)
Other	7,115	7,115	5,269	(1,846)
<i>Total Receipts</i>	<u>28,309</u>	<u>28,309</u>	<u>33,112</u>	<u>4,803</u>
Disbursements:				
Current:				
General Government	600	600	558	42
Health	33,044	33,044	24,717	8,327
Capital Outlay	21,000	21,000	20,338	662
Debt Service:				
Principal Retirement	2,000	2,000		2,000
<i>Total Disbursements</i>	<u>56,644</u>	<u>56,644</u>	<u>45,613</u>	<u>11,031</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(28,335)</u>	<u>(28,335)</u>	<u>(12,501)</u>	<u>15,834</u>
Other Financing Sources (Uses):				
Sale of Capital Assets			1,058	1,058
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>0</u>	<u>1,058</u>	<u>1,058</u>
<i>Net Change in Fund Balance</i>	(28,335)	(28,335)	(11,443)	16,892
Fund Balance Beginning of Year	<u>28,335</u>	<u>28,335</u>	<u>28,335</u>	<u>0</u>
Fund Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 16,892</u>	<u>\$ 16,892</u>

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

**TROY TOWNSHIP
ATHENS COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
SPECIAL FIRE LEVY FUND
FOR THE YEAR ENDED DECEMBER 31, 2006**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Receipts:				
Property and Other Local Taxes	\$ 52,054	\$ 52,054	\$ 50,296	\$ (1,758)
Intergovernmental	7,209	7,209	4,146	(3,063)
<i>Total Receipts</i>	<u>59,263</u>	<u>59,263</u>	<u>54,442</u>	<u>(4,821)</u>
Disbursements:				
Current:				
General Government	1,300	1,300	1,208	92
Public Safety	58,259	58,259	52,500	5,759
<i>Total Disbursements</i>	<u>59,559</u>	<u>59,559</u>	<u>53,708</u>	<u>5,851</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(296)</u>	<u>(296)</u>	<u>734</u>	<u>1,030</u>
<i>Net Change in Fund Balance</i>	(296)	(296)	734	1,030
Fund Balance Beginning of Year	<u>296</u>	<u>296</u>	<u>296</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,030</u>	<u>\$ 1,030</u>

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

Troy Township
Athens County
Notes to the Financial Statements
For the Years Ended December 31, 2007 and 2006

Note 1 – Reporting Entity

Troy Township, Athens County, Ohio (the Township), is a body politic and corporate 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.

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 government services, maintenance of Township roads and bridges, cemetery maintenance and fire protection. Police protection is provided by the Athens 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 to or can otherwise access the organization's resources; the Township is legally obligated 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 the levying of their taxes. The Township has no component units.

C. Public Entity Risk Pools

The Township participates in a public entity risk pool. Notes 8 and 13 to the financial statements provides additional information for this entity. This organization is the Ohio Township Association Risk Management Authority (OTARMA).

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 2.C, 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, 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. Following are the more significant of the Township's accounting policies.

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.

Troy Township
Athens County
Notes to the Financial Statements
For the Years Ended December 31, 2007 and 2006
(Continued)

Note 2 – Summary of Significant Accounting Policies (Continued)

A. Basis of Presentation (Continued)

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. 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, grants 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 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.

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 with a self-balancing set of accounts. Funds are used to segregate resources that are restricted as to use. The funds of the Township are all governmental.

Governmental Funds

The Township classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other nonexchange transactions as governmental funds. The Township's only required major governmental fund is the General Fund. 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 Township had the following major funds in addition to the General Fund as mentioned above.

Gasoline Tax Fund – This fund receives gasoline tax money. Funds are restricted for the purpose of road maintenance provided it is expended according to the general laws of Ohio.

Road and Bridge Fund – This fund receives property tax money. Funds are restricted for the purpose of road maintenance provided it is expended according to the general laws of Ohio.

Cemetery Fund – This fund receives property tax money for maintaining cemeteries.

