

**READING TOWNSHIP
PERRY COUNTY**

AUDIT REPORT

JANUARY 1, 2004 – DECEMBER 31, 2005

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



**Auditor of State
Betty Montgomery**

Board of Trustees
Reading Township
P.O. Box 36
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, 2004 through December 31, 2005. 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.

A handwritten signature in cursive script that reads "Betty Montgomery".

BETTY MONTGOMERY
Auditor of State

June 8, 2006

This Page is Intentionally Left Blank.

**READING TOWNSHIP
PERRY COUNTY**

TABLE OF CONTENTS

<u>Title</u>	<u>Page</u>
Independent Auditors' Report.....	1
Management Discussion and Analysis.....	2
Government-wide Financial Statements:	
Statement of Nets Assets Year Ended December 31, 2005.....	7
Statement of Activities Year ended December 31, 2005.....	8
Fund Financial Statements:	
Governmental Funds	
Statement of Cash Basis Assets and Fund Balances, Year Ended December 31, 2005.....	9
Statement of Cash Receipts, Disbursements and Changes in Fund Cash Balance Year Ended December 31, 2005.....	10
Statement of Cash Receipts, Disbursements and Changes in Fund Cash Balances- Budget and Actual (Non-GAAP Budgetary Basis) - General Fund, Year Ended December 31, 2005.....	11
Statement of Cash Receipts, Disbursements and Changes in Fund Cash Balances- Budget and Actual (Non-GAAP Budgetary Basis) - Road and Bridge Fund, Year Ended December 31, 2005.....	12
Statement of Cash Receipts, Disbursements and Changes in Fund Cash Balances- Budget and Actual (Non-GAAP Budgetary Basis) - Fire Levy Fund, Year Ended December 31, 2005.....	13
Statement of Cash Receipts, Disbursements and Changes in Fund Cash Balances- Budget and Actual (Non-GAAP Budgetary Basis) - EMS Levy Fund, Year Ended December 31, 2005.....	14
Government-wide Financial Statements:	
Statement of Nets Assets Year Ended December 31, 2004.....	15
Statement of Activities Year ended December 31, 2004.....	16
Fund Financial Statements:	
Governmental Funds	
Statement of Cash Basis Assets and Fund Balances, Year Ended December 31, 2004.....	17
Statement of Cash Receipts, Disbursements and Changes in Fund Cash Balance Year Ended December 31, 2004.....	18
Statement of Cash Receipts, Disbursements and Changes in Fund Cash Balances- Budget and Actual (Non-GAAP Budgetary Basis) - General Fund, Year Ended December 31, 2004.....	19
Statement of Cash Receipts, Disbursements and Changes in Fund Cash Balances- Budget and Actual (Non-GAAP Budgetary Basis) - Gasoline Tax Fund, Year Ended December 31, 2004.....	20
Statement of Cash Receipts, Disbursements and Changes in Fund Cash Balances- Budget and Actual (Non-GAAP Budgetary Basis) - Road and Bridge Fund, Year Ended December 31, 2004.....	21
Statement of Cash Receipts, Disbursements and Changes in Fund Cash Balances- Budget and Actual (Non-GAAP Budgetary Basis) - Fire Levy Fund, Year Ended December 31, 2004.....	22
Statement of Cash Receipts, Disbursements and Changes in Fund Cash Balances- Budget and Actual (Non-GAAP Budgetary Basis) - EMS Levy Fund, Year Ended December 31, 2004.....	23
Statement of Cash Receipts, Disbursements and Changes in Fund Cash Balances- Budget and Actual (Non-GAAP Budgetary Basis) - Permanent Improvement Fund, Year Ended December 31, 2004.....	24
Notes to the Financial Statements.....	25
Independent Auditors' Report on Compliance and on Internal Control Over Financial Reporting based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards.....	35
Schedule of Findings.....	36

This Page is Intentionally Left Blank.

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

INDEPENDENT AUDITORS' REPORT

Reading Township
Perry County
P.O. Box 369
1790 Big Inch Road
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, 2005 and 2004, 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, 2005 and 2004, 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, EMS Levy Fund, and the Permanent Improvement 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 May 1, 2006, 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
May 1, 2006

**READING TOWNSHIP, PERRY COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004
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, 2005 and 2004, 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 2005 and 2004 are as follows:

The Township's general receipts are primarily real estate and property taxes for governmental activities for the year. Tax receipts for 2005 were somewhat higher compared to 2004, due to a levy passage in the 2004 November general election.

Work to replace the pump room of the swimming pool began in 2005 and although we still have much to accomplish, the pump room upgrades are complete and were paid out of the Permanent Improvement Fund.

We once again sealed all Township roads with oil and gravel. This project is completed each year and accounts for a large portion of the expenses for the Road and Bridge Fund. We have one full time employee and one employee, which we utilize on an as needed basis, i.e.: winter weather and sealing the roads.

The EMS department blacktopped the drive and parking lot of their facility in 2005 and received grant dollars for training purposes. This department receives revenue from insurance billing for runs. They are budgeting for the possibility that we may need to put on part time employees to maintain the coverage of our area in the daytime hours.

