



**RILEY TOWNSHIP  
PUTNAM COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2009**



**Mary Taylor, CPA**  
Auditor of State



RILEY TOWNSHIP  
PUTNAM COUNTY

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Mary Taylor, CPA  
Auditor of State

Riley Township  
Putnam County  
P.O. Box 358  
Pandora, Ohio 45877-0358

To the Board of Trustees:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to an interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. Our Report includes an adverse opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

*Mary Taylor*

**Mary Taylor, CPA**  
Auditor of State

April 20, 2010

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# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

Riley Township  
Putnam County  
P.O. Box 358  
Pandora, Ohio 45877-0358

To the Board of Trustees:

We have audited the accompanying financial statements of Riley Township, Putnam County, (the Township) as of and for the years ended December 31, 2009 and 2008. 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 the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. The Township processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Township because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. We believe our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the Township has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

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Instead of the combined funds the accompanying financial statements present, GAAP require presenting entity wide statements and also presenting the Township's larger (i.e. major) funds separately. While the Township does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require townships to reformat their statements. The Township has elected not to follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2009 and 2008 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2009 and 2008, or its changes in financial position for the years then ended.

Also, 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 Riley Township, Putnam County, as of December 31, 2009 and 2008, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The Township has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 20, 2010, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.



**Mary Taylor, CPA**  
Auditor of State

April 20, 2010



**RILEY TOWNSHIP  
PUTNAM COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<u>Governmental Fund Types</u>			<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>				
Property and Other Local Taxes	\$28,989	\$60,346		\$89,335
Charges for Services	14,694	6,268		20,962
Intergovernmental	34,286	112,588	\$29,435	176,309
Earnings on Investments	978	1,136		2,114
Miscellaneous	3,252	8,030		11,282
	<u>82,199</u>	<u>188,368</u>	<u>29,435</u>	<u>300,002</u>
<b>Cash Disbursements:</b>				
Current:				
General Government	36,448			36,448
Public Safety	16,844	14,164		31,008
Public Works		190,211		190,211
Health	10,681			10,681
Capital Outlay	1,354	21,161	29,435	51,950
Debt Service:				
Redemption of Principal	15,000	7,999		22,999
Interest and Other Fiscal Charges	2,892	424		3,316
	<u>83,219</u>	<u>233,959</u>	<u>\$29,435</u>	<u>346,613</u>
Total Cash Disbursements Over Cash Receipts	(1,020)	(45,591)		(46,611)
Fund Cash Balances, January 1	<u>25,488</u>	<u>240,594</u>		<u>266,082</u>
<b>Fund Cash Balances, December 31</b>	<u><b>\$24,468</b></u>	<u><b>\$195,003</b></u>		<u><b>\$219,471</b></u>
Reserve for Encumbrances, December 31	<u>\$1,641</u>	<u>\$2,784</u>		<u>\$4,425</u>

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

**RILEY TOWNSHIP  
PUTNAM COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>Governmental Fund Types</u>		<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Property and Other Local Taxes	\$25,154	\$40,231	\$65,385
Charges for Services	16,023	44,049	60,072
Intergovernmental	28,910	109,596	138,506
Earnings on Investments	2,064	1,107	3,171
Miscellaneous	6,862	1,498	8,360
	<u>79,013</u>	<u>196,481</u>	<u>275,494</u>
<b>Cash Disbursements:</b>			
Current:			
General Government	38,290		38,290
Public Safety	26,774	14,319	41,093
Public Works		157,436	157,436
Health	13,348		13,348
Capital Outlay	4,638	5,342	9,980
Debt Service:			
Redemption of Principal	4,603	2,979	7,582
Interest and Other Fiscal Charges	3,391		3,391
	<u>91,044</u>	<u>180,076</u>	<u>271,120</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>(12,031)</u>	<u>16,405</u>	<u>4,374</u>
<b>Other Financing Receipts / (Disbursements):</b>			
Loan Proceeds	15,000		15,000
Transfers-In		500	500
Transfers-Out	(500)		(500)
	<u>14,500</u>	<u>500</u>	<u>15,000</u>
Excess of Cash Receipts and Other Financing Receipts Over Cash Disbursements and Other Financing Disbursements	2,469	16,905	19,374
Fund Cash Balances, January 1	<u>23,019</u>	<u>223,689</u>	<u>246,708</u>
<b>Fund Cash Balances, December 31</b>	<b><u>\$25,488</u></b>	<b><u>\$240,594</u></b>	<b><u>\$266,082</u></b>
Reserve for Encumbrances, December 31	<u>\$214</u>	<u>\$4,097</u>	<u>\$4,311</u>