Troy Township
Athens County
Notes to the Financial Statements
For the Years Ended December 31, 2007 and 2006
(Continued)

Note 2 – Summary of Significant Accounting Policies (Continued)

B. Fund Accounting (Continued)

Special Fire Levy Fund – This fund receives levy money. This fund balance is available to the Township for the purpose of fire protection 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 use is restricted to a particular purpose.

C. Basis of Accounting

The Township's financial statements are prepared using the cash basis of accounting. Receipts are recorded in the Township's 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.

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 liabilities and the related expenses) are not recorded in these financial statements.

D. Budgetary Process

All 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 resolution 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, function, 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 Clerk. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated 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 certificated 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

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".

Troy Township
Athens County
Notes to the Financial Statements
For the Years Ended December 31, 2007 and 2006
(Continued)

Note 2 – Summary of Significant Accounting Policies (Continued)

E. Cash and Investments (Continued)

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 2007 was \$332 which includes \$195 assigned from other Township funds. Interest receipts credited to the General Fund during 2006 was \$402 which includes \$285 assigned from other Township funds.

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 governments, 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. Interfund Receivables/Payables

The Township reports advances-in and advances-out for interfund loans. These items are not reflected as assets and liabilities in the accompanying financial statements.

J. 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.

K. 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 9 and 10, the employer contributions include portions for pension benefits and for postretirement health care benefits.

L. 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.

M. 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.

Troy Township
Athens County
Notes to the Financial Statements
For the Years Ended December 31, 2007 and 2006
(Continued)

Note 2 – Summary of Significant Accounting Policies (Continued)

M. Net Assets (Continued)

Net assets restricted for other purposes include resources restricted for road maintenance, fire protection, ambulance services and cemetery maintenance. 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.

N. Interfund Transactions

Exchange transactions between funds are reported as receipts in 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 Beginning Fund Balances

A. Change in Basis of Accounting

In the prior audit the Township reported fund financial statements by fund type using the regulatory basis of accounting as prescribed by the State Auditor's Office. For this audit 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.

Also as described in Note 2, the Township has not elected to report inventory, prepaid items, interfund receivables (payables), capital assets, and long-term debt as part of the cash basis of accounting. The transition from the regulatory basis of accounting to the cash basis of accounting generated no changes to fund balance/equity as previously reported at December 31, 2005 and 2004.

B. Restatement of Beginning Fund Balances

The January 1, 2006, balances were restated due to the prior audit errors as follows:

Fund Type	12/31/2005 Balance	Amount	Checks voided in 2006 related to prior periods	Restated 1/1/2006 Balance
General	\$ 40,672	\$ (5,118)	\$ 14	\$ 35,568
Road and Bridge	14,653	5,118	376	20,147

Note 4 – Compliance

Compliance

For 2007 and 2006, the Township did not certify the availability of funds prior to the purchase commitment contrary to Ohio Rev. Code Section 5705.41(D)(1).

Troy Township
Athens County
Notes to the Financial Statements
For the Years Ended December 31, 2007 and 2006
(Continued)

Note 5 – 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 Balance – Budget and Actual – Budget Basis presented for the General Fund and major special revenue funds are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. There are no differences between the budgetary basis and the cash basis since the Township canceled all encumbrances at year end.

Note 6 – 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.

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 percent 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;

Troy Township
Athens County
Notes to the Financial Statements
For the Years Ended December 31, 2007 and 2006
(Continued)

Note 6 - Deposits and Investments (Continued)

7. The State Treasurer's investment pool (STAROhio).

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.

Deposits

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, 2007, \$3,641 of the Township's bank balance of \$103,641 was 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. At December 31, 2006, \$42,021 of the Township's bank balance of \$142,021 was 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.

Note 7 – Property Taxes

Property taxes include amounts levied against all real property, public utility property, and tangible personal property located in the Township. Real property tax receipts received in 2007 represent the collection of 2006 taxes. Real property taxes received in 2007 were levied after October 1, 2006, on the assessed values as of January 1, 2006, the lien date. Assessed values for real property taxes are established by State statute at 35 percent 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 2007 represent the collection of 2006 taxes. Public utility real and tangible personal property taxes received in 2007 became a lien on December 31, 2006, were levied after October 1, 2006 and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

Tangible personal property tax receipts received in 2007 (other than public utility property) represent the collection of 2007 taxes. Tangible personal property taxes received in 2007 were levied after October 1, 2006, on the true value as of December 31, 2006. Tangible personal property is currently assessed at 25 percent of true value for capital assets and 23 percent 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.