The Fire Department received grant dollars for new turn out gear and again grant dollars for a tanker. They also put \$175,000 down on the purchase of a pumper, which we have been budgeting for the past three years. It will be completed and delivered in 2006. The fire department was successful in passing a levy for public safety in 2004, which will increase their revenue by approximately \$40,000 per year.

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.

**READING TOWNSHIP, PERRY COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004
UNAUDITED**

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.

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 2005 and 2004 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.

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.

**READING TOWNSHIP, PERRY COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004
UNAUDITED**

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 nonmajor funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The Township's major governmental funds for 2005 are the General Fund, Road and Bridge Fund, Fire Levy Fund, and the EMS Levy Fund. In 2004 the major funds are the General Fund, Gasoline Tax Fund, Road and Bridge Fund, Fire Levy Fund, EMS Levy Fund, and the Permanent Improvement 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 2005 compared to 2004 on the cash basis:

Table 1
NET ASSETS

	Governmental Activities	
	2005	2004
Assets		
Cash	\$ 726,593	\$ 646,256
Total Assets	726,593	646,256
Net Assets		
Restricted for:		
Capital Projects	133,034	108,194
Other Purposes	443,035	461,983
Unrestricted	150,524	76,079
Total Net Assets	\$ 726,593	\$ 646,256

**READING TOWNSHIP, PERRY COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004
UNAUDITED**

Table 2 reflects the changes in net assets in 2005 and 2004

Table 2
CHANGES IN NET ASSETS

	Governmental Activities	
	2005	2004
Receipts:		
Program Receipts:		
Charges for Services	\$ 138,178	137,547
Operating Grants	95,348	83,947
Capital Grants	206,233	-
Total Program Receipts	439,759	221,494
General Receipts;		
Property and Other Tax	375,749	325,099
Grants and Entitlements not Restricted	137,452	75,748
Interest	18,036	395
Miscellaneous	1,692	2,889
Total General Receipts	532,929	404,131
Total Receipts	972,688	625,625
Disbursements:		
General Government	71,673	72,913
Public Safety	197,161	120,689
Public Works	207,670	196,417
Health	-	1,350
Conservation- Recreation	45,258	52,011
Capital Outlay	370,589	176,619
Total Disbursements	892,351	619,999
Increase/(Decrease) In Net Assets	80,337	5,626
Net Assets, January 1	646,256	640,630
Net Assets, December 31	\$ 726,593	\$ 646,256

Program receipts represent 46% and 35% of total receipts for 2005 and 2004, respectively. They are primarily comprised of restricted intergovernmental receipts such as motor vehicle license and gas tax money.

General receipts represent 54% and 65% of the Township's total receipts for 2005 and 2004, respectively. Local taxes represent 71% and 76% 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, 2005 AND 2004
UNAUDITED**

The Government's Funds

Total governmental funds had receipts of \$972,688 and \$625,625 for 2005 and 2004 and disbursements of \$892,351 and \$619,999 for 2005 and 2004, 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 2005 and 2004, the Township made amendments to its appropriation budget and receipts budget to reflect changing circumstances. In 2005 final budgeted receipts were increased to due to receiving FEMA grants for flooding. For both 2005 and 2004, actual receipts were greater than budgeted receipts.

Final budgeted disbursements for 2005 and 2004 were \$152,233 and \$180,702, respectively. Actual disbursements for 2005 and 2004 were \$101,842 and \$123,683, respectively. The Township kept spending close to budgeted amounts.

Debt Administration

As of December 31, 2005, 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, P.O. Box 369, 1790 Big Inch Road, Somerset, Ohio 43783.

**READING TOWNSHIP
PERRY COUNTY**

**STATEMENT OF NET ASSETS-CASH BASIS
December 31, 2005**

	<u>Governmental Activities</u>
ASSETS:	
Equity in Pooled Cash and Cash Equivalents	<u>\$ 726,593</u>
Total Assets	<u>\$ 726,593</u>
NET ASSETS:	
Restricted for:	
Capital Projects	133,034
Other Purposes	443,035
Unrestricted	<u>150,524</u>
Total Net Assets	<u><u>\$ 726,593</u></u>

See notes to basic financial statements.

**READING TOWNSHIP
PERRY COUNTY**

**STATEMENT OF ACTIVITIES-CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2005**

	<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	\$ 71,673	\$ -	\$ -	\$ -	\$ (71,673)
Public Safety	197,161	109,341	-	206,233	118,413
Public Works	207,670	-	95,348	-	(112,322)
Conservation-Recreation	45,258	22,387	-	-	(22,871)
Other	-	6,450	-	-	6,450
Capital Outlay	370,589	-	-	-	(370,589)
Total Governmental Activities	<u>\$ 892,351</u>	<u>\$ 138,178</u>	<u>\$ 95,348</u>	<u>\$ 206,233</u>	<u>\$ (452,592)</u>

General Receipts:

Property Taxes Levied for:	
General Purposes	375,749
Grants and Entitlements not	
Restricted to Specific Programs	137,452
Interest	18,036
Miscellaneous	1,692
	<u>532,929</u>
Total General Receipts	<u>532,929</u>
Change in Net Assets	80,337
Net Assets Beginning of Year	<u>646,256</u>
Net Assets End of Year	<u>\$ 726,593</u>

See notes to the basic financial statements.

