



Dave Yost • Auditor of State

TROY TOWNSHIP
WOOD COUNTY

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report	1
Combined Statement of Receipts, Disbursements, and Changes in Fund Cash Balances (Cash Basis) - All Governmental Fund Types - For the Year Ended December 31, 2013.....	3
Combined Statement of Receipts, Disbursements, and Changes in Fund Cash Balances (Cash Basis) - All Governmental Fund Types - For the Year Ended December 31, 2012.....	4
Notes to the Financial Statements	5
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	13
Schedule of Findings	15
Schedule of Prior Audit Findings	17

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Troy Township
Wood County
311 Krotzer Avenue
P.O. Box 128
Luckey, Ohio 43443-0128

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying financial statements and related notes of Troy Township, Wood County, Ohio (the Township) as of and for the years ended December 31, 2013 and 2012.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2013 and 2012, or changes in financial position thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of Troy Township, Wood County, Ohio as of December 31, 2013 and 2012, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 1B.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 17, 2014, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control over financial reporting and compliance.



Dave Yost
Auditor of State

Columbus, Ohio

October 17, 2014

**TROY TOWNSHIP
WOOD COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2013**

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Property and Other Local Taxes	\$148,030	\$368,599	\$516,629
Charges for Services		174,978	174,978
Licenses, Permits and Fees	13,270	13,125	26,395
Intergovernmental	133,855	147,371	281,226
Special Assessments		4,388	4,388
Earnings on Investments	513	12	525
Miscellaneous	12,012	18,207	30,219
<i>Total Cash Receipts</i>	<u>307,680</u>	<u>726,680</u>	<u>1,034,360</u>
Cash Disbursements			
Current:			
General Government	232,951		232,951
Public Safety		457,578	457,578
Public Works	13,959	173,774	187,733
Health	1,595	18,784	20,379
Capital Outlay	3,799	25,202	29,001
Debt Service:			
Principal Retirement	23,078		23,078
Interest and Fiscal Charges	2,247		2,247
<i>Total Cash Disbursements</i>	<u>277,629</u>	<u>675,338</u>	<u>952,967</u>
<i>Net Change in Fund Cash Balances</i>	30,051	51,342	81,393
<i>Fund Cash Balances, January 1</i>	<u>277,787</u>	<u>572,933</u>	<u>850,720</u>
Fund Cash Balances, December 31			
Restricted		624,275	624,275
Unassigned	307,838		307,838
<i>Fund Cash Balances, December 31</i>	<u>\$307,838</u>	<u>\$624,275</u>	<u>\$932,113</u>

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

**TROY TOWNSHIP
WOOD COUNTY**

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

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Property and Other Local Taxes	\$147,322	\$365,450	\$512,772
Charges for Services		135,556	135,556
Licenses, Permits and Fees	13,644	21,637	35,281
Intergovernmental	71,664	151,021	222,685
Special Assessments		4,140	4,140
Earnings on Investments	1,010	26	1,036
Miscellaneous	5,950	102,615	108,565
<i>Total Cash Receipts</i>	<u>239,590</u>	<u>780,445</u>	<u>1,020,035</u>
Cash Disbursements			
Current:			
General Government	255,058		255,058
Public Safety		465,377	465,377
Public Works	16,478	271,318	287,796
Health	2,923	39,390	42,313
Capital Outlay		39,373	39,373
Debt Service:			
Principal Retirement		22,031	22,031
Interest and Fiscal Charges		3,294	3,294
<i>Total Cash Disbursements</i>	<u>274,459</u>	<u>840,783</u>	<u>1,115,242</u>
<i>Net Change in Fund Cash Balances</i>	(34,869)	(60,338)	(95,207)
<i>Fund Cash Balances, January 1</i>	<u>312,656</u>	<u>633,271</u>	<u>945,927</u>
Fund Cash Balances, December 31			
Restricted		572,933	572,933
Unassigned	<u>277,787</u>		<u>277,787</u>
<i>Fund Cash Balances, December 31</i>	<u>\$277,787</u>	<u>\$572,933</u>	<u>\$850,720</u>

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

**TROY TOWNSHIP
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012**

1. Summary of Significant Accounting Policies

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Troy Township, Wood County, (the Township) as a body corporate and politic. A publicly-elected three-member Board of Trustees directs the Township. The Township provides road and bridge maintenance, cemetery maintenance, fire protection and emergency medical services. The Township contracts with Webster Township to provide fire services and emergency medical services (EMS) for a portion of their township.

The Township participates in a jointly governed organization and a public entity risk pool. Notes 7 and 8 to the financial statements provided additional information for these entities. These organizations are:

Public Entity Risk Pool
Ohio Township Risk Management Authority (OTARMA)

Jointly Governed Organization:
Joint Economic Development District (JEDD) with the City of Toledo

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

B. Accounting Basis

These financial statements follow the accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The Township recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the Auditor of State prescribes or permits.

C. Deposits and Investments

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

D. Fund Accounting

The Township uses fund accounting to segregate cash and investments that are restricted as to use. The Township classifies its funds into the following types:

1. General Fund

The General Fund accounts for and reports all financial resources not accounted for and reported in another fund.