Troy Township
Athens County
Notes to the Financial Statements
For the Years Ended December 31, 2007 and 2006
(Continued)

Note 7 – Property Taxes (Continued)

The full tax rate for all Township operations for the years ended December 31, 2007 and 2006, was \$6.00 per \$1,000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which 2005 (2006) property tax receipts were based and upon which 2006 (2007) property tax receipts were based are as follows:

	2007	2006
Real Property	\$ 25,656,310	\$ 24,594,230
Tangible Personal Property	204,876	307,313
Public Utility Real & Personal Property	2,341,790	2,507,950
Total Assessed Value	\$ 28,202,976	\$ 27,409,493

The County Treasurer collects property taxes on behalf of all taxing districts in the County, including the Township. The County Auditor periodically remits to the Township its portion of the taxes collected.

Note 8 – Risk Management

The Township is exposed to various risks of property and casualty losses, and injuries to employees.

The Township insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

The Township belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio townships. OTARMA provides property and casualty coverage for its members. OTARMA is a member of the American Public Entity Excess Pool (APEEP). Member governments pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty Coverage

For an occurrence prior to January 1, 2006 OTARMA retains casualty risks up to \$250,000 per occurrence, including claim adjustment expenses. OTARMA pays a percentage of its contributions to APEEP. APEEP reinsures claims exceeding \$250,000, up to \$1,750,000 per claim and \$10,000,000 in the aggregate per year. For an occurrence on or subsequent to January 1, 2006, the Pool retains casualty risk up to \$350,000 per occurrence, including loss adjustment expenses. Claims exceeding \$350,000 are reinsured with APEEP in an amount not to exceed \$2,650,000 for each claim and \$10,000,000 in the aggregate per year. Governments can elect up to \$10,000,000 in additional coverage with the General Reinsurance Corporation, through contracts with OTARMA.

If losses exhaust OTARMA's retained earnings, APEEP provides *excess of funds available* coverage up to \$5,000,000 per year, subject to a per-claim limit of \$2,000,000 (for claims prior to January 1, 2006) or \$3,000,000 (for claims on or after January 1, 2006) as noted above.

Property Coverage

Through 2004, OTARMA retained property risks, including automobile physical damage, up to \$100,000 on any specific loss in any one occurrence. The Travelers Indemnity Company reinsured losses exceeding \$100,000 up to \$500 million per occurrence.

Beginning in 2005, Travelers reinsures specific losses exceeding \$250,000 up to \$600 million per occurrence. APEEP reinsures members for specific losses exceeding \$100,000 up to \$250,000 per occurrence, subject to an annual aggregate loss payment. Travelers provides aggregate stop-loss

Troy Township
Athens County
Notes to the Financial Statements
For the Years Ended December 31, 2007 and 2006
(Continued)

Note 8 – Risk Management (Continued)

coverage based upon the combined members' total insurable values. If the stop loss is reached by payment of losses between \$100,000 and \$250,000, Travelers will reinsure specific losses exceeding \$100,000 up to their \$600 million per occurrence limit. The aggregate stop-loss limit for 2006 was \$1,901,127.

The aforementioned casualty and property reinsurance agreements do not discharge OTARMA's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.

Property and casualty settlements did not exceed insurance coverage for the past three fiscal years.

Financial Position

OTARMA's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2006 and 2005 (the latest information available):

	2007	2006
Assets	\$ 43,210,703	\$ 42,042,275
Liabilities	(13,357,837)	(12,120,661)
Net Assets	\$ 29,852,866	\$ 29,921,614

At December 31, 2007 and 2006, respectively, liabilities above include approximately \$12.5 million and \$11.3 million of estimated incurred claims payable. The assets and retained earnings above also include approximately \$11.6 million and \$10.8 million of unpaid claims to be billed to approximately 950 member governments in the future, as of December 31, 2007 and 2006, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. The Township's share of these unpaid claims collectible in future years is approximately \$6,882. This payable includes the subsequent year's contribution due if the Township terminates participation, as described in the last paragraph below.