**READING TOWNSHIP
PERRY COUNTY**

**STATEMENT OF CASH BASIS ASSETS AND FUND BALANCES
GOVERNMENTAL FUNDS-CASH BASIS
December 31, 2005**

	<u>General</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	\$ 150,524	\$ 35,165	\$ 97,637	\$ 256,951	\$ 186,316	\$ 726,593
Total Assets	<u>\$ 150,524</u>	<u>\$ 35,165</u>	<u>\$ 97,637</u>	<u>\$ 256,951</u>	<u>\$ 186,316</u>	<u>\$ 726,593</u>
Fund Balances:						
Unreserved:						
General Fund	150,524	-	-	-	-	150,524
Special Revenue	-	35,165	97,637	256,951	53,282	443,035
Capital Projects	-	-	-	-	133,034	133,034
Total Fund Balances	<u>\$ 150,524</u>	<u>\$ 35,165</u>	<u>\$ 97,637</u>	<u>\$ 256,951</u>	<u>\$ 186,316</u>	<u>\$ 726,593</u>

See notes to basic financial statements.

**READING TOWNSHIP
PERRY COUNTY**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND CASH BALANCES
GOVERNMENTAL FUNDS-CASH BASIS
December 31, 2005**

	<u>General</u>	<u>Road and Bridge</u>	<u>Fire Levy</u>	<u>EMS Levy</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
CASH RECEIPTS						
Property and Other Local Taxes	\$ 59,396	\$ 84,630	\$ 116,142	\$ 40,281	\$ 75,300	\$ 375,749
Charges for Services	-	-	7,294	102,047	22,388	131,729
Licenses, Permits and Fees	6,450	-	-	-	-	6,450
Intergovernmental	91,239	13,168	222,609	8,923	103,093	439,032
Interest	17,764	-	-	-	272	18,036
Other	1,030	-	550	-	4	1,584
Total Receipts	<u>175,879</u>	<u>97,798</u>	<u>346,595</u>	<u>151,251</u>	<u>201,057</u>	<u>972,580</u>
CASH DISBURSEMENTS:						
Current:						
General Government	70,719	-	477	477	-	71,673
Public Safety	-	-	103,922	93,239	-	197,161
Public Works	30,391	91,650	-	-	85,629	207,670
Conservation-Recreation	732	-	-	-	44,526	45,258
Capital Outlay	-	-	332,079	-	38,510	370,589
Total Disbursements	<u>101,842</u>	<u>91,650</u>	<u>436,478</u>	<u>93,716</u>	<u>168,665</u>	<u>892,351</u>
Excess of Receipts Over (Under) Disbursements	74,037	6,148	(89,883)	57,535	32,392	80,229
Other Financing Sources (Uses)						
Advances In	13,635	-	-	-	13,335	26,970
Advances Out	(13,335)	-	-	-	(13,635)	(26,970)
Other Financing Sources	108	-	-	-	-	108
Total Other Financing Sources (Uses)	<u>408</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(300)</u>	<u>108</u>
Net Change in Fund Balances	74,445	6,148	(89,883)	57,535	32,092	80,337
Cash Fund Balances Beginning of Year	<u>76,079</u>	<u>29,017</u>	<u>187,520</u>	<u>199,416</u>	<u>154,224</u>	<u>646,256</u>
Cash Fund Balances End of Year	<u>\$ 150,524</u>	<u>\$ 35,165</u>	<u>\$ 97,637</u>	<u>\$ 256,951</u>	<u>\$ 186,316</u>	<u>\$ 726,593</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
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2005**

	<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	\$ 49,410	\$ 49,410	\$ 59,396	\$ 9,986
Licenses, Permits and Fees	5,500	5,500	6,450	950
Intergovernmental	28,140	28,140	91,239	63,099
Interest	500	500	17,764	17,264
Other	50	50	1,030	980
Total Receipts	<u>83,600</u>	<u>83,600</u>	<u>175,879</u>	<u>92,279</u>
CASH DISBURSEMENTS:				
Current:				
General Government	90,734	89,704	70,719	18,985
Public Works	60,000	60,297	30,391	29,906
Health	1,500	1,500	-	1,500
Conservation-Recreation	-	732	732	-
Total Disbursements	<u>152,234</u>	<u>152,233</u>	<u>101,842</u>	<u>50,391</u>
Excess of Receipts Over (Under) Disbursements	(68,634)	(68,633)	74,037	142,670
Other Financing Sources (Uses)				
Advances In	-	-	13,635	13,635
Advances Out	-	-	(13,335)	(13,335)
Other Financing Sources	200	200	108	(92)
Total Other Financing Sources (Uses)	<u>200</u>	<u>200</u>	<u>408</u>	<u>208</u>
Net Change in Fund Balances	(68,434)	(68,433)	74,445	142,878
Cash Fund Balances Beginning of Year	<u>76,079</u>	<u>76,079</u>	<u>76,079</u>	<u>-</u>
Cash Fund Balances End of Year	<u>\$ 7,645</u>	<u>\$ 7,646</u>	<u>\$ 150,524</u>	<u>\$ 142,878</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, 2005**

