



**REILY TOWNSHIP
BUTLER COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 1999-1998



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**REILY TOWNSHIP
TABLE OF CONTENTS**

TITLE	PAGE
Report of Independent Accountants	1
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Governmental Fund Types – For the Year Ended December 31, 1999	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – Nonexpendable Trust Fund – For the Year Ended December 31, 1999	4
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Governmental Fund Types – For the Year Ended December 31, 1998	5
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – Nonexpendable Trust Fund – For the Year Ended December 31, 1998	6
Notes to the Financial Statements	7
Report of Independent Accountants on Compliance and on Internal Control Required by <i>Government Auditing Standards</i>	13

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REPORT OF INDEPENDENT ACCOUNTANTS

Reily Township
Butler County
6937 Imhoff Road
Oxford, Ohio 45056

To the Board of Trustees:

We have audited the accompanying financial statements of Reily Township, Butler County, Ohio (the Township), as of and for the years ended December 31, 1999 and 1998. 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 generally accepted auditing standards 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 1, the Township prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Township as of December 31, 1999 and 1998, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 18, 2000 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 grants.

This report is intended solely for the information and use of management, the Board and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Jim Petro".

Jim Petro
Auditor of State

August 18, 2000

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REILY TOWNSHIP
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES -
FOR THE YEAR ENDED DECEMBER 31, 1999

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts:				
Property Taxes	\$59,065	\$146,175	\$25,399	\$230,639
Intergovernmental Receipts	215,308	95,027	0	310,335
Licenses, Permits and Fees	3,024	2,297	0	5,321
Earnings on Investments	9,914	297	0	10,211
Miscellaneous	13,903	38,439	0	52,342
	<u>301,214</u>	<u>282,235</u>	<u>25,399</u>	<u>608,848</u>
Total Cash Receipts				
Cash Disbursements:				
Current:				
General Government	79,389	0	0	79,389
Public Safety	3,953	63,543	0	67,496
Public Works	114,541	150,244	0	264,785
Health	1,254	3,437	0	4,691
Debt Service:				
Principal Payments	0	0	46,667	46,667
Interest Payments	0	0	2,492	2,492
Capital Outlay	3,000	8,831	0	11,831
	<u>202,137</u>	<u>226,055</u>	<u>49,159</u>	<u>477,351</u>
Total Disbursements				
Total Receipts Over/(Under) Disbursements	<u>99,077</u>	<u>56,180</u>	<u>(23,760)</u>	<u>131,497</u>
Other Financing Receipts/(Disbursements):				
Transfers-In	0	0	23,653	23,653
Transfers-Out	(23,653)	0	0	(23,653)
Other Financing Sources	36	0	0	36
	<u>(23,617)</u>	<u>0</u>	<u>23,653</u>	<u>36</u>
Total Other Financing Receipts/(Disbursements)				
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	75,460	56,180	(107)	131,533
Fund Cash Balances January 1	<u>131,626</u>	<u>61,612</u>	<u>107</u>	<u>193,345</u>
Fund Cash Balances, December 31	<u>\$207,086</u>	<u>\$117,792</u>	<u>\$0</u>	<u>\$324,878</u>
Reserves for Encumbrances, December 31	<u>\$0</u>	<u>\$3,663</u>	<u>\$0</u>	<u>\$0</u>

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

**REILY TOWNSHIP
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - NON EXPENDABLE TRUST FUND -
FOR THE YEAR ENDED DECEMBER 31, 1999**

Operating Cash Receipts:	
Total Operating Cash Receipts	<u> \$0</u>
Operating Cash Disbursements:	
Total Operating Cash Disbursements	<u> 0</u>
Operating Income/(Loss)	<u> 0</u>
Net Receipts Over/(Under) Disbursements	0
Fund Cash Balances, January 1	<u> 1,862</u>
Fund Cash Balances, December 31	<u> 1,862</u>

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

REILY TOWNSHIP
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES -
FOR THE YEAR ENDED DECEMBER 31, 1998

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts:				
Property Taxes	\$56,747	\$73,317	\$26,600	\$156,664
Intergovernmental Receipts	158,526	82,316	0	240,842
Licenses, Permits and Fees	600	2,338	0	2,938
Earnings on Investments	8,009	301	0	8,310
Miscellaneous	16,755	15,421	0	32,176
	<u>240,637</u>	<u>173,693</u>	<u>26,600</u>	<u>440,930</u>
Total Cash Receipts				
Cash Disbursements:				
Current:				
General Government	85,206	0	0	85,206
Public Safety	14,837	25,733	0	40,570
Public Works	92,706	119,392	0	212,098
Health	1,287	531	0	1,818
Debt Service:				
Principal Payments	0	0	23,333	23,333
Interest Payments	0	0	3,516	3,516
Capital Outlay	99,790	9,024	0	108,814
	<u>293,826</u>	<u>154,680</u>	<u>26,849</u>	<u>475,355</u>
Total Disbursements				
Total Receipts Over/(Under) Disbursements	<u>(53,189)</u>	<u>19,013</u>	<u>(249)</u>	<u>(34,425)</u>
Other Financing Receipts/(Disbursements):				
Other Financing Sources	<u>7,648</u>	<u>0</u>	<u>0</u>	<u>7,648</u>
Total Other Financing Receipts/(Disbursements)	<u>7,648</u>	<u>0</u>	<u>0</u>	<u>7,648</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(45,541)	19,013	(249)	(26,777)
Fund Cash Balances January 1	<u>177,167</u>	<u>42,599</u>	<u>356</u>	<u>220,122</u>
Fund Cash Balances, December 31	<u>\$131,626</u>	<u>\$61,612</u>	<u>\$107</u>	<u>\$193,345</u>
Reserves for Encumbrances, December 31	<u>\$334</u>	<u>\$399</u>	<u>\$0</u>	<u>\$0</u>

