

**READING TOWNSHIP
PERRY COUNTY**

AUDIT REPORT

JANUARY 1, 2008 – DECEMBER 31, 2009

**Wolfe, Wilson, & Phillips, Inc.
37 South Seventh Street
Zanesville, Ohio 43701**



Mary Taylor, CPA
Auditor of State

Board of Trustees
Reading Township
P.O. Box 369
Somerset, Ohio 43783

We have reviewed the *Independent Auditors' Report* of Reading Township, Perry County, prepared by Wolfe, Wilson & Phillips, Inc., for the audit period January 1, 2008 through December 31, 2009. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

Mary Taylor

Mary Taylor, CPA
Auditor of State

June 30, 2010

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**READING TOWNSHIP
PERRY COUNTY**

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WOLFE, WILSON, & PHILLIPS, INC.
37 SOUTH SEVENTH STREET
ZANESVILLE, OHIO 43701

INDEPENDENT AUDITORS' REPORT

Reading Township
Perry County
1790 Big Inch Road
P.O. Box 369
Somerset, Ohio 43783

We have audited the accompanying financial statements of the governmental activities, major funds and aggregate remaining fund information of Reading Township, Perry County as of and for the years ended December 31, 2009 and 2008, which collectively comprised the Township's basic financial statements. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our 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 *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position-cash basis of the governmental activities, major funds and the aggregate remaining fund information of Reading Township, Perry County, as of December 31, 2009 and 2008, and the respective changes in financial position-cash basis and the respective budgetary comparison for the General Fund, Gasoline Tax Fund, Road and Bridge Fund, Fire Levy Fund and EMS Levy Fund 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 a report dated April 21, 2010, on our consideration of Reading Township's internal control structure over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering 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 Government 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.

Wolfe, Wilson, & Phillips, Inc.
Zanesville, Ohio
April 21, 2010

**READING TOWNSHIP, PERRY COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008
UNAUDITED**

This discussion and analysis of the Reading Township's financial performance provides an overall review of the Township's financial activities for the years ended December 31, 2009 and 2008, within the limitations of the Township's cash basis accounting. The intent of this discussion and analysis is to look at the Township's financial performance as a whole; readers should also review the financial statements and notes to the basic financial statements to enhance their understanding of the Township's financial performance.

Highlights

Key highlights for 2009 and 2008 are as follows:

The Township's general receipts are primarily Real Estate and property taxes for governmental activities for the year. Tax receipts for 2009 and 2008 changed very little compared to 2007 as development within the Township has stayed about the same.

In 2009 and 2008, the Township again sealed some of the Township roads with oil and gravel. This project is completed each year and costs are increasing due to rising oil prices.

In 2008, The Township received a FEMA grant in the amount of \$112,000 that was used to purchase 20 Scott Airpacks and a thermal imaging camera for the fire department.

In 2009, the Township purchased a new EMS chassis for \$45,582.

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 statement of activities provide information about the cash activities of the Township as a whole. The statement of cash basis assets and fund balances, and the statement of cash receipts, disbursements and changes in fund cash balances, present financial information by fund, presenting funds with the largest balances or most activity in separate columns.

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

**READING TOWNSHIP, PERRY COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008
UNAUDITED**

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 on a cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the Township's cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

As a result of using the cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their 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 Government as a Whole

The statements of net assets and statements of activities for 2009 and 2008 reflect how the Township did financially within the limitations of the cash basis of accounting. The statement of net assets present 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. Program receipts include charges paid by the recipient of the programs services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General cash receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function draws from the Township's general receipts.

These statements report the Township's cash position and the changes in cash position. Keeping in mind the limitations of the cash basis of accounting, you can think of these changes as one way to measure the Township's financial health. Over time, increases or decreases in the Township's cash position is one indicator of whether the Township's financial health is improving or deteriorating. When evaluating the Township's financial condition, you should also consider other nonfinancial factors as well such as the Township's tax base, 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 and real estate taxes.

In the statement of net assets and the statement of activities, we divide the government into governmental activities. All of the Township's basic services are reported here, including road maintenance. Real estate and property taxes finance most of these activities. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.

**READING TOWNSHIP, PERRY COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008
UNAUDITED**

Reporting the Government'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.

Governmental Funds - All of the Township's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the Township's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Township's programs. The Township's significant governmental funds are presented on the financial statements in separate columns. The information for non-major 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 for 2009 are the General Fund, Gasoline Tax Fund, Road and Bridge Fund, Fire Levy Fund and EMS Levy Fund. In 2008 the major funds are the General Fund, Gasoline Tax Fund, Road and Bridge Fund, Fire Levy Fund and EMS Levy Fund. The programs reported in governmental funds are related to those reported in the governmental activities section of the entity-wide statements. There are no reconciliations between the two reports as the township reports on the cash basis.

The Government as a Whole

Table 1 provides a summary of the Township's net assets for 2009 compared to 2008 and 2007 on the cash basis:

Table 1
NET ASSETS

	<u>Governmental Activities</u>		
	<u>2009</u>	<u>2008</u>	<u>2007</u>
Assets			
Cash	\$ 1,023,592	\$ 908,792	\$ 778,742
Total Assets	<u>\$ 1,023,592</u>	<u>\$ 908,792</u>	<u>\$ 778,742</u>
Net Assets			
Restricted for:			
Capital Projects	\$ 63,501	\$ 70,949	\$ 76,171
Other Purposes	759,389	626,816	490,641
Unrestricted	<u>200,702</u>	<u>211,027</u>	<u>211,930</u>
Total Net Assets	<u>\$ 1,023,592</u>	<u>\$ 908,792</u>	<u>\$ 778,742</u>

