



Mary Taylor, CPA
Auditor of State

**TROY TOWNSHIP
GEAUGA COUNTY**

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GEAUGA COUNTY**

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Troy Township
Geauga County
13950 Main Market Road
Burton, Ohio 44021

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, Geauga County, Ohio (the Township), as of and for the years ended December 31, 2007 and December 31, 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, Geauga County, Ohio, as of December 31, 2007 and December 31, 2006, and the respective changes in cash financial position and the respective budgetary comparison for the General, Gasoline Tax, Road and Bridge, and Fire District Funds thereof for the years then ended in conformity with the basis of accounting Note 2 describes.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 29, 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

August 29, 2008

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

This discussion and analysis of the financial performance of Troy Township, Geauga County, Ohio, (the Township) provides an overall review of the Township's financial activities for the years ended December 31, 2007 and December 31, 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 are as follows:

Net assets of governmental activities increased \$218,518, or 41.08 percent, in 2007 and net assets of governmental activities increased \$24,907, or 4.91 percent, in 2006. The increase in net assets in 2006 and 2007 was due to a decrease in expenses and a minor increase in revenues.

The Township's general receipts are primarily property taxes. These receipts represent 59.8 percent of the total cash received for governmental activities during 2007 and 64.6 percent of the total cash received for governmental activities during 2006. Property tax receipts have changed very little over the past few years.

The Township has continued to pay down the debt on the 2000 Community House Improvement Bonds. In 2007 and 2006, real estate tax revenues totaling \$51,765 were used to meet principal and interest obligations.

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 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.

Troy Township
Geauga County
Management's Discussion and Analysis
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Unaudited

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.

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 of the governmental activities of the Township at year-end. The statement of activities compares cash disbursements with program receipts for each governmental program activity. 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 activity 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 nonfinancial 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, we express the Township's activities as the following:

Governmental activities - The Township's basic services are reported here, including fire, streets, cemeteries, roads and parks. State and federal grants and property taxes finance most of these activities. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.

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 are governmental funds.

Governmental Funds - 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 Fund, Gasoline Tax Fund, Road & Bridge Fund, and Fire District Fund. 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
 Geauga County
 Management's Discussion and Analysis
 For the Years Ended December 31, 2007 & December 31, 2006
 Unaudited

Fiduciary Funds - Fiduciary funds are used to account for resources held for the benefit of parties outside the Government. Fiduciary funds are not reflected on the government-wide financial statements because the resources of these funds are not available to support the Government's programs.

The Township as a Whole

Table 1 provides a summary of the Township's net assets for 2007 compared to 2006 and 2006 compared to 2005 on a cash basis:

(Table 1)

Net Assets

	Governmental Activities		
	2007	2006	2005
Assets			
Cash and Cash Equivalents	\$750,402	\$531,884	\$506,977
Total Assets	\$750,402	\$531,884	\$506,977
Net Assets			
Restricted for:			
Debt Service	\$627	\$627	\$627
Capital Projects	805	805	28,006
Other Purposes	686,622	474,792	406,088
Unrestricted	62,348	55,660	72,256
Total Net Assets	\$750,402	\$531,884	\$506,977

As mentioned previously, net assets of governmental activities increased \$218,518, or 41.08 percent, in 2007 and net assets of governmental activities increased \$24,907, or 4.91 percent, in 2006. The increase in net assets in 2006 and 2007 was due to a decrease in expenses and a minor increase in revenues.

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

Table 2 reflects the changes in net assets on a cash basis in 2007, 2006, and 2005 for governmental activities.

(Table 2)
Changes in Net Assets

	Governmental Activities	Governmental Activities	Governmental Activities
	2007	2006	2005
Receipts:			
Program Receipts:			
Charges for Services and Sales	\$15,360	\$10,350	\$5,019
Operating Grants and Contributions	96,151	98,490	79,919
Total Program Receipts	<u>111,511</u>	<u>108,840</u>	<u>84,938</u>
General Receipts:			
Property and Other Local Taxes	528,257	565,388	573,775
Grants and Entitlements Not Restricted to Specific Programs	201,585	170,027	157,351
Interest	5,500	4,958	5,835
Miscellaneous	35,946	25,368	28,207
Total General Receipts	<u>771,288</u>	<u>765,741</u>	<u>765,168</u>
Total Receipts	<u>882,799</u>	<u>874,581</u>	<u>850,106</u>
Disbursements:			
General Government	109,787	112,216	112,013
Public Safety	103,417	91,432	96,867
Public Works	300,016	339,527	553,752
Health	19,935	8,167	7,416
Conservation & Recreation	7,215	8,566	13,442
Capital Outlay	72,145	238,000	136,800
Redemption of Principal	41,019	38,700	159,053
Interest and Fiscal Charges	10,747	13,066	18,408
Total Disbursements	<u>664,281</u>	<u>849,674</u>	<u>1,097,751</u>
Increase (Decrease) in Net Assets	218,518	24,907	(247,645)
Net Assets, January 1	531,884	506,977	754,622
Net Assets, December 31	<u>\$750,402</u>	<u>\$531,884</u>	<u>\$506,977</u>

Program receipts represent only 12.63 percent of total receipts in 2007 and 12.44 percent of total receipts in 2006. Program receipts are primarily comprised of restricted intergovernmental receipts such as motor vehicle license and gas tax money, zoning permits, sale of cemetery lots, park, and rental fees for use of Township properties.

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

General receipts represent 87.37 percent of total receipts in 2007, and of this amount, over 59.83 percent are property and other local taxes. General receipts represent 87.56 percent of total receipts in 2006, and of this amount, over 64.64 percent are property and local taxes. State and federal grants and entitlements make up the majority of the balance of the Township's general receipts. Other receipts are very insignificant and somewhat unpredictable revenue sources.

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 Fiscal Officer, as well as internal services such as payroll and purchasing. Since these costs do not represent direct services to residents, we try to limit these costs.