Based on discussions with OTARMA, the expected rates OTARMA charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to OTARMA for each year of membership.

Contributions to OTARMA

2005	\$	4,083
2006	\$	4,324
2007	\$	3,441

After completing one year of membership, members may withdraw on each anniversary of the date they joined OTARMA provided they provide written notice to OTARMA 60 days in advance of the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's budgetary contribution. Withdrawing members have no other future obligation to the pool. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

Troy Township
Athens County
Notes to the Financial Statements
For the Years Ended December 31, 2007 and 2006
(Continued)

Note 9 – 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 five years at 20 percent 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, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member directed plan. The Township participates only in the traditional 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) 222-5601 or (800) 222-7377.

For the year ended December 31, 2007, the members of all three plans were required to contribute 9.5 percent of their annual covered salaries. The Township's contribution rate for pension benefits for 2007 was 13.85 percent. The Ohio Revised Code provides statutory authority for member and employer contributions.

For the year ended December 31, 2006, the members of all three plans were required to contribute 9 percent of their annual covered salaries. The Township's contribution rate for pension benefits for 2006 was 13.70 percent. The Ohio Revised Code provides statutory authority for member and employer contributions.

The Township's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2007 and 2006 were \$11,375 and \$11,515 respectively. 100 percent has been contributed for 2007, 2006 and 2005. There were no contributions to member-directed plans.

Note 10 - Postemployment Benefits

Ohio Public Employees Retirement System

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio 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 postretirement health care coverage. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postretirement health care based on authority granted by State statute. The 2007 local government employer contribution rate was 13.85 percent of covered payroll; 5 percent from January 1 to June 30, 2007 and 6 percent from July 1 through December 31, 2007 was the portion that was used to fund health care. The 2006 local government employer contribution rate was 13.70 percent of covered payroll; 4.50 percent of covered payroll was the portion that was used to fund health care.

Troy Township
Athens County
Notes to the Financial Statements
For the Years Ended December 31, 2007 and 2006
(Continued)

Note 10 - Postemployment Benefits (Continued)

Ohio Public Employees Retirement System (Continued)

Benefits are advance-funded using the individual entry age actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2006, include a rate of return on investments of 6.50 percent, an annual increase in active employee total payroll of 4.00 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .50 percent and 6.30 percent based on additional annual pay increases. Health care costs were assumed to increase between 0.5 percent and 5.00 percent annually for the next eight years and 4.00 percent annually after eight years.

All investments are carried at market value. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investment assets annually, not to exceed a 12 percent corridor.

The number of active contributing participants in the traditional and combined plans was 374,979 for 2007. The number of active contributing participants for both plans used in the December 31, 2006, actuarial valuation was 362,130. Actual employer contributions which were used to fund postemployment benefits were \$4,533 for 2007 and \$3,782 for 2006. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2006, (the latest information available) were \$12 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$30.7 billion and \$18.7 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. To improve the solvency of the Health Care Fund, OPERS created a separate investment pool for health care assets. Member and employer contribution rates increased as of January 1, 2006, and January 1, 2007, which will allow additional funds to be allocated to the health care plan.

Note 11 – Debt

The Township's debt activity for the year ended December 31, 2007, was as follows:

<u>Governmental Activities</u>	Interest Rate	Balance December 31, 2006	Additions	Reductions	Balance December 31, 2007	Due Within One Year
Tractor Note	2.5%	\$31,495	\$0	\$10,331	\$21,164	\$10,331

The general obligation note was issued to finance the purchase of a tractor, mower and ditcher head to be used for Township road maintenance. The note is secured by the equipment purchased and is backed by the full faith and credit of the Township.