**READING TOWNSHIP, PERRY COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008
UNAUDITED**

Table 2 reflects the changes in net assets in 2009 and 2008 and 2007

Table 2
CHANGES IN NET ASSETS

	Governmental Activities		
	2009	2008	2007
Receipts:			
Program Receipts:			
Charges for Services	\$ 173,190	\$ 209,892	\$ 158,716
Operating Grants	110,930	234,581	110,918
Total Program Receipts	<u>284,120</u>	<u>444,473</u>	<u>104,047</u>
General Receipts:			
Property and Other Tax	367,351	332,861	383,851
Grants and Entitlements not Restricted	64,924	70,596	87,348
Interest	8,991	14,504	42,131
Miscellaneous	4,648	5,803	9,099
Total General Receipts	<u>445,914</u>	<u>423,764</u>	<u>522,429</u>
Total Receipts	<u>730,034</u>	<u>868,237</u>	<u>792,063</u>
Disbursements:			
General Government	90,805	82,303	82,130
Public Safety	169,209	288,994	154,179
Public Works	244,413	287,759	238,700
Health	300	-	5
Conservation/Recr.	48,095	54,975	33,776
Capital Outlay	62,412	24,156	268,582
Total Disbursements	<u>615,234</u>	<u>738,187</u>	<u>777,372</u>
Increase/(Decrease) In Net Assets	114,800	130,050	14,691
Net Assets, January 1	908,792	778,742	764,051
Net Assets, December 31	<u>\$ 1,023,592</u>	<u>\$ 908,792</u>	<u>\$ 778,742</u>

Program receipts represent 39%, 51%, and 34% of total receipts for 2009, 2008 and 2007, respectively. They are primarily comprised of restricted intergovernmental receipts such as motor vehicle license and gas tax money.

General receipts represent 61%, 49% and 66% of the Township's total receipts for 2009, 2008 and 2007, respectively. Local taxes represent 82%, 79% and 73% of the general receipts. Grants and entitlements make up the balance of general receipts. Other receipts are insignificant and somewhat unpredictable receipt sources.

Disbursements for general government represent the overhead costs of running the Township and the support services provided for the other Township activities.

**READING TOWNSHIP, PERRY COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008
UNAUDITED**

Governmental Activities

If you look at the Statement of Activities, you will see that the first column lists the major services provided by Reading Township. The next column identifies the costs of providing these services. The major program disbursements for governmental activities are General Government, Public Safety and Public Works, which account for 15%, 28% and 40% in 2009 and 11%, 39% and 39% in 2008 of all governmental disbursements. 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. 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 service and the net cost for 2009 and 2008 is presented in Table 3.

TABLE 3

	Total Cost of Services 2009	Net Cost of Services 2009	Total Cost of Services 2008	Net Cost of Services 2008
General Government	\$ 90,805	\$ 89,330	\$ 82,303	\$ 79,103
Public Safety	169,209	12,517	288,994	(13,472)
Public Works	244,413	142,983	287,759	179,115
Health	300	300	-	-
Conservation/Recr.	48,095	23,572	54,975	24,812
Capital Outlay	62,412	62,412	24,156	24,156
Total Expenses	<u>\$ 615,234</u>	<u>\$ 331,114</u>	<u>\$ 738,187</u>	<u>\$ 293,714</u>

The dependence upon property tax is apparent as over 60% and 45% for 2009 and 2008 of governmental activities are supported through these general receipts.

The Government's Funds

Total governmental funds had receipts of \$730,034 and \$868,237 for 2009 and 2008 and disbursements of \$615,234 and \$738,187 for 2009 and 2008, respectively.

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 and disbursements. The most significant budgeted fund is the General Fund.

During 2009 and 2008, the Township made amendments to its appropriation budget and receipts budget to reflect changing circumstances. For both 2009 and 2008, actual receipts were greater than budgeted receipts.

Final budgeted disbursements for 2009 and 2008 were \$323,300 and \$272,260, respectively. Actual disbursements for 2009 and 2008 were \$130,347 and \$125,395, respectively. The Township kept spending close to budgeted amounts.

**READING TOWNSHIP, PERRY COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008
UNAUDITED**

Capital Assets and Debt Administration

Capital Assets

The Township does not currently keep track of its capital assets and infrastructure in the accompanying financial statements, but records payments for capital assets as disbursements.

Debt

As of December 31, 2009, the Township has no outstanding debt.

Contacting the Government's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Township's finances and to reflect the Township's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Rebecca Sweeney, Fiscal Officer, 1790 Big Inch Road, P.O. Box 369, Somerset, Ohio 43783.

**READING TOWNSHIP
PERRY COUNTY**

**STATEMENT OF NET ASSETS-CASH BASIS
December 31, 2009**

	<u>Governmental Activities</u>
ASSETS:	
Equity in Pooled Cash and Cash Equivalents	<u>\$ 1,023,592</u>
Total Assets	<u><u>\$ 1,023,592</u></u>
NET ASSETS:	
Restricted for:	
Capital Projects	\$ 63,501
Other Purposes	759,389
Unrestricted	<u>200,702</u>
Total Net Assets	<u><u>\$ 1,023,592</u></u>

See notes to basic financial statements.

**READING TOWNSHIP
PERRY COUNTY**

**STATEMENT OF ACTIVITIES-CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<u>Cash Disbursements</u>	<u>Charges for Services and Sales</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Net (Disbursements) Receipts and Changes in Net Assets</u>
Governmental Activities:					
General Government	\$ 90,805	\$ 1,475	\$ -	\$ -	\$ (89,330)
Public Safety	169,209	147,192	9,500	-	(12,517)
Public Works	244,413	-	101,430	-	(142,983)
Health	300	-	-	-	(300)
Conservation/Recreation	48,095	24,523	-	-	(23,572)
Capital Outlay	62,412	-	-	-	(62,412)
Total Governmental Activities	<u>\$ 615,234</u>	<u>\$ 173,190</u>	<u>\$ 110,930</u>	<u>\$ -</u>	<u>\$ (331,114)</u>

General Receipts:

Property Taxes Levied for:	
General Purposes	\$ 367,351
Grants and Entitlements not Restricted to Specific Programs	64,924
Interest	8,991
Miscellaneous	4,648
	<u>445,914</u>
Total General Receipts	<u>445,914</u>
Change in Net Assets	114,800
Net Assets Beginning of Year	<u>908,792</u>
Net Assets End of Year	<u>\$ 1,023,592</u>

See notes to the basic financial statements.