	<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	\$ 74,160	\$ 74,160	\$ 84,630	\$ 10,470
Intergovernmental	9,270	9,270	13,168	3,898
Total Receipts	<u>83,430</u>	<u>83,430</u>	<u>97,798</u>	<u>14,368</u>
CASH DISBURSEMENTS:				
Current:				
Public Works	111,000	111,000	91,650	19,350
Total Disbursements	<u>111,000</u>	<u>111,000</u>	<u>91,650</u>	<u>19,350</u>
Excess of Receipts Over (Under) Disbursements	(27,570)	(27,570)	6,148	33,718
Cash Fund Balances Beginning of Year	<u>29,017</u>	<u>29,017</u>	<u>29,017</u>	<u>-</u>
Cash Fund Balances End of Year	<u>\$ 1,447</u>	<u>\$ 1,447</u>	<u>\$ 35,165</u>	<u>\$ 33,718</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, 2005**

	<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	\$ 76,000	\$ 76,000	\$ 116,142	\$ 40,142
Charges for Services	6,000	6,000	7,294	1,294
Intergovernmental	6,000	212,233	222,609	10,376
Miscellaneous	210	210	550	340
Total Receipts	<u>88,210</u>	<u>294,443</u>	<u>346,595</u>	<u>52,152</u>
CASH DISBURSEMENTS:				
Current:				
General Government	-	636	477	159
Public Safety	42,119	111,041	103,922	7,119
Capital Outlay	231,680	369,170	332,079	37,091
Total Disbursements	<u>273,799</u>	<u>480,847</u>	<u>436,478</u>	<u>44,369</u>
Excess of Receipts Over (Under) Disbursements	(185,589)	(186,404)	(89,883)	96,521
Cash Fund Balances Beginning of Year	<u>187,520</u>	<u>187,520</u>	<u>187,520</u>	<u>-</u>
Cash Fund Balances End of Year	<u>\$ 1,931</u>	<u>\$ 1,116</u>	<u>\$ 97,637</u>	<u>\$ 96,521</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, 2005**

	<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	\$ 34,500	\$ 34,500	\$ 40,281	\$ 5,781
Charges for Services	21,500	21,500	102,047	80,547
Intergovernmental	2,500	2,500	8,923	6,423
Miscellaneous	500	500	-	(500)
Total Receipts	<u>59,000</u>	<u>59,000</u>	<u>151,251</u>	<u>92,251</u>
CASH DISBURSEMENTS:				
Current:				
General Government	-	636	477	159
Public Safety	257,354	256,718	93,239	163,479
Total Disbursements	<u>257,354</u>	<u>257,354</u>	<u>93,716</u>	<u>163,638</u>
Excess of Receipts Over (Under) Disbursements	(198,354)	(198,354)	57,535	255,889
Cash Fund Balances Beginning of Year	<u>199,416</u>	<u>199,416</u>	<u>199,416</u>	<u>-</u>
Cash Fund Balances End of Year	<u>\$ 1,062</u>	<u>\$ 1,062</u>	<u>\$ 256,951</u>	<u>\$ 255,889</u>

See notes to basic financial statements.

**READING TOWNSHIP
PERRY COUNTY**

**STATEMENT OF NET ASSETS-CASH BASIS
December 31, 2004**

	<u>Governmental Activities</u>
ASSETS:	
Equity in Pooled Cash and Cash Equivalents	<u>\$ 646,256</u>
Total Assets	<u>\$ 646,256</u>
NET ASSETS:	
Restricted for:	
Capital Projects	108,194
Other Purposes	461,983
Unrestricted	<u>76,079</u>
Total Net Assets	<u><u>\$ 646,256</u></u>

See notes to basic financial statements.

**READING TOWNSHIP
PERRY COUNTY**

**STATEMENT OF ACTIVITIES-CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2004**

	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	\$ 72,913	\$ -	\$ -	\$ -	\$ (72,913)
Public Safety	120,689	108,657	-	-	(12,032)
Public Works	196,417	-	83,947	-	(112,470)
Health	1,350	-	-	-	(1,350)
Conservation-Recreation	52,011	23,680	-	-	(28,331)
Other	-	5,210	-	-	5,210
Capital Outlay	176,619	-	-	-	(176,619)
	\$ 619,999	\$ 137,547	\$ 83,947	\$ -	\$ (398,505)
Total Governmental Activities	\$ 619,999	\$ 137,547	\$ 83,947	\$ -	\$ (398,505)

General Receipts:

Property Taxes Levied for:	
General Purposes	325,099
Grants and Entitlements not	
Restricted to Specific Programs	75,748
Interest	395
Miscellaneous	2,889
	404,131
Total General Receipts	404,131
Change in Net Assets	5,626
Net Assets Beginning of Year	640,630
Net Assets End of Year	\$ 646,256

See notes to the basic financial statements.