Public Safety is the cost of fire protection and EMS; Health Services is the cost of the cemetery department; Public Works is the cost of maintaining and improving roads; Conservation and Recreation is the cost of maintaining the parks and playing fields. Capital Outlay is the cost of road improvement projects.

Governmental Activities

If you look at the Statement of Activities on pages 10 and 22, 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 largest portion of disbursements for governmental activities was public works which represented 45.16 percent of total disbursements for 2007 and 40.0 percent of total disbursements for 2006. General Government and capital outlay are also significant, representing 16.5 percent and 10.9 percent respectively of total disbursements for 2007, and 13.2 percent and 28.0 percent respectively of total disbursements for 2006. The next three columns of the Statement entitled Program Receipts, identify amounts paid by people who are directly charged for the service and grants received by the Township that must be used to provide a specific service. The net (Disbursements) Receipts 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	Net Cost	Total Cost	Net Cost	Total Cost	Net Cost
	of Services	of Services	of Services	of Services	of Services	of Services
	2007	2007	2006	2006	2005	2005
General Government	\$109,787	(\$94,502)	\$112,216	(\$102,628)	\$112,013	(\$106,994)
Public Safety	103,417	(103,417)	91,432	(91,432)	96,867	(96,867)
Public Works	300,016	(204,165)	339,527	(241,280)	553,752	(473,833)
Health	19,935	(19,860)	8,167	(7,405)	7,416	(7,416)
Conservation & Recreation	7,215	(7,215)	8,566	(8,566)	13,442	(13,442)
Other	0	300	0	243	0	0
Capital Outlay	72,145	(72,145)	238,000	(238,000)	136,800	(136,800)
Redemption of Principal	41,019	(41,019)	38,700	(38,700)	159,053	(159,053)
Interest and Fiscal Charges	10,747	(10,747)	13,066	(13,066)	18,408	(18,408)
Total Expenses	\$664,281	(\$552,770)	\$849,674	(\$740,834)	\$1,097,751	(\$1,012,813)

The dependence upon property tax receipts is apparent as over 79.5 and 66.5 percent of governmental activities are supported through these general receipts in 2007 and 2006.

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

The Government's Funds

In 2007, total governmental funds had receipts of \$882,799 and disbursements of \$664,281. The greatest change within governmental funds occurred within the Fire District Fund. The increase was due mainly to a decrease in disbursements from 2006 along with a minor increase in revenues.

In 2006, total governmental funds had receipts of \$874,581 and disbursements of \$849,674. The greatest change within governmental funds occurred within the Road and Bridge Fund. The increase was due mainly to a decrease in disbursements from 2005 along with a minor increase in revenues.

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. The most significant budgeted fund is the General Fund.

During 2007 and 2006, the Township amended its General Fund budget several times to reflect changing circumstances. The difference between final budgeted receipts and actual receipts was not significant.

In 2007, final General Fund disbursements were budgeted at \$204,830 while actual disbursements were \$173,195. The Township kept spending below budgeted amounts as demonstrated by the reported variances. Final budgeted receipts were \$149,170 while actual receipts were \$179,883.

In 2006, final General Fund disbursements were budgeted at \$222,073 while actual disbursements were \$198,793. The Township kept spending below budgeted amounts as demonstrated by the reported variances. Final budgeted receipts were \$149,817 while actual receipts were \$182,197.

Capital Assets and Debt Administration

Capital Assets

The Township's capital assets and infrastructure are not maintained on the books.

Debt

At December 31, 2007, the Township's outstanding debt was \$138,395, representing monies still owed on the 2000 Community House Improvement Bonds. For further information regarding the Township's debt, refer to Note 10 to the financial statements.

Current Issues

The challenge for all Township's 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 limited industry to support the tax base.

Contacting the Government's Financial Management

This financial report is designed to provide our residents, 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 Susan E. Miller, Fiscal Officer, 13950 Main Market Road, Burton Ohio 44021.

TROY TOWNSHIP
GEAUGA COUNTY
Statement of Net Assets - Cash Basis
December 31, 2007

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$750,402</u>
<i>Total Assets</i>	<u><u>\$750,402</u></u>
Net Assets	
Restricted for:	
Capital Projects	\$805
Debt Service	627
Other Purposes	686,622
Unrestricted	<u>62,348</u>
<i>Total Net Assets</i>	<u><u>\$750,402</u></u>

See accompanying notes to the basic financial statements

TROY TOWNSHIP
GEAUGA COUNTY
Statement of Activities - Cash Basis
For the Year Ended December 31, 2007

	<u>Program Cash Receipts</u>			<u>Net (Disbursements) Receipts and Changes in Net Assets</u>
	<u>Cash Disbursements</u>	<u>Charges for Services and Sales</u>	<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>
Governmental Activities				
General Government	\$109,787	\$15,285	\$0	(\$94,502)
Public Safety	103,417	0	0	(103,417)
Public Works	300,016	0	95,851	(204,165)
Health	19,935	75	0	(19,860)
Conservation and Recreation	7,215	0	0	(7,215)
Other	0	0	300	300
Capital Outlay	72,145	0	0	(72,145)
Principal Retirement	41,019	0	0	(41,019)
Interest and Fiscal Charges	10,747	0	0	(10,747)
<i>Total Governmental Activities</i>	<u>\$664,281</u>	<u>\$15,360</u>	<u>\$96,151</u>	<u>(552,770)</u>
		General Receipts		
		Property Taxes Levied for:		
		General Purposes	59,506	
		Road and Bridge Fund	221,748	
		Fire District Fund	195,237	
		General Bond Retirement Fund	51,766	
		Grants and Entitlements		
		Not Restricted to Specific Programs	201,585	
		Interest	5,500	
		Miscellaneous	35,946	
		<i>Total General Receipts</i>	771,288	
		Change in Net Assets		218,518
		<i>Net Assets Beginning of Year</i>		<u>531,884</u>
		<i>Net Assets End of Year</i>		<u>\$750,402</u>

See accompanying notes to the basic financial statements

TROY TOWNSHIP
GEAUGA COUNTY
Statement of Cash Basis Assets and Fund Balances
Governmental Funds
December 31, 2007