**READING TOWNSHIP
PERRY COUNTY**

**STATEMENT OF CASH BASIS ASSETS AND FUND BALANCES
GOVERNMENTAL FUNDS
December 31, 2009**

	<u>General</u>	<u>Gas Tax</u>	<u>Road and Bridge</u>	<u>Fire Levy</u>	<u>EMS Levy</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS:							
Equity in Pooled Cash and cash Equivalents	\$ 200,702	\$ 41,687	\$ 85,507	\$ 186,471	\$ 443,408	\$ 65,817	\$ 1,023,592
Total Assets	<u>\$ 200,702</u>	<u>\$ 41,687</u>	<u>\$ 85,507</u>	<u>\$ 186,471</u>	<u>\$ 443,408</u>	<u>\$ 65,817</u>	<u>\$ 1,023,592</u>
Fund Balances:							
Unreserved:							
General Fund	\$ 200,702	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 200,702
Special Revenue Funds	-	41,687	85,507	186,471	443,408	2,316	759,389
Capital Projects Funds	-	-	-	-	-	63,501	63,501
Total Fund Balances	<u>\$ 200,702</u>	<u>\$ 41,687</u>	<u>\$ 85,507</u>	<u>\$ 186,471</u>	<u>\$ 443,408</u>	<u>\$ 65,817</u>	<u>\$ 1,023,592</u>

See notes to basic financial statements.

READING TOWNSHIP
PERRY COUNTY

STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND CASH BALANCES
GOVERNMENTAL FUNDS
December 31, 2009

	General	Gasoline Tax	Road and Bridge	Fire Levy	EMS Levy	Other Governmental Funds	Total Governmental Funds
CASH RECEIPTS							
Property and Other Local Taxes	\$ 73,594	\$ -	\$ 126,876	\$ 103,515	\$ 41,080	\$ 22,286	\$ 367,351
Charges for Services	-	-	-	6,262	140,930	24,523	171,715
Licenses, Permits and Fees	1,475	-	-	-	-	-	1,475
Intergovernmental	32,118	84,266	17,676	13,027	13,939	14,822	175,848
Interest	8,991	6	-	-	-	-	8,997
Miscellaneous	16	-	-	496	308	-	820
Total Receipts	116,194	84,272	144,552	123,300	196,257	61,631	726,206
CASH DISBURSEMENTS:							
Current:							
General Government	90,805	-	-	-	-	-	90,805
Public Safety	-	-	-	54,069	115,140	-	169,209
Public Works	39,242	81,802	104,886	-	-	18,483	244,413
Health	300	-	-	-	-	-	300
Conservation/Recreation	-	-	-	-	-	48,095	48,095
Capital Outlay	-	-	-	6,516	47,849	8,047	62,412
Total Disbursements	130,347	81,802	104,886	60,585	162,989	74,625	615,234
Excess of Receipts Over (Under) Disbursements	(14,153)	2,470	39,666	62,715	33,268	(12,994)	110,972
OTHER FINANCING SOURCES (USES)							
Advances In	6,191	-	-	-	-	6,191	12,382
Advances Out	(6,191)	-	-	-	-	(6,191)	(12,382)
Other Financing Sources	3,828	-	-	-	-	-	3,828
Total Other Financing Sources (Uses)	3,828	-	-	-	-	-	3,828
Net Changes in Fund Balances	(10,325)	2,470	39,666	62,715	33,268	(12,994)	114,800
Cash Fund Balances Beginning of Year	211,027	39,217	45,841	123,756	410,140	78,811	908,792
Cash Fund Balances End of Year	\$ 200,702	\$ 41,687	\$ 85,507	\$ 186,471	\$ 443,408	\$ 65,817	\$ 1,023,592

See notes to basic financial statements.

**READING TOWNSHIP
PERRY COUNTY**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND CASH BALANCES
BUDGET AND ACTUAL - BUDGET BASIS
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
CASH RECEIPTS				
Property and Other Local Taxes	\$ 69,500	\$ 69,500	\$ 73,594	\$ 4,094
Licenses, Permits and Fees	2,800	2,800	1,475	(1,325)
Intergovernmental	30,738	30,738	32,118	1,380
Interest	10,000	10,000	8,991	(1,009)
Miscellaneous	-	-	16	16
Total Receipts	<u>113,038</u>	<u>113,038</u>	<u>116,194</u>	<u>3,156</u>
CASH DISBURSEMENTS:				
Current:				
General Government	95,800	107,300	90,805	16,495
Public Works	227,000	213,000	39,242	173,758
Health	500	500	300	200
Conservation-Recreation	-	2,500	-	2,500
Total Disbursements	<u>323,300</u>	<u>323,300</u>	<u>130,347</u>	<u>192,953</u>
Excess of Receipts Over (Under) Disbursements	(210,262)	(210,262)	(14,153)	196,109
OTHER FINANCING SOURCES (USES)				
Advances In	-	-	6,191	6,191
Advances Out	-	-	(6,191)	(6,191)
Other Financing Sources	200	200	3,828	3,628
Total Other Financing Sources (Uses)	<u>200</u>	<u>200</u>	<u>3,828</u>	<u>3,628</u>
Net Change in Fund Balance	(210,062)	(210,062)	(10,325)	199,737
Cash Fund Balances Beginning of Year	<u>211,027</u>	<u>211,027</u>	<u>211,027</u>	<u>-</u>
Cash Fund Balances End of Year	<u>\$ 965</u>	<u>\$ 965</u>	<u>\$ 200,702</u>	<u>\$ 199,737</u>

See notes to basic financial statements.