READING TOWNSHIP
PERRY COUNTY

STATEMENT OF CASH BASIS ASSETS AND FUND BALANCES
GOVERNMENTAL FUNDS-CASH BASIS
December 31, 2004

	<u>General</u>	<u>Gasoline Tax</u>	<u>Road and Bridge</u>	<u>Fire Levy</u>	<u>EMS Levy</u>	<u>Permanent Improvement</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS:								
Equity in Pooled Cash and cash Equivalents	\$ 76,079	\$ 34,206	\$ 29,017	\$ 187,520	\$ 199,416	\$ 108,194	\$ 11,824	\$ 646,256
Total Assets	<u>\$ 76,079</u>	<u>\$ 34,206</u>	<u>\$ 29,017</u>	<u>\$ 187,520</u>	<u>\$ 199,416</u>	<u>\$ 108,194</u>	<u>\$ 11,824</u>	<u>\$ 646,256</u>
Fund Balances:								
Unreserved:								
General Fund	76,079	-	-	-	-	-	-	76,079
Special Revenue	-	34,206	29,017	187,520	199,416	-	11,824	461,983
Capital Projects	-	-	-	-	-	108,194	-	108,194
Total Fund Balances	<u>\$ 76,079</u>	<u>\$ 34,206</u>	<u>\$ 29,017</u>	<u>\$ 187,520</u>	<u>\$ 199,416</u>	<u>\$ 108,194</u>	<u>\$ 11,824</u>	<u>\$ 646,256</u>

See notes to basic financial statements.

READING TOWNSHIP
PERRY COUNTY

STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND CASH BALANCES
GOVERNMENTAL FUNDS-CASH BASIS
December 31, 2004

	General	Gasoline Tax	Road and Bridge	Fire Levy	EMS Levy	Permanent Improvement	Other Governmental Funds	Total Governmental Funds
CASH RECEIPTS								
Property and Other Local Taxes	\$ 55,774	\$ -	\$ 79,394	\$ 81,615	\$ 37,451	\$ 51,659	\$ 19,206	\$ 325,099
Charges for Services	-	-	-	6,838	101,819	-	23,680	132,337
Licenses, Permits and Fees	5,210	-	-	-	-	-	-	5,210
Intergovernmental	39,026	67,226	5,143	5,183	24,443	2,870	15,803	159,694
Interest	377	13	-	-	-	-	5	395
Other	440	-	-	-	2,410	-	-	2,850
Total Receipts	<u>100,827</u>	<u>67,239</u>	<u>84,537</u>	<u>93,636</u>	<u>166,123</u>	<u>54,529</u>	<u>58,694</u>	<u>625,585</u>
CASH DISBURSEMENTS:								
Current:								
General Government	72,913	-	-	-	-	-	-	72,913
Public Safety	-	-	-	38,430	82,259	-	-	120,689
Public Works	49,420	62,955	76,920	-	-	-	7,122	196,417
Health	1,350	-	-	-	-	-	-	1,350
Conservation-Recreation	-	-	-	-	-	-	52,011	52,011
Capital Outlay	-	-	-	-	175,234	1,385	-	176,619
Total Disbursements	<u>123,683</u>	<u>62,955</u>	<u>76,920</u>	<u>38,430</u>	<u>257,493</u>	<u>1,385</u>	<u>59,133</u>	<u>619,999</u>
Excess of Receipts Over (Under) Disbursements	(22,856)	4,284	7,617	55,206	(91,370)	53,144	(439)	5,586
Other Financing Sources (Uses)								
Advances In	5,544	-	-	-	-	-	6,724	12,268
Advances Out	(6,724)	-	-	-	-	-	(5,544)	(12,268)
Other Financing Sources	40	-	-	-	-	-	-	40
Total Other Financing Sources (Uses)	<u>(1,140)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,180</u>	<u>40</u>
Net Change in Fund Balances	(23,996)	4,284	7,617	55,206	(91,370)	53,144	741	5,626
Cash Fund Balances Beginning of Year	<u>100,075</u>	<u>29,922</u>	<u>21,400</u>	<u>132,314</u>	<u>290,786</u>	<u>55,050</u>	<u>11,083</u>	<u>640,630</u>
Cash Fund Balances End of Year	<u>\$ 76,079</u>	<u>\$ 34,206</u>	<u>\$ 29,017</u>	<u>\$ 187,520</u>	<u>\$ 199,416</u>	<u>\$ 108,194</u>	<u>\$ 11,824</u>	<u>\$ 646,256</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
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2004**