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

**RILEY TOWNSHIP  
PUTNAM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2009 AND 2008**

**1. Summary of Significant Accounting Policies**

**A. Description of the Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of Riley Township, Defiance County, (the Township) as a body corporate and politic. A publicly-elected three-member Board of Trustees directs the Township. The Township provides road and bridge maintenance, cemetery maintenance, and fire protection.

The Township participates in the Ohio Township Association Risk Management Authority public entity risk pool. Note 8 to the financial statements provides additional information for this entity.

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

**B. Accounting Basis**

These financial statements follow the accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The Township recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the Auditor of State prescribes or permits.

**C. 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 reports all financial resources except those required to be accounted for in another fund.

**2. Special Revenue Funds**

These funds account for proceeds from specific sources (other than from private-purpose 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.

**RILEY TOWNSHIP  
PUTNAM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2009 AND 2008  
(Continued)**

**1. Summary of Significant Accounting Policies (Continued)**

**3. Capital Project Fund**

This fund accounts for receipts restricted to acquiring or constructing major capital projects (except those financed through enterprise or trust funds). The Township had the following significant Capital Project Fund:

Issue II Fund – The Township received a grant from the State of Ohio to resurface township roads.

**D. 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 reappropriated.

A summary of 2009 and 2008 budgetary activity appears in Note 4.

**E. Property, Plant, and Equipment**

The Township records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

**2. Restatement of Fund Equity**

Certain expenditures made in the General Fund in the prior year were reevaluated and determined they should have been expended out of the Gas Tax Fund instead of the General Fund.

**RILEY TOWNSHIP  
PUTNAM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2009 AND 2008  
(Continued)**

**2. Restatement of Fund Equity (Continued)**

	General	Special Revenue
Fund Balance December 31, 2007	\$(24,009)	\$270,717
Reclassification of prior expenditures	47,028	(47,028)
Adjusted Fund Balance January 1, 2008	\$23,019	\$223,689

**3. Equity in Pooled Deposits**

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

	2009	2008
Demand Deposits	\$219,471	\$266,082

Deposits are insured by the Federal Depository Insurance Corporation or collateralized by securities specifically pledged by the financial institution to the Township

**4. Budgetary Activity**

Budgetary activity for the years ending December 31, 2009 and 2008 follows:

2009 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$102,039	\$82,199	(\$19,840)
Special Revenue	197,426	188,368	(9,058)
Capital Projects	29,435	29,435	
Total	\$328,900	\$300,002	(\$28,898)

**RILEY TOWNSHIP  
PUTNAM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2009 AND 2008  
(Continued)**

**4. Budgetary Activity (Continued)**

2009 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$102,176	\$84,860	\$17,316
Special Revenue	463,374	236,743	226,631
Capital Projects	29,435	29,435	
Total	\$594,985	\$351,038	\$243,947

2008 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$132,252	\$94,013	(\$38,239)
Special Revenue	168,203	196,981	28,778
Total	\$300,455	\$290,994	(\$9,461)

2008 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$138,423	\$91,758	\$46,665
Special Revenue	467,411	184,173	283,238
Total	\$605,834	\$275,931	\$329,903

**5. Property Tax**

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

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

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.

**RILEY TOWNSHIP  
PUTNAM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2009 AND 2008  
(Continued)**

**6. Lease Purchase**

A lease purchase agreement was entered into in 2005 for the purchase of the Township's share of a fire truck. The obligation will be paid semi-annually over a period of ten years and paid in full in 2015.