**READING TOWNSHIP
PERRY COUNTY**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND CASH BALANCES
BUDGET AND ACTUAL - BUDGET BASIS
GASOLINE TAX FUND
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
CASH RECEIPTS				
Intergovernmental	\$ 52,000	\$ 52,000	\$ 84,266	\$ 32,266
Interest	500	500	6	(494)
Total Receipts	52,500	52,500	84,272	31,772
CASH DISBURSEMENTS:				
Current:				
Public Works	90,850	90,850	81,802	9,048
Total Disbursements	90,850	90,850	81,802	9,048
Excess of Receipts Over (Under) Disbursements	(38,350)	(38,350)	2,470	40,820
Cash Fund Balances Beginning of Year	39,217	39,217	39,217	-
Cash Fund Balances End of Year	<u>\$ 867</u>	<u>\$ 867</u>	<u>\$ 41,687</u>	<u>\$ 40,820</u>

See notes to basic financial statements.

**READING TOWNSHIP
PERRY COUNTY**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND CASH BALANCES
BUDGET AND ACTUAL - BUDGET BASIS
ROAD AND BRIDGE FUND
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
CASH RECEIPTS				
Property and Other Local Taxes	\$ 95,000	\$ 95,000	\$ 126,876	\$ 31,876
Intergovernmental	12,000	12,000	17,676	5,676
Total Receipts	107,000	107,000	144,552	37,552
CASH DISBURSEMENTS:				
Current:				
Public Works	151,400	151,400	104,886	46,514
Total Disbursements	151,400	151,400	104,886	46,514
Excess of Receipts Over (Under) Disbursements	(44,400)	(44,400)	39,666	84,066
Cash Fund Balances Beginning of Year	45,841	45,841	45,841	-
Cash Fund Balances End of Year	<u>\$ 1,441</u>	<u>\$ 1,441</u>	<u>\$ 85,507</u>	<u>\$ 84,066</u>

See notes to basic financial statements.

**READING TOWNSHIP
PERRY COUNTY**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND CASH BALANCES
BUDGET AND ACTUAL - BUDGET BASIS
FIRE LEVY FUND
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
CASH RECEIPTS				
Property and Other Local Taxes	\$ 103,000	\$ 103,000	\$ 103,515	\$ 515
Charges for Services	6,500	6,500	6,262	(238)
Intergovernmental	13,550	13,550	13,027	(523)
Miscellaneous	2,000	2,000	496	(1,504)
Total Receipts	<u>125,050</u>	<u>125,050</u>	<u>123,300</u>	<u>(1,750)</u>
CASH DISBURSEMENTS:				
Current:				
Public Safety	91,024	100,903	54,069	46,834
Capital Outlay	150,000	140,121	6,516	133,605
Total Disbursements	<u>241,024</u>	<u>241,024</u>	<u>60,585</u>	<u>180,439</u>
Excess of Receipts Over (Under) Disbursements	(115,974)	(115,974)	62,715	178,689
Cash Fund Balances Beginning of Year	<u>123,756</u>	<u>123,756</u>	<u>123,756</u>	<u>-</u>
Cash Fund Balances End of Year	<u><u>\$ 7,782</u></u>	<u><u>\$ 7,782</u></u>	<u><u>\$ 186,471</u></u>	<u><u>\$ 178,689</u></u>

See notes to basic financial statements.

**READING TOWNSHIP
PERRY COUNTY**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND CASH BALANCES
BUDGET AND ACTUAL - BUDGET BASIS
EMS LEVY FUND
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
CASH RECEIPTS				
Property and Other Local Taxes	\$ 40,250	\$ 40,250	\$ 41,080	\$ 830
Charges for Services	21,200	21,200	140,930	119,730
Intergovernmental	3,500	3,500	13,939	10,439
Miscellaneous	50	50	308	258
Total Receipts	<u>65,000</u>	<u>65,000</u>	<u>196,257</u>	<u>131,257</u>
CASH DISBURSEMENTS:				
Current:				
Public Safety	252,250	252,472	115,140	137,332
Capital Outlay	200,000	200,000	47,849	152,151
Total Disbursements	<u>452,250</u>	<u>452,472</u>	<u>162,989</u>	<u>289,483</u>
Excess of Receipts Over (Under) Disbursements	(387,250)	(387,472)	33,268	420,740
Cash Fund Balances Beginning of Year	<u>410,140</u>	<u>410,140</u>	<u>410,140</u>	<u>-</u>
Cash Fund Balances End of Year	<u><u>\$ 22,890</u></u>	<u><u>\$ 22,668</u></u>	<u><u>\$ 443,408</u></u>	<u><u>\$ 420,740</u></u>

See notes to basic financial statements.

**READING TOWNSHIP
PERRY COUNTY**

**STATEMENT OF NET ASSETS-CASH BASIS
December 31, 2008**

	<u>Governmental Activities</u>
ASSETS:	
Equity in Pooled Cash and Cash Equivalents	<u>\$ 908,792</u>
Total Assets	<u><u>\$ 908,792</u></u>
NET ASSETS:	
Restricted for:	
Capital Projects	\$ 70,949
Other Purposes	626,816
Unrestricted	<u>211,027</u>
Total Net Assets	<u><u>\$ 908,792</u></u>

See notes to basic financial statements.