	General	Gasoline Tax	Road and Bridge	Fire District	Other Governmental Funds	Total Governmental Funds
Assets						
Equity in Pooled Cash and Cash Equivalents	\$62,348	\$134,788	\$108,977	\$427,432	\$16,857	\$750,402
<i>Total Assets</i>	<u>\$62,348</u>	<u>\$134,788</u>	<u>\$108,977</u>	<u>\$427,432</u>	<u>\$16,857</u>	<u>\$750,402</u>
Fund Balances						
Unreserved:						
Undesignated, Reported in:						
General Fund	\$62,348	\$0	\$0	\$0	\$0	\$62,348
Special Revenue Funds	0	134,788	108,977	427,432	15,425	686,622
Debt Service Fund	0	0	0	0	627	627
Capital Projects Fund	0	0	0	0	805	805
<i>Total Fund Balances</i>	<u>\$62,348</u>	<u>\$134,788</u>	<u>\$108,977</u>	<u>\$427,432</u>	<u>\$16,857</u>	<u>\$750,402</u>

See accompanying notes to the basic financial statements

**TROY TOWNSHIP
GEAUGA COUNTY**

*Reconciliation of Total Governmental Fund Balances to
Net Assets of Governmental Activities
December 31, 2007*

Total Governmental Fund Balances	<u>\$750,402</u>
<i>Net Assets of Governmental Activities</i>	<u>\$750,402</u>

See accompanying notes to the basic financial statements

**TROY TOWNSHIP
GEAUGA COUNTY**
Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances
Governmental Funds
For the Year Ended December 31, 2007

	General	Gasoline Tax	Road and Bridge	Fire District	Other Governmental Funds	Total Governmental Funds
Receipts						
Property and Other Local Taxes	\$59,506	\$0	\$221,748	\$195,237	\$51,766	\$528,257
Intergovernmental	102,298	88,979	54,829	44,457	6,872	297,435
Licenses, Permits, and Fees	9,598	0	0	0	75	9,673
Interest	1,814	3,332	0	0	354	5,500
Miscellaneous	6,667	0	0	35,267	0	41,934
<i>Total Receipts</i>	<u>179,883</u>	<u>92,311</u>	<u>276,577</u>	<u>274,961</u>	<u>59,067</u>	<u>882,799</u>
Disbursements						
Current:						
General Government	109,787	0	0	0	0	109,787
Public Safety	0	0	0	103,417	0	103,417
Public Works	2,854	38,201	258,824	0	137	300,016
Health	19,638	0	0	0	297	19,935
Conservation-Recreation	7,215	0	0	0	0	7,215
Capital Outlay	33,701	0	0	38,444	0	72,145
Debt Service:						
Principal Retirement	0	0	0	0	41,019	41,019
Interest and Fiscal Charges	0	0	0	0	10,747	10,747
<i>Total Disbursements</i>	<u>173,195</u>	<u>38,201</u>	<u>258,824</u>	<u>141,861</u>	<u>52,200</u>	<u>664,281</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>6,688</u>	<u>54,110</u>	<u>17,753</u>	<u>133,100</u>	<u>6,867</u>	<u>218,518</u>
<i>Net Change in Fund Balances</i>	6,688	54,110	17,753	133,100	6,867	218,518
<i>Fund Balances Beginning of Year</i>	<u>55,660</u>	<u>80,678</u>	<u>91,224</u>	<u>294,332</u>	<u>9,990</u>	<u>531,884</u>
<i>Fund Balances End of Year</i>	<u><u>\$62,348</u></u>	<u><u>\$134,788</u></u>	<u><u>\$108,977</u></u>	<u><u>\$427,432</u></u>	<u><u>\$16,857</u></u>	<u><u>\$750,402</u></u>

See accompanying notes to the basic financial statements

**TROY TOWNSHIP
GEAUGA COUNTY**

*Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended December 31, 2007*

Net Change in Fund Balances - Total Governmental Funds	<u>\$218,518</u>
<i>Change in Net Assets of Governmental Activities</i>	<u>\$218,518</u>

See accompanying notes to the basic financial statements

**TROY TOWNSHIP
GEAUGA 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>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
Receipts				
Property and Other Local Taxes	\$58,815	\$58,815	\$59,506	\$691
Intergovernmental	72,470	\$72,470	102,298	29,828
Licenses, Permits, and Fees	4,638	\$4,638	9,598	4,960
Interest	2,121	\$2,121	1,814	(307)
Miscellaneous	11,126	11,126	6,667	(4,459)
<i>Total Receipts</i>	<u>149,170</u>	<u>149,170</u>	<u>179,883</u>	<u>30,713</u>
Disbursements				
Current:				
General Government	121,102	123,652	109,787	13,865
Public Works	4,078	4,078	2,854	1,224
Health	23,500	23,500	19,638	3,862
Conservation-Recreation	11,150	11,150	7,215	3,935
Capital Outlay	45,000	42,450	33,701	8,749
<i>Total Disbursements</i>	<u>204,830</u>	<u>204,830</u>	<u>173,195</u>	<u>31,635</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(55,660)</u>	<u>(55,660)</u>	<u>6,688</u>	<u>62,348</u>
<i>Net Change in Fund Balance</i>	(55,660)	(55,660)	6,688	62,348
<i>Fund Balance Beginning of Year</i>	<u>55,660</u>	<u>55,660</u>	<u>55,660</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$0</u>	<u>\$0</u>	<u>\$62,348</u>	<u>\$62,348</u>

See accompanying notes to the basic financial statements

**TROY TOWNSHIP
GEAUGA 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>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
Receipts				
Intergovernmental	\$70,000	\$70,000	\$88,979	\$18,979
Interest	2,000	2,000	3,332	1,332
<i>Total Receipts</i>	<u>72,000</u>	<u>72,000</u>	<u>92,311</u>	<u>20,311</u>
Disbursements				
Current:				
Public Works	152,678	152,678	38,201	114,477
<i>Total Disbursements</i>	<u>152,678</u>	<u>152,678</u>	<u>38,201</u>	<u>114,477</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(80,678)</u>	<u>(80,678)</u>	<u>54,110</u>	<u>134,788</u>
<i>Fund Balance Beginning of Year</i>	<u>80,678</u>	<u>80,678</u>	<u>80,678</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$0</u>	<u>\$0</u>	<u>\$134,788</u>	<u>\$134,788</u>

