



Dave Yost • Auditor of State

TROY TOWNSHIP
WOOD COUNTY

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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 of the cash balances, receipts and disbursements by fund type, and related notes of Troy Township, Wood County, Ohio (the Township) as of and for the years ended December 31, 2015 and 2014.

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 opinions.

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 (GAAP), to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Township does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

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, 2015 and 2014, 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 as of December 31, 2015 and 2014, 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 August 23, 2016, 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

August 23, 2016

**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, 2015**

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Property and Other Local Taxes	\$208,330	\$580,679	\$789,009
Charges for Services		185,169	185,169
Licenses, Permits and Fees	13,229	18,236	31,465
Intergovernmental	48,401	156,991	205,392
Special Assessments		4,321	4,321
Earnings on Investments	226	7	233
Miscellaneous	4,451	12,852	17,303
<i>Total Cash Receipts</i>	<u>274,637</u>	<u>958,255</u>	<u>1,232,892</u>
Cash Disbursements			
Current:			
General Government	263,699		263,699
Public Safety		525,862	525,862
Public Works	15,973	259,099	275,072
Health	3,167	27,704	30,871
Capital Outlay	2,500	58,163	60,663
Debt Service:			
Principal Retirement		39,870	39,870
Interest and Fiscal Charges		5,244	5,244
<i>Total Cash Disbursements</i>	<u>285,339</u>	<u>915,942</u>	<u>1,201,281</u>
<i>Net Change in Fund Cash Balances</i>	(10,702)	42,313	31,611
<i>Fund Cash Balances, January 1</i>	<u>345,964</u>	<u>690,827</u>	<u>1,036,791</u>
Fund Cash Balances, December 31			
Restricted		733,140	733,140
Assigned	335,262		335,262
<i>Fund Cash Balances, December 31</i>	<u>\$335,262</u>	<u>\$733,140</u>	<u>\$1,068,402</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, 2014**

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Property and Other Local Taxes	\$258,074	\$629,884	\$887,958
Charges for Services		129,868	129,868
Licenses, Permits and Fees	14,932	18,675	33,607
Intergovernmental	70,335	172,247	242,582
Special Assessments		4,385	4,385
Earnings on Investments	509	9	518
Miscellaneous	12,429	56,674	69,103
<i>Total Cash Receipts</i>	<u>356,279</u>	<u>1,011,742</u>	<u>1,368,021</u>
Cash Disbursements			
Current:			
General Government	242,019		242,019
Public Safety		532,719	532,719
Public Works	15,538	261,585	277,123
Health	3,152	28,694	31,846
Capital Outlay	32,120	77,078	109,198
Debt Service:			
Principal Retirement	24,175	38,692	62,867
Interest and Fiscal Charges	1,149	6,422	7,571
<i>Total Cash Disbursements</i>	<u>318,153</u>	<u>945,190</u>	<u>1,263,343</u>
<i>Net Change in Fund Cash Balances</i>	38,126	66,552	104,678
<i>Fund Cash Balances, January 1</i>	<u>307,838</u>	<u>624,275</u>	<u>932,113</u>
Fund Cash Balances, December 31			
Restricted		690,827	690,827
Assigned	345,964		345,964
<i>Fund Cash Balances, December 31</i>	<u><u>\$345,964</u></u>	<u><u>\$690,827</u></u>	<u><u>\$1,036,791</u></u>

**TROY TOWNSHIP
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014**

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 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 for a portion of their township.

The Township participates in a jointly governed organization and a public entity risk pool. Notes 7 and 9 to the financial statements provide 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 permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D). This basis is similar to the cash receipts and disbursements accounting basis. The Board 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 financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

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, 2015 AND 2014
(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 Funds:

Road District Fund - This fund receives property tax money for constructing, maintaining, and repairing Township roads and bridges.

Fire Fund - This fund receives property tax money from a special levy for Township fire protection.

Emergency Medical Service Fund - This fund receives property tax money 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 fund be budgeted annually.

1. Appropriations

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

2. Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus 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 reappropriated in the subsequent year.

A summary of 2015 and 2014 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.

2. Restricted

**TROY TOWNSHIP
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014
(Continued)**

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.

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:

	2015	2014
Demand deposits	<u>\$1,068,402</u>	<u>\$1,036,791</u>

**TROY TOWNSHIP
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014
(Continued)**

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, 2015 and 2014 follows:

2015 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$493,698	\$274,637	(\$219,061)
Special Revenue	989,737	958,255	(31,482)
Total	\$1,483,435	\$1,232,892	(\$250,543)

2015 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$839,662	\$285,339	\$554,323
Special Revenue	1,680,563	915,942	764,621
Total	\$2,520,225	\$1,201,281	\$1,318,944

2014 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$923,626	\$356,279	(\$567,347)
Special Revenue	1,046,028	1,011,742	(34,286)
Total	\$1,969,654	\$1,368,021	(\$601,633)

2014 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,146,759	\$318,153	\$828,606
Special Revenue	1,413,659	945,190	468,469
Total	\$2,560,418	\$1,263,343	\$1,297,075

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.