**READING TOWNSHIP
PERRY COUNTY**

**STATEMENT OF ACTIVITIES-CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2008**

	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Net (Disbursements) Receipts and Changes in Net Assets
Governmental Activities:					
General Government	\$ 82,303	\$ 3,200	\$ -	\$ -	\$ (79,103)
Public Safety	288,994	176,529	125,937	-	13,472
Public Works	287,759	-	108,644	-	(179,115)
Conservation/Recreation	54,975	30,163	-	-	(24,812)
Capital Outlay	24,156	-	-	-	(24,156)
Total Governmental Activities	\$ 738,187	\$ 209,892	\$ 234,581	\$ -	\$ (293,714)

General Receipts:

Property Taxes Levied for:

General Purposes	\$ 332,861
Grants and Entitlements not Restricted to Specific Programs	70,596
Interest	14,504
Miscellaneous	5,803

Total General Receipts 423,764

Change in Net Assets 130,050

Net Assets Beginning of Year **778,742**

Net Assets End of Year **\$ 908,792**

See notes to the basic financial statements.

**READING TOWNSHIP
PERRY COUNTY**

**STATEMENT OF CASH BASIS ASSETS AND FUND BALANCES
GOVERNMENTAL FUNDS
December 31, 2008**

	<u>General</u>	<u>Gas Tax</u>	<u>Road and Bridge</u>	<u>Fire Levy</u>	<u>EMS Levy</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS:							
Equity in Pooled Cash and cash Equivalents	\$ 211,027	\$ 39,217	\$ 45,841	\$ 123,756	\$ 410,140	\$ 78,811	\$ 908,792
Total Assets	<u>\$ 211,027</u>	<u>\$ 39,217</u>	<u>\$ 45,841</u>	<u>\$ 123,756</u>	<u>\$ 410,140</u>	<u>\$ 78,811</u>	<u>\$ 908,792</u>
Fund Balances:							
Unreserved:							
General Fund	\$ 211,027	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 211,027
Special Revenue Funds	-	39,217	45,841	123,756	410,140	7,862	626,816
Capital Projects Funds	-	-	-	-	-	70,949	70,949
Total Fund Balances	<u>\$ 211,027</u>	<u>\$ 39,217</u>	<u>\$ 45,841</u>	<u>\$ 123,756</u>	<u>\$ 410,140</u>	<u>\$ 78,811</u>	<u>\$ 908,792</u>

See notes to basic financial statements.

READING TOWNSHIP
PERRY COUNTY

STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND CASH BALANCES
GOVERNMENTAL FUNDS
December 31, 2008

	General	Gasoline Tax	Road and Bridge	Fire Levy	EMS Levy	Other Governmental Funds	Total Governmental Funds
CASH RECEIPTS							
Property and Other Local Taxes	\$ 70,688	\$ -	\$ 95,379	\$ 103,497	\$ 41,083	\$ 22,214	\$ 332,861
Charges for Services	-	-	-	6,653	169,876	30,163	206,692
Licenses, Permits and Fees	3,200	-	-	-	-	-	3,200
Intergovernmental	34,765	87,468	11,783	139,020	12,941	18,696	304,673
Interest	14,504	459	-	-	-	45	15,008
Miscellaneous	-	-	-	4,318	-	150	4,468
Total Receipts	123,157	87,927	107,162	253,488	223,900	71,268	866,902
CASH DISBURSEMENTS:							
Current:							
General Government	82,303	-	-	-	-	-	82,303
Public Safety	-	-	-	195,915	93,079	-	288,994
Public Works	42,025	108,701	121,168	-	-	15,865	287,759
Conservation/Recreation	1,067	-	-	-	-	53,908	54,975
Capital Outlay	-	-	-	17,845	-	6,311	24,156
Total Disbursements	125,395	108,701	121,168	213,760	93,079	76,084	738,187
Excess of Receipts Over (Under) Disbursements	(2,238)	(20,774)	(14,006)	39,728	130,821	(4,816)	128,715
OTHER FINANCING SOURCES (USES)							
Advances In	3,519	-	-	-	-	3,519	7,038
Advances Out	(3,519)	-	-	-	-	(3,519)	(7,038)
Other Financing Sources	1,335	-	-	-	-	-	1,335
Total Other Financing Sources (Uses)	1,335	-	-	-	-	-	1,335
Net Changes in Fund Balances	(903)	(20,774)	(14,006)	39,728	130,821	(4,816)	130,050
Cash Fund Balances Beginning of Year	211,930	59,991	59,847	84,028	279,319	83,627	778,742
Cash Fund Balances End of Year	\$ 211,027	\$ 39,217	\$ 45,841	\$ 123,756	\$ 410,140	\$ 78,811	\$ 908,792

See notes to basic financial statements.

**READING TOWNSHIP
PERRY COUNTY**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND CASH BALANCES
BUDGET AND ACTUAL - BUDGET BASIS
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
CASH RECEIPTS				
Property and Other Local Taxes	\$ 73,100	\$ 73,100	\$ 70,688	\$ (2,412)
Licenses, Permits and Fees	5,550	5,550	3,200	(2,350)
Intergovernmental	27,467	27,467	34,765	7,298
Interest	500	500	14,504	14,004
Total Receipts	<u>106,617</u>	<u>106,617</u>	<u>123,157</u>	<u>16,540</u>
CASH DISBURSEMENTS:				
Current:				
General Government	110,841	115,691	82,303	33,388
Public Works	155,000	155,000	42,025	112,975
Health	500	500	-	500
Conservation-Recreation	-	1,069	1,067	2
Total Disbursements	<u>266,341</u>	<u>272,260</u>	<u>125,395</u>	<u>146,865</u>
Excess of Receipts Over (Under) Disbursements	(159,724)	(165,643)	(2,238)	163,405
OTHER FINANCING SOURCES (USES)				
Advances In	-	-	3,519	3,519
Advances Out	-	-	(3,519)	(3,519)
Other Financing Sources	200	200	1,335	1,135
Total Other Financing Sources (Uses)	<u>200</u>	<u>200</u>	<u>1,335</u>	<u>1,135</u>
Net Change in Fund Balance	(159,524)	(165,443)	(903)	164,540
Cash Fund Balances Beginning of Year	<u>211,930</u>	<u>211,930</u>	<u>211,930</u>	<u>-</u>
Cash Fund Balances End of Year	<u>\$ 52,406</u>	<u>\$ 46,487</u>	<u>\$ 211,027</u>	<u>\$ 164,540</u>

See notes to basic financial statements.