See accompanying notes to the basic financial statements

**TROY TOWNSHIP
GEAUGA COUNTY**

*Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
Road & Bridge Fund
For the Year Ended December 31, 2007*

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
Receipts				
Property and Other Local Taxes	\$232,071	\$232,071	\$221,748	(\$10,323)
Intergovernmental	21,105	21,105	54,829	33,724
Miscellaneous	1,788	1,788	0	(1,788)
<i>Total Receipts</i>	<u>254,964</u>	<u>254,964</u>	<u>276,577</u>	<u>21,613</u>
Disbursements				
Current:				
Public Works	346,188	346,188	258,824	87,364
<i>Total Disbursements</i>	<u>346,188</u>	<u>346,188</u>	<u>258,824</u>	<u>87,364</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(91,224)</u>	<u>(91,224)</u>	<u>17,753</u>	<u>108,977</u>
<i>Fund Balance Beginning of Year</i>	<u>91,224</u>	<u>91,224</u>	<u>91,224</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$0</u>	<u>\$0</u>	<u>\$108,977</u>	<u>\$108,977</u>

See accompanying notes to the basic financial statements

**TROY TOWNSHIP
GEAUGA COUNTY**

*Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
Fire District Fund
For the Year Ended December 31, 2007*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Property and Other Local Taxes	\$201,828	\$201,828	\$195,237	(\$6,591)
Intergovernmental	13,750	13,750	44,457	30,707
Miscellaneous	21,742	21,742	35,267	13,525
<i>Total Receipts</i>	237,320	237,320	274,961	37,641
Disbursements				
Current:				
Public Safety	206,652	206,652	103,417	103,235
Capital Outlay	325,000	325,000	38,444	286,556
<i>Total Disbursements</i>	531,652	531,652	141,861	389,791
<i>Excess of Receipts Over (Under) Disbursements</i>	(294,332)	(294,332)	133,100	427,432
<i>Net Change in Fund Balance</i>	(294,332)	(294,332)	133,100	427,432
<i>Fund Balance Beginning of Year</i>	294,332	294,332	294,332	0
<i>Fund Balance End of Year</i>	\$0	\$0	\$427,432	\$427,432

See accompanying notes to the basic financial statements

TROY TOWNSHIP
GEAUGA COUNTY
Statement of Fiduciary Net Assets - Cash Basis
Fiduciary Fund
December 31, 2007

	<u>Private Purpose Trust</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$705</u>
<i>Total Assets</i>	<u><u>\$705</u></u>
Net Assets	
Unrestricted	<u>\$705</u>
<i>Total Net Assets</i>	<u><u>\$705</u></u>

See accompanying notes to the basic financial statements

TROY TOWNSHIP
GEAUGA COUNTY
Statement of Changes in Fiduciary Net Assets - Cash Basis
Fiduciary Fund
For the Year Ended December 31, 2007

	Private Purpose Trust
Additions	
Interest	\$4
<i>Total Additions</i>	4
Change in Net Assets	4
Net Assets - Beginning of Year	701
Net Assets - End of Year	\$705

See accompanying notes to the basic financial statements

TROY TOWNSHIP
GEAUGA COUNTY
Statement of Net Assets - Cash Basis
December 31, 2006

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$531,884</u>
<i>Total Assets</i>	<u><u>\$531,884</u></u>
Net Assets	
Restricted for:	
Capital Projects	\$805
Debt Service	627
Other Purposes	474,792
Unrestricted	<u>55,660</u>
<i>Total Net Assets</i>	<u><u>\$531,884</u></u>

See accompanying notes to the basic financial statements

**TROY TOWNSHIP
GEAUGA COUNTY**

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

	<u>Program Cash Receipts</u>			<u>Net (Disbursements) Receipts and Changes in Net Assets</u>
	<u>Cash Disbursements</u>	<u>Charges for Services and Sales</u>	<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>
Governmental Activities				
General Government	\$112,216	\$9,588	\$0	(\$102,628)
Public Safety	91,432	0	0	(91,432)
Public Works	339,527	0	98,247	(241,280)
Health	8,167	762	0	(7,405)
Conservation and Recreation	8,566	0	0	(8,566)
Other	0	0	243	243
Capital Outlay	238,000	0	0	(238,000)
Principal Retirement	38,700	0	0	(38,700)
Interest and Fiscal Charges	13,066	0	0	(13,066)
<i>Total Governmental Activities</i>	<u>\$849,674</u>	<u>\$10,350</u>	<u>\$98,490</u>	<u>(740,834)</u>
		General Receipts		
		Property Taxes Levied for:		
		General Purposes	65,381	
		Road and Bridge Fund	240,984	
		Fire District Fund	207,257	
		General Bond Retirement Fund	51,766	
		Grants and Entitlements		
		Not Restricted to Specific Programs	170,027	
		Interest	4,958	
		Miscellaneous	25,368	
		<i>Total General Receipts</i>	765,741	
		Change in Net Assets		24,907
		<i>Net Assets Beginning of Year</i>		<u>506,977</u>
		<i>Net Assets End of Year</i>		<u>\$531,884</u>

See accompanying notes to the basic financial statements

TROY TOWNSHIP
GEAUGA COUNTY
Statement of Cash Basis Assets and Fund Balances
Governmental Funds
December 31, 2006