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

**REILY TOWNSHIP
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - NONEXPENDABLE TRUST FUND -
FOR THE YEAR ENDED DECEMBER 31, 1998**

Operating Cash Receipts:	
Total Operating Cash Receipts	<u> \$0</u>
Operating Cash Disbursements:	
Total Operating Cash Disbursements	<u> 0</u>
Operating Income/(Loss)	<u> 0</u>
Net Receipts Over/(Under) Disbursements	0
Fund Cash Balances, January 1	<u> 1,862</u>
Fund Cash Balances, December 31	<u> 1,862</u>

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

**REILY TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Reily Township, Butler County, Ohio (the Township), is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Township is directed by a publicly-elected, three-member Board of Trustees. The Township provides general governmental services, including road and bridge maintenance, cemetery maintenance, and fire protection.

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

B. Basis of Accounting

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized 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 prescribed or permitted by the Auditor of State.

C. Cash and Deposits

Certificates of deposit, are valued at cost.

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 is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

2. Special Revenue Funds

These funds are used to account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. The Township had the following significant Special Revenue Funds:

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

Gasoline Tax Fund - This fund receives gasoline tax money to pay for constructing, maintaining and repairing Township roads.

REILY TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)

3. Debt Service Funds

The Debt Service Fund is used to accumulate resources for the payment of bonds and note indebtedness. The Township had the following significant Debt Service Fund:

Bond Retirement Fund - This fund receives property tax receipts to pay for a fire truck loan.

4. Fiduciary Funds (Nonexpendable Trust Fund)

This fund is used to account for resources restricted by a legally binding trust agreement. The trust agreement requires the Township to maintain the corpus of the trust; therefore, the fund is classified as a Nonexpendable Trust Fund.

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. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year-end.

2. Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1. The County Budget Commission must also 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 carried over, and need not be re-appropriated.

A summary of 1999 and 1998 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

G. Unpaid Vacation and Sick Leave

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the basis of accounting used by the Township.

REILY TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)

2. EQUITY IN POOLED CASH AND DEPOSITS

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

	<u>1999</u>	<u>1998</u>
Certificates of Deposit	\$252,545	\$113,322
Demand Deposit	<u>74,195</u>	<u>81,885</u>
Total deposits	<u><u>\$326,740</u></u>	<u><u>\$195,207</u></u>

Deposits

Deposits are either 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, 1999 and 1998 follows:

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$290,320	\$301,250	\$10,930
Special Revenue	230,199	282,235	52,036
Debt Service	<u>49,653</u>	<u>49,052</u>	<u>(601)</u>
Total	<u><u>\$570,172</u></u>	<u><u>\$632,537</u></u>	<u><u>\$62,365</u></u>

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$421,946	\$225,790	\$196,156
Special Revenue	293,674	229,718	63,956
Debt Service	<u>49,206</u>	<u>49,159</u>	<u>47</u>
Total	<u><u>\$764,826</u></u>	<u><u>\$504,667</u></u>	<u><u>\$260,159</u></u>

1998 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$290,320	\$248,285	(\$ 42,035)
Special Revenue	230,198	173,693	(56,505)
Debt Service	<u>49,654</u>	<u>26,600</u>	<u>(23,054)</u>
Total	<u><u>\$570,172</u></u>	<u><u>\$448,578</u></u>	<u><u>(\$121,594)</u></u>

**REILY TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

1998 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$421,946	\$294,160	\$127,786
Special Revenue	293,674	155,080	138,594
Debt Service	49,206	26,849	22,357
Total	\$764,826	\$476,089	\$288,737

4. PROPERTY TAX

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

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.

5. DEBT

The Township had no outstanding Debt at December 31, 1999.

6. RETIREMENT SYSTEMS

The Township's employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plans. These plans provide retirement benefits, including post-retirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. PERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries. The Township has paid all contributions required through December 31, 1999.

7. RISK MANAGEMENT

The Township is a member of the Ohio Township Association Risk Management Association. The Ohio Township Association Risk Management Association assumes the risk of loss up to the limits of the Township's policy.

REILY TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)

7. RISK MANAGEMENT (Continued)

The following risks are covered by the policy:

- General liability and casualty
- Public official's liability
- Vehicle

The Township also provides health insurance and dental and vision coverage to full-time employees through a private carrier.

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**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND ON
INTERNAL CONTROL REQUIRED BY *GOVERNMENT AUDITING STANDARDS***

Reily Township
Butler County
6937 Imhoff Road
Oxford, Ohio 45056

To the Board of Trustees:

We have audited the accompanying financial statements of Reily Township, Butler County, Ohio (the Township), as of and for the years ended December 31, 1999 and 1998, and have issued our report thereon dated August 18, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on 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 that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to the management of the Township in a separate letter dated August 18, 2000.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Township's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to the management of the Township in a separate letter dated August 18, 2000.

This report is intended for the information and use of management and the Board of Trustees, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Jim Petro", with a large, sweeping flourish at the end.

Jim Petro
Auditor of State

August 18, 2000



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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REILY TOWNSHIP

BUTLER 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 12, 2000**