Debt outstanding at December 31, 2009, was as follows:

Lease	Interest Rate
\$55,838	4.75%

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

	Principal	Interest	Total
2010	\$8,387	\$2,585	\$10,972
2011	8,793	2,180	10,973
2012	9,216	1,757	10,973
2013	9,671	1,302	10,973
2014	10,142	831	10,973
2015	9,629	336	9,965
Total	\$55,838	\$8,991	\$64,829

**7. Retirement System**

The Township's elected officials and employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2009 and 2008, OPERS members contributed 10% of their gross salaries and the Township contributed an amount equaling 14% of participants' gross salaries. The Township has paid all contributions required through December 31, 2009.

**8. Risk Management**

The Township is exposed to various risks of property and casualty losses, and injuries to employees.

The Township insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

The Township belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio townships. OTARMA provides property and casualty coverage for its members. American Risk Pooling Consultants, Inc. (APRCO), a division of York Insurance Services Group, Inc. (York), functions as the administrator of OTARMA and provides underwriting, claims, loss control, risk management, and reinsurance services for OTARMA. OTARMA is a

**RILEY TOWNSHIP  
PUTNAM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2009 AND 2008  
(Continued)**

**8. Risk Management (Continued)**

member of the American Public Entity Excess Pool (APEEP), which is also administered by ARPCO. Member governments pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty and Property Coverage

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

The aforementioned casualty and property reinsurance agreement does not discharge OTARMA's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.

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

Financial Position

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

	<u>2008</u>	<u>2007</u>
Assets	\$40,737,740	\$43,210,703
Liabilities	<u>(12,981,818)</u>	<u>(13,357,837)</u>
Net Assets	<u>\$27,755,922</u>	<u>\$29,852,866</u>

At December 31, 2008 and 2007, respectively, liabilities above include approximately \$12.1 and \$12.5 million of estimated incurred claims payable. The assets and retained earnings above also include approximately \$10.9 and \$11.6 million of unpaid claims to be billed to approximately 950 member governments in the future, as of December 31, 2008 and 2007, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. The Township's share of these unpaid claims collectible in future years is approximately \$7,000.

Based on discussions with OTARMA, the expected rates OTARMA charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to OTARMA for each year of membership.



**RILEY TOWNSHIP  
PUTNAM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2009 AND 2008  
(Continued)**

**8. Risk Management (Continued)**

<u>Contributions to OTARMA</u>	
2007	\$9,593
2008	7,286
2009	8,065

After completing one year of membership, members may withdraw on each anniversary of the date they joined OTARMA provided they provide written notice to OTARMA 60 days in advance of the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's budgetary contribution. Withdrawing members have no other future obligation to the pool. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

**9. Compliance**

Contrary to the requirements of the Ohio Revised Code, the Township recorded fire department expenses and homestead/rollback to the wrong funds.

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# Mary Taylor, CPA

Auditor of State

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

Riley Township  
Putnam County  
P.O. Box 358  
Pandora, Ohio 45877-0358

To the Board of Trustees:

We have audited the financial statements of Riley Township, Putnam County, (the Township) as of and for the years ended December 31, 2009 and 2008, and have issued our report thereon dated REPORT wherein we noted the Township prepared its financial statements using accounting practices the Auditor of State prescribes or permits rather than accounting principles generally accepted in the United States of America. We also noted the Township uses the Auditor of State's Uniform Accounting Network (UAN) to process its financial transactions. *Government Auditing Standards* considers this service to impair the Auditor of State's independence to audit the Township. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

### Internal Control over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. Therefore, we cannot assure that we have identified all deficiencies, significant deficiencies or material weaknesses. However, as described in the accompanying schedule of findings we identified certain deficiencies in internal control over financial reporting, that we consider material weaknesses.

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A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and timely corrected. We consider findings 2009-001 and 2009-002 described in the accompanying schedule of findings to be material weaknesses.

### **Compliance and Other Matters**

As part of reasonably assuring whether the Township's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance that we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2009-001.

We also noted certain matters not requiring inclusion in this report that we reported to the Township's management in a separate letter dated April 20, 2010.