	<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	\$ 49,000	\$ 49,000	\$ 55,774	\$ 6,774
Licenses, Permits and Fees	4,600	4,600	5,210	610
Intergovernmental	31,590	31,590	39,026	7,436
Interest	1,800	1,800	377	(1,423)
Other	-	-	440	440
Total Receipts	<u>86,990</u>	<u>86,990</u>	<u>100,827</u>	<u>13,837</u>
CASH DISBURSEMENTS:				
Current:				
General Government	83,802	86,302	72,913	13,389
Public Works	95,500	93,000	49,420	43,580
Health	1,400	1,400	1,350	50
Total Disbursements	<u>180,702</u>	<u>180,702</u>	<u>123,683</u>	<u>57,019</u>
Excess of Receipts Over (Under) Disbursements	(93,712)	(93,712)	(22,856)	70,856
Other Financing Sources (Uses)				
Advances In	-	-	5,544	5,544
Advances Out	-	-	(6,724)	(6,724)
Other Financing Sources	50	50	40	(10)
Total Other Financing Sources (Uses)	<u>50</u>	<u>50</u>	<u>(1,140)</u>	<u>(1,190)</u>
Net Change in Fund Balances	(93,662)	(93,662)	(23,996)	69,666
Cash Fund Balances Beginning of Year	<u>100,075</u>	<u>100,075</u>	<u>100,075</u>	<u>-</u>
Cash Fund Balances End of Year	<u>\$ 6,413</u>	<u>\$ 6,413</u>	<u>\$ 76,079</u>	<u>\$ 69,666</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, 2004**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
CASH RECEIPTS				
Intergovernmental	\$ 48,900	\$ 48,900	\$ 67,226	\$ 18,326
Other	100	100	13	(87)
Total Receipts	<u>49,000</u>	<u>49,000</u>	<u>67,239</u>	<u>18,239</u>
CASH DISBURSEMENTS:				
Current:				
Public Works	<u>76,500</u>	<u>76,500</u>	<u>62,955</u>	<u>13,545</u>
Total Disbursements	<u>76,500</u>	<u>76,500</u>	<u>62,955</u>	<u>13,545</u>
Excess of Receipts Over (Under) Disbursements	(27,500)	(27,500)	4,284	31,784
Cash Fund Balances Beginning of Year	<u>29,922</u>	<u>29,922</u>	<u>29,922</u>	<u>-</u>
Cash Fund Balances End of Year	<u>\$ 2,422</u>	<u>\$ 2,422</u>	<u>\$ 34,206</u>	<u>\$ 31,784</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, 2004**

	<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	\$ 72,000	\$ 72,000	\$ 79,394	\$ 7,394
Intergovernmental	9,000	9,000	5,143	(3,857)
Total Receipts	<u>81,000</u>	<u>81,000</u>	<u>84,537</u>	<u>3,537</u>
CASH DISBURSEMENTS:				
Current:				
Public Works	100,300	100,300	76,920	23,380
Total Disbursements	<u>100,300</u>	<u>100,300</u>	<u>76,920</u>	<u>23,380</u>
Excess of Receipts Over (Under) Disbursements	(19,300)	(19,300)	7,617	26,917
Cash Fund Balances Beginning of Year	<u>21,400</u>	<u>21,400</u>	<u>21,400</u>	<u>-</u>
Cash Fund Balances End of Year	<u>\$ 2,100</u>	<u>\$ 2,100</u>	<u>\$ 29,017</u>	<u>\$ 26,917</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, 2004**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u>Actual</u>
CASH RECEIPTS				
Property and Other Local Taxes	\$ 76,000	\$ 76,000	\$ 81,615	\$ 5,615
Charges for Services	5,000	5,000	6,838	1,838
Intergovernmental	6,000	6,000	5,183	(817)
Miscellaneous	1,000	1,000	-	(1,000)
Total Receipts	<u>88,000</u>	<u>88,000</u>	<u>93,636</u>	<u>5,636</u>
CASH DISBURSEMENTS:				
Current:				
Public Safety	217,074	217,074	38,430	178,644
Total Disbursements	<u>217,074</u>	<u>217,074</u>	<u>38,430</u>	<u>178,644</u>
Excess of Receipts Over (Under) Disbursements	(129,074)	(129,074)	55,206	184,280
Cash Fund Balances Beginning of Year	<u>132,314</u>	<u>132,314</u>	<u>132,314</u>	<u>-</u>
Cash Fund Balances End of Year	<u>\$ 3,240</u>	<u>\$ 3,240</u>	<u>\$ 187,520</u>	<u>\$ 184,280</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, 2004**

	<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	\$ 34,500	\$ 34,500	\$ 37,451	\$ 2,951
Charges for Services	21,500	21,500	101,819	80,319
Intergovernmental	4,000	26,000	24,443	(1,557)
Miscellaneous	500	500	2,410	1,910
Total Receipts	<u>60,500</u>	<u>82,500</u>	<u>166,123</u>	<u>83,623</u>
CASH DISBURSEMENTS:				
Current:				
Public Safety	175,758	197,758	82,259	115,499
Capital Outlay	175,242	175,242	175,234	8
Total Disbursements	<u>351,000</u>	<u>373,000</u>	<u>257,493</u>	<u>115,507</u>
Excess of Receipts Over (Under) Disbursements	(290,500)	(290,500)	(91,370)	199,130
Cash Fund Balances Beginning of Year	<u>290,786</u>	<u>290,786</u>	<u>290,786</u>	<u>-</u>
Cash Fund Balances End of Year	<u><u>\$ 286</u></u>	<u><u>\$ 286</u></u>	<u><u>\$ 199,416</u></u>	<u><u>\$ 199,130</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
PERMANENT IMPROVEMENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2004**