**TROY TOWNSHIP
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

2. Special Revenue Funds

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

Emergency Medical Services Fund - This fund receives property tax from a special levy and EMS billing fees to provide emergency medical services, purchase and maintain equipment and vehicles and compensate part-time and volunteer EMS personnel.

E. Budgetary Process

The Ohio Revised Code requires that each be budgeted annually.

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Appropriations lapse at year end.

2. Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1. The County Budget Commission must approve estimated resources.

3. Encumbrances

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are canceled, and are reappropriated in the subsequent year.

A summary of 2013 and 2012 budgetary activity appears in Note 3.

F. Fund Balance

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

1. Nonspendable

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

**TROY TOWNSHIP
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

2. Restricted

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

3. Committed

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

4. Assigned

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

5. Unassigned

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

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

G. Property, Plant, and Equipment

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

H. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

**TROY TOWNSHIP
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)**

2. Equity in Pooled Deposits

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

	2013	2012
Demand deposits	\$932,113	\$850,720

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

3. Budgetary Activity

Budgetary activity for the years ending December 31, 2013 and 2012 follows:

2013 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$266,674	\$307,680	\$41,006
Special Revenue	756,958	726,680	(30,278)
Total	\$1,023,632	\$1,034,360	\$10,728

2013 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$542,787	\$277,630	\$265,157
Special Revenue	1,331,566	675,338	656,228
Total	\$1,874,353	\$952,968	\$921,385

2012 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$302,818	\$239,590	(\$63,228)
Special Revenue	766,092	780,445	14,353
Total	\$1,068,910	\$1,020,035	(\$48,875)

2012 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$615,474	\$274,459	\$341,015
Special Revenue	1,399,363	840,783	558,580
Total	\$2,014,837	\$1,115,242	\$899,595

**TROY TOWNSHIP
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)**

4. Property Tax

Real property taxes become a lien on January 1 preceding the October 1 date for which the Trustees adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

Public utilities are also taxed on personal and real property located within the Township.

The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Township.

5. Capital Lease

Principal outstanding on the lease at December 31, 2013 was as follows:

	Principal	Interest Rate
Dump Truck Lease	\$24,175	5.00%

The Township entered into a lease to finance the purchase of a new dump truck for Township road maintenance. The Dump Truck collateralizes the lease.

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

	Dump Truck Lease
Year ending December 31: 2014	\$25,325

6. Retirement System

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

The Ohio Revised Code also prescribes contribution rates. For 2013 and 2012, OPERS members contributed 10% of their gross salaries and the Township contributed an amount equaling 14% of participants' gross salaries. The Township has paid all contributions required through December 31, 2013.

7. 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.

**TROY TOWNSHIP
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)**

7. Risk Management (Continued)

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. York Risk Pooling Services, Inc. (formally known as American Risk Pooling Consultants, Inc.) (York or Management), functions as the administrator of the Pool and provides underwriting claims, loss control, risk management, and reinsurance services for the Pool. 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 and Property Coverage

The Pool is a member of American Public Entity Excess Pool (APEEP), which is also administered by York. APEEP provides the Pool with an excess risk-sharing program. Under this arrangement, OTARMA retains insured risks up to an amount specified in the contracts. At December 31, 2013, OTARMA retained \$350,000 for casualty claims and \$250,000 for property claims.

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

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, 2013 and 2012.

	<u>2013</u>	<u>2012</u>
Assets	\$34,954,286	\$34,771,270
Liabilities	8,486,363	9,355,082
Net Position	\$26,467,923	\$25,416,188

At December 31, 2013 and 2012, respectively, the liabilities above include approximately \$7.9 and \$8.7 million of estimated incurred claims payable. The assets above also include approximately \$7.4 and \$7.8 million of unpaid claims to be billed to approximately 948 member governments in the future, as of December 31, 2013 and 2012, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2013, the Township's share of these unpaid claims collectible in future years is approximately \$22,000.

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.

**TROY TOWNSHIP
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)**

7. Risk Management (Continued)

<u>Contributions to OTARMA</u>	
<u>2013</u>	<u>2012</u>
\$39,872	\$38,976

After one year of membership, a member may withdraw on the anniversary of the date of joining OTARMA, if the member notifies OTARMA in writing 60 days prior to the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's 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.

8. Jointly Governed Organizations

East Ohio Gas Company, aka Dominion Energy in conjunction with the Northwestern Water and Sewer District and the State of Ohio determined to make approximately 500 acres of real property owned by East Dominion Energy within Troy Township, Wood County, Ohio, a "job ready site". A "job ready site" must have water and sewer services extended to the property. Northwestern Water and Sewer District determined that the best available provider of water and sewer services to the site is the City of Toledo.

In 2009, the Troy Township Trustees approved to create a Joint Economic Development District (JEDD) with the City of Toledo.

Troy Township is not required to assume any financial obligation in the JEDD Agreement.