	General	Gasoline Tax	Road and Bridge	Fire District	Other Governmental Funds	Total Governmental Funds
Assets						
Equity in Pooled Cash and Cash Equivalents	\$55,660	\$80,678	\$91,224	\$294,332	\$9,990	\$531,884
<i>Total Assets</i>	<u>\$55,660</u>	<u>\$80,678</u>	<u>\$91,224</u>	<u>\$294,332</u>	<u>\$9,990</u>	<u>\$531,884</u>
Fund Balances						
Unreserved:						
Undesignated, Reported in:						
General Fund	\$55,660	\$0	\$0	\$0	\$0	\$55,660
Special Revenue Funds	0	80,678	91,224	294,332	8,558	474,792
Debt Service Fund	0	0	0	0	627	627
Capital Projects Fund	0	0	0	0	805	805
<i>Total Fund Balances</i>	<u>\$55,660</u>	<u>\$80,678</u>	<u>\$91,224</u>	<u>\$294,332</u>	<u>\$9,990</u>	<u>\$531,884</u>

See accompanying notes to the basic financial statements

TROY TOWNSHIP
GEAUGA COUNTY
Reconciliation of Total Governmental Fund Balances to
Net Assets of Governmental Activities
December 31, 2006

Total Governmental Fund Balances	<u>\$531,884</u>
<i>Net Assets of Governmental Activities</i>	<u>\$531,884</u>

See accompanying notes to the basic financial statements

**TROY TOWNSHIP
GEAUGA 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	Fire District	Other Governmental Funds	Total Governmental Funds
Receipts						
Property and Other Local Taxes	\$65,381	\$0	\$240,984	\$207,257	\$51,766	\$565,388
Intergovernmental	96,075	90,203	40,479	33,472	6,966	267,195
Licenses, Permits, and Fees	3,847	0	0	0	312	4,159
Interest	1,807	2,635	0	0	516	4,958
Miscellaneous	15,087	0	0	17,344	450	32,881
<i>Total Receipts</i>	<u>182,197</u>	<u>92,838</u>	<u>281,463</u>	<u>258,073</u>	<u>60,010</u>	<u>874,581</u>
Disbursements						
Current:						
General Government	112,216	0	0	0	0	112,216
Public Safety	0	0	0	91,432	0	91,432
Public Works	3,574	90,680	222,234	0	23,039	339,527
Health	7,137	0	0	0	1,030	8,167
Conservation-Recreation	8,566	0	0	0	0	8,566
Capital Outlay	67,300	0	0	143,500	27,200	238,000
Debt Service:						
Principal Retirement	0	0	0	0	38,700	38,700
Interest and Fiscal Charges	0	0	0	0	13,066	13,066
<i>Total Disbursements</i>	<u>198,793</u>	<u>90,680</u>	<u>222,234</u>	<u>234,932</u>	<u>103,035</u>	<u>849,674</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(16,596)</u>	<u>2,158</u>	<u>59,229</u>	<u>23,141</u>	<u>(43,025)</u>	<u>24,907</u>
<i>Net Change in Fund Balances</i>	<u>(16,596)</u>	<u>2,158</u>	<u>59,229</u>	<u>23,141</u>	<u>(43,025)</u>	<u>24,907</u>
<i>Fund Balances Beginning of Year</i>	<u>72,256</u>	<u>78,520</u>	<u>31,995</u>	<u>271,191</u>	<u>53,015</u>	<u>506,977</u>
<i>Fund Balances End of Year</i>	<u><u>\$55,660</u></u>	<u><u>\$80,678</u></u>	<u><u>\$91,224</u></u>	<u><u>\$294,332</u></u>	<u><u>\$9,990</u></u>	<u><u>\$531,884</u></u>

See accompanying notes to the basic financial statements

**TROY TOWNSHIP
GEAUGA COUNTY**

*Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended December 31, 2006*

Net Change in Fund Balances - Total Governmental Funds	<u>\$24,907</u>
<i>Change in Net Assets of Governmental Activities</i>	<u>\$24,907</u>

See accompanying notes to the basic financial statements

**TROY TOWNSHIP
GEAUGA 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
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Final Budget Positive (Negative)
Receipts				
Property and Other Local Taxes	\$59,818	\$59,818	\$65,381	\$5,563
Intergovernmental	76,306	\$76,306	96,075	19,769
Licenses, Permits, and Fees	4,593	\$4,593	3,847	(746)
Interest	2,100	\$2,100	1,807	(293)
Miscellaneous	7,000	7,000	15,087	8,087
<i>Total Receipts</i>	<u>149,817</u>	<u>149,817</u>	<u>182,197</u>	<u>32,380</u>
Disbursements				
Current:				
General Government	136,229	130,517	112,216	18,301
Public Works	4,094	4,094	3,574	520
Health	8,500	8,500	7,137	1,363
Conservation-Recreation	6,950	9,450	8,566	884
Capital Outlay	66,000	69,212	67,300	1,912
<i>Total Disbursements</i>	<u>221,773</u>	<u>221,773</u>	<u>198,793</u>	<u>22,980</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(71,956)</u>	<u>(71,956)</u>	<u>(16,596)</u>	<u>55,360</u>
Other Financing Sources (Uses)				
Transfers Out	(300)	(300)	0	300
<i>Total Other Financing Sources (Uses)</i>	<u>(300)</u>	<u>(300)</u>	<u>0</u>	<u>300</u>
<i>Net Change in Fund Balance</i>	(72,256)	(72,256)	(16,596)	55,660
<i>Fund Balance Beginning of Year</i>	<u>72,256</u>	<u>72,256</u>	<u>72,256</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$0</u>	<u>\$0</u>	<u>\$55,660</u>	<u>\$55,660</u>

See accompanying notes to the basic financial statements

**TROY TOWNSHIP
GEAUGA 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*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Intergovernmental	\$52,972	\$52,972	\$90,203	\$37,231
Interest	707	707	2,635	1,928
<i>Total Receipts</i>	53,679	53,679	92,838	39,159
Disbursements				
Current:				
Public Works	132,199	132,199	90,680	41,519
<i>Total Disbursements</i>	132,199	132,199	90,680	41,519
<i>Excess of Receipts Over (Under) Disbursements</i>	(78,520)	(78,520)	2,158	80,678
<i>Fund Balance Beginning of Year</i>	78,520	78,520	78,520	0
<i>Fund Balance End of Year</i>	\$0	\$0	\$80,678	\$80,678