**TROY TOWNSHIP
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014
(Continued)**

5. CAPITAL LEASE

Principal outstanding on the lease at December 31, 2015 was as follows:

	Principal	Interest Rate
Ambulance Lease	\$127,274	3%

The Township entered into a lease to finance the purchase of a new ambulance for Township EMS. The ambulance collateralizes the lease.

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

	Ambulance Lease
Year ending December 31:	
2016	\$45,114
2017	45,114
2018	45,114
Total	\$135,342

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 2015 and 2014, 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, 2015.

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.

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.

**TROY TOWNSHIP
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014
(Continued)**

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, 2015, 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, 2015 and 2014:

	<u>2015</u>	<u>2014</u>
Assets	\$37,313,311	\$35,970,263
Liabilities	8,418,518	8,912,432
Net Position	\$28,894,793	\$27,057,831

At December 31, 2015 and 2014, respectively, the liabilities above include approximately \$7.8 and \$8.2 million of estimated incurred claims payable. The assets above also include approximately \$7.7 and \$7.2 million of unpaid claims to be billed to approximately 989 members and 957 member governments in the future, as of December 31, 2015 and 2014, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2015, the Township's share of these unpaid claims collectible in future years is approximately \$21,000.

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.

<u>Contributions to OTARMA</u>	
<u>2015</u>	<u>2014</u>
\$40,446	\$39,573

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.

**TROY TOWNSHIP
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014
(Continued)**

8. RELATED PARTY TRANSACTIONS

A Township Trustee is employed by a company from which the Township acquired construction services during 2015. The Township paid \$27,674 for this acquisition. The Trustee abstained from voting on this transaction.

9. JOINTLY GOVERNED ORGANIZATION

East Ohio Gas Company, aka East 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 the Township, 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 Township Trustees approved to create a Joint Economic Development District (JEDD) with the City of Toledo.

The 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. City of Toledo shall make quarterly 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 the 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 the 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 the Township and fifty percent (50%) to the City of Toledo.

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

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.

On May 9, 2013, the Township Zoning Commission approved a development plan on the job ready site with Home Depot U.S.A., Inc. and HD Troy OH Landlord, LLC. The project was completed in 2015.

During 2015 and 2014, the City of Toledo remitted taxes collected to the Township in the amounts of \$11,884 and \$49,834, respectively.

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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 the cash balances, receipts, and disbursements by fund type of Troy Township, Wood County, Ohio (the Township) as of and for the years ended December 31, 2015 and 2014, and the related notes to the financial statements and have issued our report thereon dated August 23, 2016 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.

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 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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings that we consider a material weakness. We consider finding 2015-001 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*.

Entity's Response to Findings

The Township's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not audit the Township's response and, accordingly, we express no opinion on it.

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 initial "D".

Dave Yost
Auditor of State

Columbus, Ohio

August 23, 2016

**TROY TOWNSHIP
WOOD COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2015 AND 2014**

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

FINDING NUMBER 2015-001

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, lease payments were posted improperly due to the Township lacking a financial statement review process and the following reclassifications were included in the accompanying financial statements and, where applicable, the Township’s accounting records:

<u>Fund Type</u>	<u>Year</u>	<u>Amount</u>	<u>Township Classification</u>	<u>Correct Classification per Ohio Township Handbook and UAN Manual</u>
General	2014	\$24,175	Capital Outlay	Principal Retirement
General	2014	\$1,149	Capital Outlay	Interest and Fiscal Charges
Special Revenue	2014	\$38,692	Capital Outlay	Principal Retirement
Special Revenue	2014	\$6,422	Capital Outlay	Interest and Fiscal Charges
Special Revenue	2015	\$39,870	Capital Outlay	Principal Retirement
Special Revenue	2015	\$5,244	Capital Outlay	Interest and Fiscal Charges

In addition, in accordance with Governmental Accounting Standards Board (GASB) Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, unencumbered balances assigned to appropriations were misclassified and the following reclassification to the accompanying financial statements was made:

<u>Fund Type</u>	<u>Year</u>	<u>Amount</u>	<u>Township Classification</u>	<u>Correct Classification per GASB 54</u>
General	2014	\$345,964	Unassigned Fund Balance	Assigned Fund Balance

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, GASB Statement No. 54, 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:

The Fiscal Officer understands that the payments for debt need to be correct in the future. The principal payments need to use object code 820 and the interest payments need to use the object code 830.

The Governmental Accounting Standards Board (GASB) Statement No. 54 concerning Fund Balance Reporting and Governmental Fund Type is understood by the Fiscal Officer. The classification for the General Fund in 2015 was done correctly and will continue to be properly classified in the financial statements.

**TROY TOWNSHIP
WOOD COUNTY**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2015 AND 2014**

Finding Number	Finding Summary	Status	Additional Information
2013-001	Material weakness due to errors in financial reporting.	Partially corrected and reissued as Finding 2015-001 in this report.	Fiscal Officer addressed issue related to classification of intergovernmental revenue, but did not correct proper classification of principal and interest because she was not sure how to correct. Fiscal Officer now has an understanding of posting of principal and interest payments and proper classification of fund balance and will ensure in the future they are posted correctly.



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
SEPTEMBER 13, 2016**