The JEDD Agreement allows the City of Toledo to impose an income tax levy. The City of Toledo shall administer, collect and enforce the income tax. The City of Toledo shall be paid a fee of 2% for this service. Troy Township shall make quarterly (January 15, July 15, and October 15) payments of the collected income taxes. One hundred percent (100%) to the Contracting Parties as follows: forty percent (40%) to the City of Toledo and sixty percent (60%) to Troy Township unless the income is from a Relocated Toledo Business.

The Secretary/Treasurer of the JEDD District shall make a quarterly financial report to the JEDD board. This report shall be provided to the City of Toledo and Troy Township.

In the event that the JEDD District becomes a party to a lawsuit in a court of law, funds of the JEDD District shall be used to pay costs related to such proceedings. If such funds are not available therefore, and the Contracting Parties determine that the JEDD District has acted in good faith and in accordance with the Contract, the costs of any such proceeding shall be allocated fifty percent (50%) to Troy Township and fifty percent (50%) to the City of Toledo.

The JEDD Agreement was executed by Troy Township on July 8, 2009 and by the City of Toledo on August 31, 2010.

**TROY TOWNSHIP
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)**

8. Jointly Governed Organizations (Continued)

On May 9, 2013, the Troy Township Zoning Commission approved the development plan for Home Depot U.S.A., Inc. and HD Troy OH Landlord, LLC. The project began in 2013.

The JEDD Board was formed with the following board members: Paul Syring, City of Toledo Representative, Peggy Ehora, Dominion Employer Representative, and Matthew Brinker, Troy Township Representative.

Toledo – Troy Township JEDD Revenue Report from July 1, 2013 to December 31, 2013 with the City of Toledo as tax collector has received \$25,171. No monies were dispersed in 2013.



Dave Yost • Auditor of State

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

Troy Township
Wood County
311 Krotzer Avenue
P.O. Box 128
Luckey, Ohio 43443-0128

To the Board of Trustees:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of Troy Township, Wood County, Ohio (the Township) as of and for the years ended December 31, 2013 and 2012, and the related notes to the financial statements, and have issued our report thereon dated October 17, 2014 wherein we noted the Township followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

Internal Control Over Financial Reporting

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

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Township's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider finding 2013-001 described in the accompanying schedule of findings to be a material weakness.

Compliance and Other Matters

As part of reasonably assuring whether the Township's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Purpose of this Report

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

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State

Columbus, Ohio

October 17, 2014

**TROY TOWNSHIP
WOOD COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2013 AND 2012**

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

FINDING NUMBER 2013-001

Material Weakness – Financial Reporting

Accurate financial reporting is the responsibility of the Fiscal Officer and Board of Trustees and is essential to ensure the information provided to the readers of the financial statements is complete and accurate. For example, the following reclassifications were included in the accompanying financial statements and, where applicable, the Township’s accounting records:

<u>Fund</u>	<u>Year</u>	<u>Amount</u>	<u>Township Classification</u>	<u>Correct Classification per Ohio Township Handbook and UAN Manual</u>
General	2013	\$23,078	Capital Outlay	Principal Retirement
General	2013	2,247	Capital Outlay	Interest and Fiscal Charges
Gasoline Tax	2012	22,031	Capital Outlay	Principal Retirement
Gasoline Tax	2012	3,294	Capital Outlay	Interest and Fiscal Charges

The Township also had the following classification errors which were not adjusted in the accompanying financial statements:

<u>Fund</u>	<u>Year</u>	<u>Amount</u>	<u>Township Classification</u>	<u>Correct Classification per Ohio Township Handbook and UAN Manual</u>
Permissive Sales Tax	2013	\$12,715	Property Taxes	Intergovernmental
General	2012	2,052	Property Taxes	Intergovernmental
Permissive Sales Tax	2012	12,377	Property Taxes	Intergovernmental
Police District	2012	1,100	Property Taxes	Intergovernmental
Road District	2012	1,759	Property Taxes	Intergovernmental
Fire	2012	1,368	Property Taxes	Intergovernmental
Emergency Medical Services	2012	2,052	Property Taxes	Intergovernmental

The failure to correctly classify financial activity in the accounting records and financial statements may impact, a user's understanding of the financial operations, the ability to make sound financial decisions, the ability to comply with budgetary laws, and may result in the material misstatement of the financial statements. In addition, such undetected errors may result in irregularities not being detected in a timely manner by the Trustees.

We recommend the Township adopt policies and procedures to identify and correct errors and omissions. The Fiscal Officer should review the Ohio Township Handbook, UAN Manual, Auditor of State Bulletins, and other resources for guidance in correctly classifying receipts and disbursements. Additionally, the Trustees should perform periodic reviews of the receipt and disbursement ledgers to help identify errors and/or irregularities.

Officials’ Response:

We did not receive a response from Officials to this finding.

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TROY TOWNSHIP
WOOD COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2013 AND 2012

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2011-001	Material weakness due to errors in financial reporting.	No	Not corrected and repeated as Finding 2013-001 in this report.

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Dave Yost • Auditor of State

TROY TOWNSHIP

WOOD 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
NOVEMBER 06, 2014**