See accompanying notes to the basic financial statements

**TROY TOWNSHIP
GEAUGA COUNTY**

*Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
Road & Bridge Fund
For the Year Ended December 31, 2006*

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		Positive (Negative)
Receipts				
Property and Other Local Taxes	\$236,690	\$236,690	\$240,984	\$4,294
Intergovernmental	22,627	22,627	40,479	17,852
Miscellaneous	505	505	0	(505)
<i>Total Receipts</i>	<u>259,822</u>	<u>259,822</u>	<u>281,463</u>	<u>21,641</u>
Disbursements				
Current:				
Public Works	291,817	291,817	222,234	69,583
<i>Total Disbursements</i>	<u>291,817</u>	<u>291,817</u>	<u>222,234</u>	<u>69,583</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(31,995)</u>	<u>(31,995)</u>	<u>59,229</u>	<u>91,224</u>
<i>Fund Balance Beginning of Year</i>	<u>31,995</u>	<u>31,995</u>	<u>31,995</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$0</u>	<u>\$0</u>	<u>\$91,224</u>	<u>\$91,224</u>

See accompanying notes to the basic financial statements

**TROY TOWNSHIP
GEAUGA COUNTY**

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

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
Receipts				
Property and Other Local Taxes	\$204,589	\$204,589	\$207,257	\$2,668
Intergovernmental	20,095	20,095	33,472	13,377
Miscellaneous	20,200	20,200	17,344	(2,856)
<i>Total Receipts</i>	<u>244,884</u>	<u>244,884</u>	<u>258,073</u>	<u>13,189</u>
Disbursements				
Current:				
Public Safety	193,555	193,555	91,432	102,123
Capital Outlay	<u>322,520</u>	<u>322,520</u>	<u>143,500</u>	<u>179,020</u>
<i>Total Disbursements</i>	<u>516,075</u>	<u>516,075</u>	<u>234,932</u>	<u>281,143</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(271,191)</u>	<u>(271,191)</u>	<u>23,141</u>	<u>294,332</u>
<i>Net Change in Fund Balance</i>	<u>(271,191)</u>	<u>(271,191)</u>	<u>23,141</u>	<u>294,332</u>
<i>Fund Balance Beginning of Year</i>	<u>271,191</u>	<u>271,191</u>	<u>271,191</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$0</u>	<u>\$0</u>	<u>\$294,332</u>	<u>\$294,332</u>

See accompanying notes to the basic financial statements

TROY TOWNSHIP
GEAUGA COUNTY
Statement of Fiduciary Net Assets - Cash Basis
Fiduciary Fund
December 31, 2006

	<u>Private Purpose Trust</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$701</u>
<i>Total Assets</i>	<u><u>\$701</u></u>
Net Assets	
Unrestricted	<u>\$701</u>
<i>Total Net Assets</i>	<u><u>\$701</u></u>

See accompanying notes to the basic financial statements

TROY TOWNSHIP
GEAUGA COUNTY
Statement of Changes in Fiduciary Net Assets - Cash Basis
Fiduciary Fund
For the Year Ended December 31, 2006

	Private Purpose Trust
Additions	
Interest	\$3
<i>Total Additions</i>	3
Change in Net Assets	3
Net Assets - Beginning of Year	698
Net Assets - End of Year	\$701

See accompanying notes to the basic financial statements

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

Note 1 – Reporting Entity

Troy Township, Geauga County, Ohio (the Township), is a body politic and corporate established in 1811 to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Township is directed by a publicly elected three-member Board of Trustees. The Township also has an elected Township Fiscal Officer.

The reporting entity is comprised of the primary government, component units and other organizations that were included to ensure that the financial statements are not misleading.

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, fire protection and EMS services which is funded by a township levy, a community park and grounds, and cemetery maintenance. Police protection is provided by the Geauga County Sheriff's Department and is funded by a county levy.

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. Component units also include legally separate, tax-exempt entities whose resources are for the direct benefit of the Township, are accessible to the Township and are significant in amount to the Township. The Township has no component units.

C. Public Entity Risk Pool

The Township participates in a public entity risk pool. Note 7 to the financial statements provides additional information for this entity. This organization is 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.

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 and the fund financial statements for the proprietary funds, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. Following are the more significant of the Township's accounting policies.

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

Note 2 – Summary of Significant Accounting Policies (continued)

A. Basis of Presentation

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

Government-Wide Financial Statements

The statement of net assets and the statement of activities display information about the Township as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. Activity of an internal service fund is eliminated to avoid "doubling up" receipts and disbursements. The statements distinguish between those activities of the Township that are governmental and those that are considered business-type. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions.

The statement of net assets presents the cash and investment balances, and debt 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. Fiduciary funds are reported by type.

B. Fund Accounting

The Township uses fund accounting to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity 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 divided into two categories, governmental and fiduciary.

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

Note 2 – Summary of Significant Accounting Policies (continued)

B. Fund Accounting (continued)

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 major governmental funds are the General Fund, Gasoline Tax Fund, Road and Bridge Fund, and Fire District 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 Gasoline Tax Fund receives gasoline tax money for constructing, maintaining and repairing Township roads. The Road and Bridge Fund receives real estate tax, homestead and rollback, and personal property tax money to maintain and repair Township roads. The Fire District Fund receives real estate tax, homestead and rollback, and personal property tax money and other state receipts for fire services for the Township.

The other governmental funds of the Township account for grants and other resources whose use is restricted to a particular purpose.

Fiduciary Funds

Fiduciary funds include pension trust funds, investment trust funds, private purpose trust funds, and agency funds. Trust funds are used to account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Township's own programs. The Township's private purpose trust fund accounts for programs that relate to the upkeep of the Township's cemetery. Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Township does not have any agency funds.

C. Basis of Accounting

The Township's financial statements are prepared using the cash basis of accounting. Except for modifications having substantial support, receipts are recorded in the 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. Any such modifications made by the Township are described in the appropriate section in this note.