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

Year	Tractor Note	
	Principal	Interest
2008	\$10,582	\$536
2009	10,582	271
Totals	<u>\$21,164</u>	<u>\$807</u>

Troy Township
Athens County
Notes to the Financial Statements
For the Years Ended December 31, 2007 and 2006
(Continued)

Note 12 – Contingent Liabilities

Amounts grantor agencies pay to the Township are subject to audit and adjustment by the grantor, principally the federal government. Grantors may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

Note 13 – Public Entity Risk Pool

The Township belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio townships. OTARMA provides property and casualty coverage for its members. OTARMA is a member of the American Public Entity Excess Pool (APEEP). Member governments pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.



Mary Taylor, CPA

Auditor of State

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

Troy Township
Athens County
P.O. Box 491
Coolville, Ohio 45723

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, Athens County, Ohio (the Township), as of and for the years ended December 31, 2007 and 2006, which collectively comprise the Township's basic financial statements and have issued our report thereon dated September 10, 2008, wherein we noted the Township revised its financial presentation comparable to the requirements of Governmental Accounting Standards Board Statement No. 34. We also noted the Township uses the Auditor of State's Uniform Accounting Network (UAN) to process its financial transactions. *Government Auditing Standards* considers this service to impair the Auditor of State's independence to audit the Township. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. 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 audit, 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.

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We consider the following deficiency described in the accompanying Schedule of Findings to be a significant deficiency in internal control over financial reporting: 2007-002.

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.

Our consideration of 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 internal control that might be significant deficiencies and accordingly, would not necessarily disclose all significant deficiencies that are also material weaknesses. We do not believe the significant deficiency described above is a material weakness.

We also noted certain internal control matters that we reported to the Township's management in a separate letter dated September 10, 2008.

Compliance and Other Matters

As part of reasonably assuring whether the Township's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, 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 an instance of noncompliance or other matters that we must report under *Government Auditing Standards* which is described in the accompanying Schedule of Findings as items 2007-001.

We also noted certain noncompliance or other matters not requiring inclusion in this report that we reported to the Township's management in a separate letter dated September 10, 2008.

The Township's responses to the findings identified in our audit are described in the accompanying Schedule of Findings. We did not audit the Township's responses and, accordingly, we express no opinion on them.

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



Mary Taylor, CPA
Auditor of State

September 10, 2008

**TROY TOWNSHIP
ATHENS COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2007 AND 2006**

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

FINDING NUMBER 2007-001

Noncompliance Citation - Ohio Rev. Code Section 5705.41(D)(1)

Ohio Rev. Code Section 5705.41(D)(1) prohibits a subdivision or taxing entity from making any contract or ordering any expenditure of money unless a certificate signed by the fiscal officer is attached thereto. The Fiscal Officer must certify that the amount required to meet any such contract or expenditure has been lawfully appropriated and is in the treasury, or is in the process of collection to the credit of an appropriate fund free from any previous encumbrance.

There are several exceptions to the standard requirement stated above that a fiscal officer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are: "then and now" certificates, blanket certificates, and super blanket certificates, which are provided for in Sections 5705.41(D)(1) and 5705.41(D)(3), respectively, of the Ohio Revised Code.

1. "Then and Now" Certificate – If the fiscal officer can certify that both at the time that the contract or order was made ("then"), and at the time that the fiscal officer is completing the certification ("now"), that sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the Township can authorize the drawing of a warrant for the payment of the amount due. The Township has thirty days from the receipt of the "then and now" certificate to approve payment by ordinance or resolution.

Amounts of less than \$3,000 may be paid by the fiscal officer without a resolution or ordinance upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the Township.

2. Blanket Certificate – The fiscal officer may prepare "blanket" certificates for a certain sum of money not in excess of an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority against any specific line item account over a period not running beyond the end of the current fiscal year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.

3. Super Blanket Certificate – The Township may also make expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification is not to extend beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any line item appropriation.

In 2007 and 2006, 41% and 48% of transactions tested, respectively, were not certified by the Fiscal Officer at the time the commitment was incurred and there was no evidence that the Township followed the aforementioned exceptions. Failure to properly certify the availability of funds can result in overspending funds and negative cash fund balances.