**READING TOWNSHIP
PERRY COUNTY**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND CASH BALANCES
BUDGET AND ACTUAL - BUDGET BASIS
GASOLINE TAX FUND
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
CASH RECEIPTS				
Intergovernmental	\$ 52,000	\$ 62,300	\$ 87,468	\$ 25,168
Interest	65	65	459	394
Total Receipts	52,065	62,365	87,927	25,562
CASH DISBURSEMENTS:				
Current:				
Public Works	109,400	109,400	108,701	699
Total Disbursements	109,400	109,400	108,701	699
Excess of Receipts Over (Under) Disbursements	(57,335)	(47,035)	(20,774)	26,261
Cash Fund Balances Beginning of Year	59,991	59,991	59,991	-
Cash Fund Balances End of Year	<u>\$ 2,656</u>	<u>\$ 12,956</u>	<u>\$ 39,217</u>	<u>\$ 26,261</u>

See notes to basic financial statements.

**READING TOWNSHIP
PERRY COUNTY**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND CASH BALANCES
BUDGET AND ACTUAL - BUDGET BASIS
ROAD AND BRIDGE FUND
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
CASH RECEIPTS				
Property and Other Local Taxes	\$ 95,774	\$ 95,774	\$ 95,379	\$ (395)
Intergovernmental	10,815	10,815	11,783	968
Total Receipts	106,589	106,589	107,162	573
CASH DISBURSEMENTS:				
Current:				
Public Works	166,150	166,150	121,168	44,982
Total Disbursements	166,150	166,150	121,168	44,982
Excess of Receipts Over (Under) Disbursements	(59,561)	(59,561)	(14,006)	45,555
Cash Fund Balances Beginning of Year	59,847	59,847	59,847	-
Cash Fund Balances End of Year	<u>\$ 286</u>	<u>\$ 286</u>	<u>\$ 45,841</u>	<u>\$ 45,555</u>

See notes to basic financial statements.

**READING TOWNSHIP
PERRY COUNTY**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND CASH BALANCES
BUDGET AND ACTUAL - BUDGET BASIS
FIRE LEVY FUND
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
CASH RECEIPTS				
Property and Other Local Taxes	\$ 97,650	\$ 97,650	\$ 103,497	\$ 5,847
Charges for Services	6,960	24,260	6,653	(17,607)
Intergovernmental	6,550	134,567	139,020	4,453
Miscellaneous	200	200	4,318	4,118
Total Receipts	111,360	256,677	253,488	(3,189)
CASH DISBURSEMENTS:				
Current:				
Public Safety	74,931	250,645	195,915	54,730
Capital Outlay	120,000	22,514	17,845	4,669
Total Disbursements	194,931	273,159	213,760	59,399
Excess of Receipts Over (Under) Disbursements	(83,571)	(16,482)	39,728	56,210
Cash Fund Balances Beginning of Year	84,028	84,028	84,028	-
Cash Fund Balances End of Year	<u>\$ 457</u>	<u>\$ 67,546</u>	<u>\$ 123,756</u>	<u>\$ 56,210</u>

See notes to basic financial statements.

**READING TOWNSHIP
PERRY COUNTY**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND CASH BALANCES
BUDGET AND ACTUAL - BUDGET BASIS
EMS LEVY FUND
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
CASH RECEIPTS				
Property and Other Local Taxes	\$ 47,650	\$ 40,983	\$ 41,083	\$ 100
Charges for Services	21,500	125,165	169,876	44,711
Intergovernmental	2,950	2,950	12,941	9,991
Miscellaneous	50	50	-	(50)
Total Receipts	<u>72,150</u>	<u>169,148</u>	<u>223,900</u>	<u>54,752</u>
CASH DISBURSEMENTS:				
Current:				
Public Safety	228,636	228,636	93,079	135,557
Capital Outlay	120,000	120,000	-	120,000
Total Disbursements	<u>348,636</u>	<u>348,636</u>	<u>93,079</u>	<u>255,557</u>
Excess of Receipts Over (Under) Disbursements	(276,486)	(179,488)	130,821	310,309
Cash Fund Balances Beginning of Year	<u>279,319</u>	<u>279,319</u>	<u>279,319</u>	<u>-</u>
Cash Fund Balances End of Year	<u><u>\$ 2,833</u></u>	<u><u>\$ 99,831</u></u>	<u><u>\$ 410,140</u></u>	<u><u>\$ 310,309</u></u>

See notes to basic financial statements.

**READING TOWNSHIP
PERRY COUNTY**

NOTES TO THE FINANCIAL STATEMENTS

1. DESCRIPTION OF THE REPORTING ENTITY

Reporting Entity

The Township of Reading, Perry County, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Township is directed by a publicly elected three member Board of Trustees and a publicly elected 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.

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, road and bridge maintenance, recreation services, fire protection and emergency medical services.

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.

Reading Township has no component units.

Joint Ventures, Jointly Governed Organizations and Public Entity Risk Pools

A joint venture is a legal entity or other organization that results from a contractual arrangement and that is owned, operated, or governed by two or more participants as a separate and specific activity subject to joint control, in which the participants retain (a) an ongoing financial interest or (b) an ongoing financial responsibility. Under the cash basis of accounting, the Township does not report assets for equity interest in joint ventures.