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

D. Budgetary Process

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

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

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

Note 2 – Summary of Significant Accounting Policies (continued)

D. Budgetary Process (continued)

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

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

E. Cash and Investments

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

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or negative receipts, respectively.

During 2007 and 2006, the Township did not have any investments.

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 \$1,814 which includes \$1,357 assigned from other Township funds and interest receipts credited to the General Fund during 2006 was \$1,807 which includes \$1,289 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. Restricted assets represent the nonexpendable trust fund, where the Township may only spend the interest earned.

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. The Township had no advances during 2006 or 2007.

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

Note 2 – Summary of Significant Accounting Policies (continued)

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. The Township does not have any employees who earn leave time.

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 8 and 9, the employer contributions include portions for pension benefits and for postretirement healthcare 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. Since recording a capital asset when entering into a capital lease is not the result of a cash transaction, neither an other financing source nor a capital outlay expenditure are reported at inception. Lease 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. Net assets restricted for other purposes include resources restricted for the Gasoline Tax Fund, Road & Bridge Fund, and Fire District Fund, and are restricted for salaries, road maintenance, improvement, contracts and materials, and fire and EMS protection. The Township's policy is to first apply restricted resources when an obligation is incurred for purposes for which both restricted and unrestricted net assets are available.

N. Fund Balance Reserves

The Township reserves any portion of fund balances which is not available for appropriation or which is legally segregated for a specific future use. Unreserved and undesignated fund balance indicates that portion of fund balance which is available for appropriation in future periods. Fund balance reserves have been established for encumbrances.

O. Interfund Transactions

Transfers between governmental activities on the government-wide financial statements are reported in the same manner as general receipts.

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 and after nonoperating receipts/disbursements in proprietary funds. Repayments from funds responsible for particular disbursements to the funds that initially paid for them are not presented in the financial statements. The Township did not have any interfund transactions during 2007 or 2006.

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

Note 3 – Change in Accounting Principles

For 2007, the Township has implemented Governmental Accounting Standards Board (GASB) Statement No. 45, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pension".

GASB Statement No. 45 improves the relevance and usefulness of financial reporting by requiring systematic, accrual-basis measurement and recognition of OPEB costs over a period that approximates employees' years of service and providing information about actuarial accrued liabilities associated with OPEB and whether and to what extent progress is being made in funding a plan. The implementation of this statement did not result in any change to the Township's financial statements.

Note 4 – Budgetary Basis of Accounting

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the General Fund, Gasoline Tax Fund, Road and Bridge Fund, and Fire District Fund are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budgetary basis and the cash basis is outstanding year end encumbrances are treated as disbursements (budgetary basis) rather than as a reservation of fund balance (cash basis). The Township did not have any outstanding encumbrances at year end (budgetary basis) for 2007 or 2006.

Note 5 – Deposits and Investments

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

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

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

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;

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

Note 5 – Deposits and Investments (continued)

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;
7. The State Treasurer's investment pool (STAR Ohio).

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

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. \$687,539 of the Township's bank balance of \$787,539 at December 31, 2007, and \$464,384 of the Township's bank balance of \$564,384 at December 31, 2006 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. Although the securities were held by pledging institution's trust department and all statutory requirements for the investment of money had been followed, non compliance with Federal requirements could potentially subject the Township to a successful claim by the FDIC.

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 6 – Property Taxes

Property taxes include amounts levied against all real property, public utility property, and tangible personal property located in the Township. Property tax receipts received in 2007 for real and public utility property taxes represents collections of the 2006 taxes. Property tax payments received during 2007 for tangible personal property (other than public utility property) is for 2007 taxes. Property tax receipts received in 2006 for real and public utility property taxes represents collections of the 2005 taxes. Property tax payments received during 2006 for tangible personal property (other than public utility property) is for 2006 taxes.

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

Note 6 – Property Taxes (continued)

2007 real property taxes are levied after October 1, 2007 on the assessed values as of January 1, 2007, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. 2007 real property taxes are collected in and intended to finance 2008. 2006 real property taxes are 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. 2006 real property taxes are collected in and intended to finance 2007.

Real property taxes are payable annually or semi-annually. 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 tangible personal property is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2007 public utility property taxes which became a lien on December 31, 2006, are levied after October 1, 2007, and are collected in 2008 with real property taxes. Public utility tangible personal property is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2006 public utility property taxes which became a lien on December 31, 2005, are levied after October 1, 2006, and are collected in 2007 with real property taxes.

2007 tangible property taxes are levied after October 1, 2006, on the value as of December 31, 2006. Collections are made in 2007. 2006 tangible property taxes are levied after October 1, 2005, on the value as of December 31, 2005. Collections are made in 2006. Tangible personal property assessments are being phased out. The assessment percentage for all property including inventory for 2007 is 12.5 percent. This will be reduced to 6.25 percent for 2008, and zero for 2009. Payments by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 3, with the remainder due September 20.

The full tax rate for all Township operations for the year ended December 31, 2007, was \$12.50 per \$1,000 of assessed value. The assessed values of real and personal property upon which 2007 property tax receipts were based are as follows:

Real Property	\$51,698,720
Public Utility Property	1,277,690
Tangible Personal Property	3,863,630
Total Assessed Values	\$56,840,040

The full tax rate for all Township operations for the year ended December 31, 2006, was \$12.50 per \$1,000 of assessed value. The assessed values of real and personal property upon which 2006 property tax receipts were based are as follows:

Real Property	\$50,682,300
Public Utility Property	1,251,650
Tangible Personal Property	7,733,630
Total Assessed Values	\$59,667,580

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

Note 6 – Property Taxes (continued)

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 7 – Risk Management

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 2007 and 2006, the Township contracted with O.T.A.R.M.A. for various types of insurance as follows:

Company	Type of Coverage	Amount of Coverage
O.T.A.R.M.A.	Commercial Property	\$1,247,975
	General Liability	2,000,000
	Inland Marine	196,100
	Vehicle	1,189,060
	Errors and Omissions	2,000,000
	Public Officials	2,000,000

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

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

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 townships pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty Coverage

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. Townships can elect additional coverage, from \$2,000,000 to \$12,000,000 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.