	<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	\$ 50,700	\$ 50,700	\$ 51,659	\$ 959
Intergovernmental	4,000	4,000	2,870	(1,130)
Total Receipts	<u>54,700</u>	<u>54,700</u>	<u>54,529</u>	<u>(171)</u>
CASH DISBURSEMENTS:				
Current:				
Public Works	1,500	1,500	-	1,500
Capital Outlay	107,500	107,500	1,385	106,115
Total Disbursements	<u>109,000</u>	<u>109,000</u>	<u>1,385</u>	<u>107,615</u>
Excess of Receipts Over (Under) Disbursements	(54,300)	(54,300)	53,144	107,444
Cash Fund Balances Beginning of Year	<u>55,050</u>	<u>55,050</u>	<u>55,050</u>	<u>-</u>
Cash Fund Balances End of Year	<u>\$ 750</u>	<u>\$ 750</u>	<u>\$ 108,194</u>	<u>\$ 107,444</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. 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. The Township contracts with Clayton Township for fire protection and emergency medical services.

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

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.

**READING TOWNSHIP
PERRY COUNTY**

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-Wide Financial Statements (Continued)

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.

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 are General Fund, Gasoline Tax Fund, Road and Bridge, Fire Levy Fund, EMS Levy Fund and the Permanent Improvement 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. The Road and Bridge Fund is used for maintenance and up keep of roads. The Fire Levy Fund is used to account for resources received from property tax money and Clayton Township for fire protection services provided to both residents and nonresidents. The EMS Levy Fund is used to account for resources from property tax money and Clayton Township for emergency medical services for both residents and nonresidents. The Permanent Improvement Fund is used to account for resources from property tax money to be used for the financing capital improvement to the Township's swimming pool. The other governmental funds of the Township account for grants and other resources whose use is restricted to a particular purpose.

**READING TOWNSHIP
PERRY COUNTY**

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.

**READING TOWNSHIP
PERRY COUNTY**

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Investments

To improve cash management, cash received by the Township is deposited into a non-interest bearing checking account and an investor savings account, which earns 3.19 percent interest. In 2005 and 2004, interest credited to the General Fund was \$17,764 and \$377, 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. Amounts restricted for other purposes represents special revenue funds restricted to a specific use.

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.

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.

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. CHANGE IN BASIS OF ACCOUNTING AND RESTATEMENT OF FUND EQUITY

Last audit period the Township reported fund financial statements by fund type using the regulatory basis of accounting as prescribed by the State Auditor's Office. This audit period the Township has implemented the cash basis of accounting. The fund financial statements now present each major fund in a separate column with non-major funds aggregated and presented in a single column, rather than a column for each fund type. There was no restatement of fund equity due to this change.

**READING TOWNSHIP
PERRY COUNTY**

NOTES TO THE FINANCIAL STATEMENTS

4. BUDGETARY BASIS OF ACCOUNTING

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance-Budget and Actual-Budgetary Basis presented for the General Fund 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 2005 and 2004, respectively.

5. 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:

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;

**READING TOWNSHIP
PERRY COUNTY**

NOTES TO THE FINANCIAL STATEMENTS

5. DEPOSITS (Continued)

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. U.S. Bank is the financial institution for Reading Township.

Deposits:

At year ended December 31, 2005, the carrying amount of the Township's deposits was \$726,593 less investment balance of \$224,158 and, the bank balance was \$511,786. Of the bank balance, \$100,000 was covered by federal depository insurance and \$411,786 was collateralized by the financial institution's public entity deposit pool. At year ended December 31, 2004, the carrying amount of the Township's deposits was \$646,256 less investment balance of \$115,353 and, the bank balance was \$537,305. Of the bank balance, \$100,000 was covered by federal depository insurance and \$437,305 was collateralized by the financial institution's public entity deposit pool. Although the securities serving as collateral were held by the pledging financial institution's public entity deposit pool and all State statutory requirements for the deposit of money had been followed, non-compliance with federal requirements could potentially subject the Township to a successful claim by the Federal Deposit Insurance Corporation.

Investments:

The Township's investments are required to be categorized to give an indication of the level of risk assumed by the Township at year end. Category 1 includes investments that are insured or registered or for which the securities are held by the Township or its agent in the Township's name. The certificates of deposits are categorized as Category 1. The carrying values as of December 31, 2005 and 2004 are \$224,158 and \$115,353, respectively, which are valued at cost.

**READING TOWNSHIP
PERRY COUNTY**

NOTES TO THE FINANCIAL STATEMENTS

6. RISK MANAGEMENT

The Township is exposed to various risks of loss related to torts; damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During 2005 and 2004 the Township contracted with the Ohio Township Association Risk Management Authority (OTARMA), a risk sharing pool available to Ohio Townships. OTARMA provides property and casualty coverage for its members. OTARMA is a member of the American Public Entity Excess Pool (APEEP). Member governments pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements, and other expenses resulting from covered claims that exceed the members' deductibles. Coverage provided by OTARMA is as follows as of December 31, 2005:

Legal Liability	\$2,000,000	Per Occurrence
Automobile Liability	\$2,000,000	Per Occurrence
Wrongful Acts	\$2,000,000	Per Occurrence
Property	\$100,000	Total Coverage

There were no significant reductions in coverage from prior years and claims have not exceeded insurance coverage in any of the past three years. The Township pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is based on accident history and administrative costs.