**TROY TOWNSHIP
ATHENS COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2007 AND 2006
(Continued)**

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

FINDING NUMBER 2007-001 (Continued)

Noncompliance Citation - Ohio Rev. Code Section 5705.41(D)(1) (Continued)

Unless the exceptions noted above are used, prior certification is not only required by statute, but is a key control in the disbursement process to assure that purchase commitments receive prior approval. To improve controls over disbursements and to help reduce the possibility of the Township's funds exceeding budgetary spending limitations, we recommend that the Fiscal Officer certify that the funds are or will be available prior to an obligation being incurred by the Township. When prior certification is not possible, "then and now" certificates should be used.

We recommend the Township certify purchases to which Ohio Rev. Code Section 5705.41(D) applies. The most convenient certification method is to use purchase orders that include the certification language Section 5705.41(D) requires to authorize disbursements. The Fiscal Officer should sign the certification prior to the Township incurring a commitment, and only when the requirements of Section 5705.41(D) are satisfied. The Fiscal Officer should post approved purchase orders to the proper appropriation code to reduce the available appropriation.

Officials' Response: The Township will begin utilizing super blankets and then and now's as necessary. They will determine a maximum amount for the super blankets in their next meeting.

FINDING NUMBER 2007-002

Significant Deficiency - Reporting of Approved Budgetary Information

All local public offices should integrate the budgetary accounts, at the legal level of control or lower, into the financial accounting system. This means designing an accounting system to provide ongoing and timely information on unrealized budgetary receipts and remaining uncommitted balances of appropriations.

At December 31, 2007, estimated resources as approved by the Budget Commission did not agree to the Township's accounting system for four funds. This was due, in part, to the Township's Fiscal Officer not posting the amended certificates to the UAN system. The variances and funds are as follows:

Fund	Estimated Revenue Approved by Budget Commission	Estimated Revenue Posted to UAN System	Variance
General	\$ 81,589	\$ 84,828	\$ 3,239
Road and Bridge	67,951	68,687	736
Cemetery	31,128	31,156	28
Fire District	65,953	72,653	6,700

At December 31, 2006 estimated resources as approved by the Budget Commission did not agree to the Township's accounting system for seven funds. This was due, in part, to the Township's Fiscal Officer not posting the amended certificates to the UAN system. The variances and funds are as follows:

**TROY TOWNSHIP
ATHENS COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2007 AND 2006
(Continued)**

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

FINDING NUMBER 2007-002 (Continued)

Significant Deficiency – Reporting of Approved Budgetary Information (Continued)

Fund	Estimated Revenue Approved by Budget Commission	Estimated Revenue Posted to UAN System	Variance
General	\$ 76,201	\$ 87,825	\$ 11,624
Motor Vehicle License Tax	17,000	17,015	15
Gasoline Tax	81,670	86,826	5,156
Road and Bridge	57,641	65,607	7,966
Cemetery	28,309	36,710	8,401
Fire District	59,263	59,944	681
Permissive MVL	8,800	8,882	82

During 2006, we noted Original Budgeted Receipts and Original Budgeted Disbursements adopted by the legislative authority were not reported on the Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budget Basis. Also, during 2006 and 2007, we noted Final Budgeted Receipts adopted by the legislative authority differed from amounts reported on the Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budget Basis. Adjustments were made to reflect the accurate amounts.

Due to budgetary information being improperly entered into the system, the management of the Township lost some degree of budgetary control.

We recommend the Fiscal Officer accurately post estimated receipts as certified by the County Budget Commission into the computer system and only after receiving approval. This procedure will help ensure more useful comparisons of budget versus actual activity, as well as provide management with an accurate monitoring tool throughout the year.

Officials' Response: The Township will monitor the estimated amounts posted to the UAN system to ensure they agree with the amounts on the certificates of estimated resources and subsequent amendments.



Mary Taylor, CPA
Auditor of State

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
OCTOBER 7, 2008**