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.

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

Note 7 – Risk Management (continued)

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 coverage based upon the combined members' total insurable value. 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 township.

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, 2007 and 2006 (the latest information available):

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

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 \$28,000. 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.

The Township's contributions to OTARMA for the past three years are as follows:

<u>Year</u>	<u>Contribution</u>
2007	\$13,963
2006	17,508
2005	17,184

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

Note 7 – Risk Management (continued)

After completing one year of membership, members may withdraw on each anniversary of the date they joined OTARMA provided they give 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.

Note 8 – Defined Benefit Pension Plan

A. Ohio Public Employees Retirement System

Plan Description - 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. While members in the State and local divisions may participate in all three plans, law enforcement (generally sheriffs, deputy sheriffs and township police) and public safety divisions exist only in the traditional plans.

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.

Funding Policy – The Ohio Revised Code provides statutory authority for member and employer contributions. For the year ended December 31, 2007, members in state and local classifications contributed 9.5 percent of covered payroll. For the year ended December 31, 2006, members in state and local classifications contributed 9 percent of covered payroll. The Township's contribution rate for 2007 was 13.85 percent. The Township's contribution rate for 2006 was 13.70 percent. State statute sets a maximum contribution rate for the Township of 14 percent.

The Township's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2007, 2006, and 2005 were \$9,126, \$9,425, and \$6,354 respectively. The full amount has been contributed for 2007, 2006 and 2005.

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

Note 9 - Postemployment Benefits

A. Ohio Public Employees Retirement System

Plan Description - OPERS maintains a cost-sharing multiple-employer defined benefit postemployment healthcare plan for qualifying members of both the traditional and combined pension plans. Members of the member-directed plan do not qualify for ancillary benefits, including postemployment healthcare. The plan includes a medical plan, a prescription drug program and Medicare Part B premium reimbursement.

In order to qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 10 or more years of qualifying Ohio service credit. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 45.

The Ohio Revised Code permits, but does not mandate, OPERS to provide OPEB benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

Disclosures for the healthcare plan are provided separately in the OPERS financial report which may be obtained by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or (800) 222 - 7377.

OPERS' Post Employment Health Care plan was established under, and is administrated in accordance with, Internal Revenue Code 401(h). Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of post employment health care benefits. For 2007, the employer contribution allocated to the health care plan from January 1 through June 30, 2007 and July 1 through December 31, 2007 was 5 percent and 6 percent of covered payroll, respectively. For 2006, the employer contribution allocated to the health care plan was 4.5 percent. The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits provided, by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The retirement board is also authorized to establish rules for the payment of a portion of the healthcare benefits by the retiree or the retiree's surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. Active members do not make contributions to the postemployment healthcare plan.

The Township's contributions allocated to fund postemployment healthcare benefits for the years ended December 31, 2007, 2006, and 2005 were \$6,011, \$4,610, and \$2,662 respectively; 100 percent has been contributed for 2007, 2006 and 2005.

On September 9, 2004, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) which was effective January 1, 2007. Member and employer contribution rates increased as of January 1, 2006, January 1, 2007, and January 1, 2008, which allowed additional funds to be allocated to the healthcare plan.

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

Note 10 – Debt

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

	Interest Rate	Balance December 31, 2006	Additions	Reductions	Balance December 31, 2007	Due Within One Year
<u>Governmental Activities</u>						
Community House Improvement Bonds -2000 Issue (Original Amount \$375,000)	5.99%	\$179,414	\$0	\$41,018	\$138,395	\$43,476

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

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

Year	G.O. Bonds	
	Principal	Interest
2008	\$43,476	\$8,290
2009	46,079	5,685
2010	48,840	2,926
Totals	<u>\$138,395</u>	<u>\$16,901</u>

The Ohio Revised Code provides that net general obligation debt of the Township, exclusive of certain exempt debt, issued without a vote of the electors shall never exceed 5.5 percent of the tax valuation of the Township. The Revised Code further provides that total voted and unvoted net debt of the Township less the same exempt debt shall never exceed amount equal to 10.5 percent of its tax valuation. The effects of the debt limitations at December 31, 2007, were an overall debt margin of \$6,006,816 and an unvoted debt margin of \$3,146,427 and the effects of the debt limitations at December 31, 2006, were an overall debt margin of \$5,872,873 and an unvoted debt margin of \$3,076,267.

Note 11 – Related Party Transactions

The owner of Burton Sheet Metal, Inc. is a Township Trustee. Burton Sheet Metal, Inc. performs the maintenance of the Township Hall Heating and Air Conditioning Unit. The Township paid \$403 and \$127 to Burton Sheet Metal, Inc. during 2007 and 2006.

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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
Geauga County
13950 Main Market Road
Burton, Ohio 44021

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, Geauga County, Ohio, (the Township) as of and for the years ended December 31, 2007 and December 31, 2006, which collectively comprise the Township's basic financial statements and have issued our report thereon dated August 29, 2008, wherein, we noted the Township uses a comprehensive accounting basis other than generally accepted accounting principles. 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*. 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 opinions 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.

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.

Lausche Building / 615 Superior Ave., NW / Twelfth Floor / Cleveland, OH 44113-1801
Telephone: (216) 787-3665 (800) 626-2297 Fax: (216) 787-3361
www.auditor.state.oh.us

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 internal control deficiencies that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

We noted certain matters that we reported to the Township's management in a separate letter dated August 29, 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 no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We did note certain noncompliance or other matters that we reported to the Township's management in a separate letter dated August 29, 2008.

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



Mary Taylor, CPA
Auditor of State

August 29, 2008

TROY TOWNSHP
GEAUGA COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2007 AND DECEMBER 31, 2006

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2005-001	Ohio Revised Code Section 5705.41(B) – Expenditures Plus Encumbrances Exceeding Appropriations	Yes	



Mary Taylor, CPA
Auditor of State

TROY TOWNSHIP

GEAUGA 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 16, 2008**