The Township participates in a public entity risk pool. Note 5 to the financial statements provide additional information for this entity. This organization is: Public Entity Risk Pool: Ohio Township Association Risk Management Authority (OTARMA).

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

**READING TOWNSHIP
PERRY COUNTY**

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. In the government-wide financial statements, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the cash basis of accounting, unless those pronouncements, in which case GASB prevails. Following are more of the Township's accounting policies.

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. The statements distinguish between those activities or the Township that are governmental and those that are considered business-type. Governmental activities generally are financed through taxes, intergovernmental receipts or other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties for goods or service. The Township has no business-type activities.

The statement of net assets present the cash balance 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 programs 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 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 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. Non-major funds are aggregated and presented in a single column.

**READING TOWNSHIP
PERRY COUNTY**

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 one category: governmental.

Governmental Funds

The Township classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other non-exchange transactions as governmental funds. The Township's major governmental funds for 2009 are the General Fund, Gasoline Tax Fund, Road and Bridge Fund, Fire Levy Fund and EMS Levy Fund. The Township's major governmental funds for 2008 are the General Fund, Gasoline Tax Fund, Road and Bridge Fund, Fire Levy Fund and EMS Levy 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 is used for Trustee's salary and for the maintenance and up keep of roads and bridges. The Road and Bridge Fund is used for the maintenance and upkeep of roads and bridges. The Fire Levy Fund is used to account for resources received from property tax money for fire protection services provided to both residents and nonresidents. The EMS Levy Fund is used to account for resources received from property tax money for emergency medical services provided to both residents and nonresidents. The other governmental funds of the Township account for grants and other resources whose use is restricted to a particular purpose.

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. There were no modifications having substantial support.

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

**READING TOWNSHIP
PERRY COUNTY**

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budgetary Process

All funds are legally required to be budgeted and appropriated (except certain agency funds). 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 set limits on disbursements plus encumbrances at the level of control selected by the Township. The legal level of control has been established at the fund, department, and object level for all funds.

The certificate of estimated resources may be amended during the year if projected increases or decreases in receipts are identified by the Township Fiscal Officer. The amounts reported in the original budget 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.

Cash and Investments

To improve cash management, cash received by the Township is deposited into a non-interest bearing checking account, an investor savings account, which earns 0.25 percent interest and two certificates of deposit, which earn 3.20 and 4.17 percent interest, respectively. In 2009 and 2008, interest credited to the General Fund was \$8,991 and \$14,504, respectively.

Restricted Assets

Cash and cash equivalents 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.

**READING TOWNSHIP
PERRY COUNTY**

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.

Employer Contributions to Cost-Sharing Pension Plans

The Township recognizes the disbursement for their employer contributions to cost-sharing pension plans when they are paid. As described in Note 6, the employer contributions include portions for pension benefits and for postretirement health care benefits.

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 another financing source nor capital outlay expenditure are reported at inception. Lease payments are reported when paid.

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 gasoline tax receipts used for the upkeep of Township roads and bridges, road and bridge property taxes used for the upkeep of Township roads and bridges, and road district property taxes used for the upkeep of Township roads.

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.

Fund Balance Reserve

The Township may reserve any portion of fund balances which is not available for appropriation or which is legally segregated for a specific future use. The Township has no reserves as of December 31, 2009 and 2008. Unreserved fund balance indicates that portion of fund balance which is available for appropriation in future periods.

**READING TOWNSHIP
PERRY COUNTY**

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Interfund Transactions

Exchange transactions between funds are reported as cash receipts in the seller funds and as cash disbursements in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular cash disbursements to the funds that initially paid for them are not presented on the financial statements. In the government-wide statements, transfers within governmental activities are eliminated.

3. 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 is prepared on the budgetary basis to provide a meaningful comparisons of actual results with the budget. The differences 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). There were no outstanding encumbrances at year-end for 2009 and 2008.

4. DEPOSITS

Monies held by the Township are classified by State 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, including negotiable order of withdrawal (NOW) accounts.

Inactive deposits are public deposits that the Township has 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:

**READING TOWNSHIP
PERRY COUNTY**

NOTES TO THE FINANCIAL STATEMENTS

4. DEPOSITS (Continued)

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 issuance of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligation 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 obligation 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.

Protection of the Township's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by collateral pledged to the Township by the financial institution, or by a collateral pool established by the financial institution, to secure the repayment of all public monies deposited with the institution. US Bank and Commodore Bank are the financial institutions for Reading Township.

The Township did not have any undeposited cash on hand for 2009 and 2008.

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 the possession of an outside party. At year ended December 31, 2009, \$663,576 of the Township's bank balance of \$1,034,457 was exposed to custodial credit risk because those deposits were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Township's name. At year ended December 31, 2008, \$553,657 of the Township's bank balance of \$920,568 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.

**READING TOWNSHIP
PERRY COUNTY**

NOTES TO THE FINANCIAL STATEMENTS

4. DEPOSITS (Continued)

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.

5. 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. American Risk Pooling Consultants, Inc. (ARPCO), a division of York Insurance Services Group, Inc. (York), functions as the administrator of OTARMA and provides underwriting, claims, loss control, risk management, and reinsurance services for OTARMA. OTARMA is a member of the American Public Entity Excess Pool (APEEP), which is also administered by ARPCO. Member governments pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty and Property Coverage

APEEP provides OTARMA with an excess risk-sharing program. Under this arrangement, OTARMA retains insured risks up to an amount specified in the contracts. At December 31, 2008, OTARMA retained \$350,000 for casualty claims and \$100,000 for property claims.

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.

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

Financial Position

OTARMA's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2008 and 2007, the latest information available.