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, 2004, the latest information available.

	2004	2003
Casualty Coverage		
Assets	\$ 30,687,203	\$ 27,792,223
Liabilities	(13,640,962)	(11,791,300)
Retained Earnings	\$ 17,046,241	\$ 16,000,923
Property Coverage		
Assets	\$ 7,799,073	\$ 6,791,060
Liabilities	(753,906)	(750,956)
Retained Earnings	\$ 7,045,167	\$ 6,040,104

**READING TOWNSHIP
PERRY COUNTY**

NOTES TO THE FINANCIAL STATEMENTS

7. 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.

Ohio Public Employees Retirement System

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, 2005, the members in the traditional plan, were required to contribute 8.5 percent of their annual covered salaries. The Township's contribution rate for pension benefits for 2005 was 13.55 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, 2005, 2004, and 2003 were \$14,822, \$15,762, and \$13,007, respectively. The full amount has been contributed for 2005, 2004 and 2003. Contributions to the member-directed plan for 2005 were \$14,822 made by the Township and \$9,298 made by the plan members.

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 2005 local government contribution rate was 13.55 percent of covered payroll, 4 percent of covered payroll was the portion that was used to fund health care.

**READING TOWNSHIP
PERRY COUNTY**

NOTES TO THE FINANCIAL STATEMENTS

7. DEFINED BENEFIT PENSION PLAN (Continued)

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, 2004, include a rate of return on investments of 8 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 1 percent and 6 percent annually for the next eight years and 4 percent annually after eight 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.

The number of active contributing participants in the traditional and combined plans was 369,885. Actual employer contributions for 2005 which were used to fund postemployment benefits was \$210,421. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2004, (the latest information available) were \$10.5 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$26.9 billion and \$16.4 billion, respectively.

On September 9, 2005, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2008. The HCPP restructures OPERS's health care coverage to improve the financial solvency of the fund in response to increasing health care costs.

8. 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 2005 represent the collection of 2004 taxes. Real property taxes received in 2005 were levied after October 1, 2004, on the assessed values as of January 1, 2004, 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 be 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, 2005, was \$8.00 per \$1,000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which 2005 property tax receipts were based are as follows:

**READING TOWNSHIP
PERRY COUNTY**

NOTES TO THE FINANCIAL STATEMENTS

8. PROPERTY TAXES (CONTINUED)

Real Property		
Residential	\$	30,773,570
Agriculture		11,862,840
Commercial/Industrial/Mineral		715,740
Public Utility Property		
Real		27,860
Personal		13,683,940
Tangible Personal Property		187,820
Total Assessed Value	<u>\$</u>	<u>57,251,770</u>

9. RESTATEMENT OF FUND BALANCES

For the year ended December 31, 2003, an adjustment resulted in fund balance restatement.

<u>Governmental Funds:</u>	<u>Fund Balances at December 31, 2003</u>	<u>Restatement Amount</u>	<u>Fund Balances at January 1, 2004</u>
Road and Bridge	\$ 21,326	\$ 73	\$ 21,399
Fire Levy	131,409	904	132,313
Other Governmental	10,780	303	11,083
Total	<u>\$ 163,515</u>	<u>\$ 1,280</u>	<u>\$ 164,795</u>

The changes in fund balances for the Road and Bridge, Fire Levy and Other Governmental Funds are the result of the Township voiding several old checks that were outstanding in the prior year.

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

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND ON
INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT
OF FINANCIAL STATEMENT PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS.**

Reading Township
Perry County
P.O. Box 369
1790 Big Inch Road
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 as of and for the years ended December 31, 2005 and 2004, and have issued our report thereon dated May 1, 2006, 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 in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all reportable 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 caused by error or fraud 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 internal control over financial reporting that we have reported to management in a separate letter dated May 1, 2006.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Reading Township's combined financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, 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 one instance of noncompliance that is required to be reported under *Government Auditing Standards* and is described in the accompanying schedule of findings as item 2005-001. We also noted certain immaterial instances of noncompliance that we have reported to the management of Reading Township in a separate letter dated May 1, 2006.

This report is intended for the information of the Board of Trustees, and the 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
May 1, 2006

**READING TOWNSHIP
PERRY COUNTY
SCHEDULE OF FINDINGS
DECEMBER 31, 2005**

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

FINDING NUMBER 2005-01

Ohio Revised Code Section 5705.39 states in part that total appropriations from each fund shall not exceed the total estimated resources. No appropriation measure is effective until the county auditor files a certificate that the total appropriations from each fund do not exceed the total official estimate or amended official estimate.

Appropriations for the Fire Levy Fund exceeded estimated resources by \$150,452 because an amended certificate was not obtained for grant money that was received.

The Fiscal Officer should obtain a certificate stating total appropriations do not exceed estimated resources from the county auditor each time a change occurs.

Client Response: We agree with finding and will try to improve in the future.



**Auditor of State
Betty Montgomery**

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140

Telephone 614-466-4514
800-282-0370

Facsimile 614-466-4490

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
JUNE 22, 2006**