We intend this report solely for the information and use of the audit committee, management, and the Board of Trustees, and others within the Township, We intend it for no one other than these specified parties.



**Mary Taylor, CPA**  
Auditor of State

April 20, 2010

**RILEY TOWNSHIP  
PUTNAM COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2009 AND 2008**

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

**FINDING NUMBER 2009-001**

**Noncompliance Citation/Material Weakness**

**Ohio Revised Code § 5705.10** requires all revenue derived from a source other than general property tax and which the law prescribes shall be used for a particular purpose is to be paid into a special fund for such purpose. This section also provides that money paid into any fund shall be used only for the purposes for which such fund is established. A negative fund balance indicates money from one fund was used to cover the expenses of another fund.

We noted the following:

- Fire department expenditures in the amounts of \$7,759 were paid from the Road and Bridge Fund and \$4,568 from the Gas Tax Fund in 2008.
- The Township recorded \$4,813 of homestead/rollback revenue belonging to the Special Revenue Funds in 2009. The Township deposited \$3,354 of homestead/rollback revenue belonging to the Special Revenue Funds to the General Fund in 2008.

As a result of the lack of statutory authority for making these transactions, adjustments, with which management agrees, were made to the accompanying financial statements and the Township's accounting records.

We recommend the Fiscal Officer post revenues and expenditures only to those funds permitted by the Ohio Revised Code. In addition, the Fiscal Officer should post transactions in accordance with the Ohio Township Handbook and follow any guidance provided by the Uniform Accounting Network.

**FINDING NUMBER 2009-002**

**Material Weakness**

The small size of the Township's fiscal operations does not allow for an adequate segregation of duties. The Fiscal Officer performs most accounting functions. It is therefore important the Trustees monitor financial activity closely.

The Township does not have procedures in place for review of transactions posted to the accounting records or the reporting of those transactions in the financial statements. There was no evidence the Trustees reviewed detail revenue, disbursement ledgers, budgetary activity, invoices, or fund balance reports on a regular basis. The lack of such review procedures resulted in approximately 50 material adjustments to the financial statements. These include:

- Township Road allowance monies in the amount of \$6,268 were posted as miscellaneous instead of charges for services in 2008 and 2009
- Debt and interest payments in the amount of \$10,973 and \$26,315 were recorded as capital outlay in 2008 and various expenditure accounts in 2009

In order to ensure the financial activity of the Township is being properly accounted for and reported, and bills are being paid on time, we recommend the Trustees review invoices, detail revenue and disbursement ledgers, budgetary activity, and fund balance reports on a frequent basis. The documents should be reviewed, initialed and approved in the minutes. This information provides important data necessary to manage the Township.

This information can help answer questions such as the following:

- Are transactions posted to the correct line items based on supportive documentation?
- Are bills being paid in a timely manner?
- Are current receipts in line with prior year costs?
- If unusual fluctuations in receipts or expenditures occur, is the reason understood, and has it been appropriately budgeted?
- Are anticipated receipts being timely received and being recorded in the proper fund(s)
- Are payments made from the proper fund?
- Are reimbursements being made to the proper fund that expenses were paid from?

In addition, the Township should develop a review process to ensure transactions are accurately reported on the Township's year-end financial statements and related disclosures.

**Officials' Response:**

We did not receive a response from Officials to the findings reported above.

**RILEY TOWNSHIP  
PUTNAM COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2009**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain</i></b>
2007-001	Ohio Revised Code 5705.60a- providing out of pocket insurance for Trustee's wife	Yes	
2007-002	Ohio Revised Code 5705.10- posting revenue to incorrect funds	No	Reissued as Finding 2009-001 in this report.
2007-003	Ohio Revised Code 5705.42 - not posting OPWC	Yes	
2007-004	Ohio Revised Code 505.24- no documentation for Trustee's pay	Yes	
2007-005	Monitoring of Financial Statements	No	Reissued as Finding 2009-002 in this report.







**Mary Taylor, CPA**  
Auditor of State

**RILEY TOWNSHIP**

**PUTNAM 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  
MAY 6, 2010**