	2008	2007
Assets	\$ 40,737,740	\$ 43,210,703
Liabilities	(12,981,818)	(13,357,837)
Retained Earnings	\$ 27,755,922	\$ 29,852,866

**READING TOWNSHIP
PERRY COUNTY**

NOTES TO THE FINANCIAL STATEMENTS

5. RISK MANAGEMENT (Continued)

At December 31, 2008 and 2007, respectively, liabilities noted above include approximately \$12.1 million and \$12.5 million of estimated incurred claims payable. The assets and retained earnings above also include approximately \$10.9 million and \$11.6 million of unpaid claims to be billed to approximately 950 member governments in the future, as of December 31, 2008 and 2007, 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 \$30,214. This payable includes the subsequent year's contribution due if the Township terminates participation, as described in the last paragraph.

Based on discussion 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 Townships contributions to OTARMA for the past three years are as follows:

<u>Contributions to OTARMA</u>		
2009	\$	15,107
2008	\$	16,200
2007	\$	17,435

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.

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.

**READING TOWNSHIP
PERRY COUNTY**

NOTES TO THE FINANCIAL STATEMENTS

6. DEFINED BENEFIT PENSION PLAN

Ohio Public Employees Retirement System

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

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

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

For the years ended December 31, 2009 and 2008, the members in the traditional plan, were required to contribute 10.0 percent, respectively, of their annual covered salaries. The Township's contribution rate for pension benefits for 2009 and 2008 was 14.00 percent. The Ohio Revised Code provides statutory authority for member and employer contributions.

The Township's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2009, 2008, and 2007 were \$16,968, \$16,948, and \$14,428, respectively. The full amount has been contributed for 2009, 2008 and 2007. Contributions to the member-directed plan for 2009 were \$16,968 made by the Township and \$12,120 made by the plan members.

**READING TOWNSHIP
PERRY COUNTY**

NOTES TO THE FINANCIAL STATEMENTS

6. DEFINED BENEFIT PENSION PLAN (Continued)

Post Employment Benefits

Ohio Public Employees Retirement System

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Health care coverage for disability recipients and primary survivor recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postretirement health care based on authority granted by State Statute. The portion of employer contributions for all employers, allocated to health care was 7.0% from January 1, 2009 through March 31, 2009 and 5.5% from April 1, 2009 through December 31, 2009.

Benefits are advance-funded using the entry age normal actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as December 31, 2008, include a rate of return on investments of 6.5 percent, an annual increase in active employee total payroll of 4 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .5 percent and 6.3 percent based on additional annual pay increases. Health care premiums were assumed to increase between .50 percent and 3 percent annually for the next six years and 4 percent annually after seven years.

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

The number of active contributing participants in the traditional and combined plans was 357,584. Actual employer contributions for 2009 and 2008 which were used to fund postemployment benefits were \$7,575 and \$7,264, respectively. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2008, (the latest information available) were \$10.7 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$29.6 billion and \$18.9 billion, respectively.

On September 9, 2004, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. Member and employer contribution rates for state and local employers increased on January 1, of each year from 2006 to 2008. These rate increases allowed additional funds to be allocated to the health care plan.

**READING TOWNSHIP
PERRY COUNTY**

NOTES TO THE FINANCIAL STATEMENTS

7. PROPERTY TAXES

Property taxes include amounts levied against all real property, public utility property, and tangible personal property located in the Township. Real property tax receipts received in 2009 represent the collection of 2008 taxes. Real property taxes received in 2009 were levied after October 1, 2008, on the assessed values as of January 1, 2008, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstance, State statute permits alternate payment dates to be established.

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

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

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

The full tax rate for all Township operations for the year ended December 31, 2009, was \$6.50 per \$1,000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which 2009 property tax receipts were based are as follows:

Real Property	
Residential	\$ 36,011,680
Agriculture	13,805,100
Commercial/Industrial/Mineral	723,340
Public Utility Property	
Personal	<u>13,329,450</u>
Total Assessed Value	<u><u>\$ 63,869,570</u></u>

8. COMPLIANCE AND ACCOUNTABILITY

Contrary to ORC Section 5705.36, in 2009 and 2008, the Township had funds in which appropriations were greater than unencumbered balance plus actual receipts which should have resulted in getting a new certificate of estimated resources.

Contrary to Ohio Revised Code Section 5705.39, in 2008 the Township had one fund that was appropriated more than estimated resources.

Contrary to Ohio Revised Code Section 5705.41(D), in 2009 and 2008 the Township had fiscal certificates that were dated after invoices.

**WOLFE, WILSON, & PHILLIPS, INC.
37 SOUTH SEVENTH STREET
ZANESVILLE, OHIO 43701**

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

Reading Township
Perry County
1790 Big Inch Road
P.O. Box 369
Somerset, Ohio 43783

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Reading Township, Perry County, Ohio, as of and for the years ended December 31, 2009 and 2008, and have issued our report thereon dated April 21, 2010, wherein we noted the Township followed the cash basis of accounting, a comprehensive accounting basis other than accounting principles generally accepted in the United States of America. 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 *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Reading Township's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Township's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Township's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purposes described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, 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 have reported to management in a separate letter dated April 21, 2010.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Reading Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters, noncompliance with which could have a direct and material effect on 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 such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that we must report under *Government Auditing Standard*.

We noted certain immaterial instances of noncompliance that we have reported to the management of Reading Township in a separate letter dated April 21, 2010.

This report is intended solely for the information and use of the Township's management, fiscal officer, and Auditor of State, and is not intended to be and should not be used by anyone other than these specified parties.

Wolfe, Wilson, & Phillips, Inc.
Zanesville, Ohio
April 21, 2010



Mary Taylor, CPA
Auditor of State

READING TOWNSHIP

PERRY 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
JULY 13, 2010