



**ADAMS TOWNSHIP
WASHINGTON COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 1999 - 1998



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**ADAMS TOWNSHIP
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REPORT OF INDEPENDENT ACCOUNTANTS

Adams Township
Washington County
RR. 2, Box 177
Lowell, Ohio 45744

To the Board of Trustees:

We have audited the accompanying financial statements of Adams Township, Washington County, Ohio, (the Township) as of and for the years ended December 31, 1999 and 1998. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the Township prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated June 14, 2000, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

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

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

Jim Petro
Auditor of State

June 14, 2000

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

	<u>Governmental Fund Types</u>				Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Project</u>	
Cash Receipts:					
Local Taxes	\$6,422	\$103,457	\$11,656	\$	\$121,535
Licenses, Permits, and Fees		8,725			8,725
Intergovernmental	41,669	71,985		28,430	142,084
Earnings on Investments	1,676	446			2,122
Other Revenue	20	5,300			5,320
	<u>49,787</u>	<u>189,913</u>	<u>11,656</u>	<u>28,430</u>	<u>279,786</u>
Total Cash Receipts					
Cash Disbursements:					
Current:					
General Government	41,881				41,881
Public Safety	100				100
Public Works		224,557			224,557
Health	4,051	12,061			16,112
Capital Outlay	514	18,557		26,230	45,301
Debt Service:					
Redemption of Principal			10,798		10,798
Interest and Fiscal Charges			3,090		3,090
	<u>46,546</u>	<u>255,175</u>	<u>13,888</u>	<u>26,230</u>	<u>341,839</u>
Total Cash Disbursements					
Total Receipts Over/(Under) Disbursements	<u>3,241</u>	<u>(65,262)</u>	<u>(2,232)</u>	<u>2,200</u>	<u>(62,053)</u>
Other Financing Receipts/(Disbursements):					
Transfers-In		12,445			12,445
Transfers-Out		(10,245)		(2,200)	(12,445)
	<u>0</u>	<u>2,200</u>	<u>0</u>	<u>(2,200)</u>	<u>0</u>
Total Other Financing Receipts/(Disbursements)					
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	3,241	(63,062)	(2,232)	0	(62,053)
Fund Cash Balances, January 1	8,997	114,637	4,465	0	128,099
Fund Cash Balances, December 31	<u>\$12,238</u>	<u>\$51,575</u>	<u>\$2,233</u>	<u>\$0</u>	<u>\$66,046</u>
Reserve for Encumbrances, December 31	<u>\$0</u>	<u>\$2,400</u>	<u>\$0</u>	<u>\$0</u>	<u>\$2,400</u>

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

**ADAMS TOWNSHIP
 STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
 CHANGES IN FUND CASH BALANCE
 NONEXPENDABLE TRUST FUND
 FOR THE YEAR ENDED DECEMBER 31, 1999**

	Nonexpendable Trust
Operating Cash Receipts:	
Interest	\$711
Total Operating Cash Receipts	711
Operating Income/(Loss)	711
Fund Cash Balance, January 1	19,944
Fund Cash Balance, December 31	\$20,655
Reserve for Encumbrances, December 31	\$0

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

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

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	
Cash Receipts:				
Local Taxes	\$8,915	\$50,050	\$4,465	\$63,430
Licenses, Permits, and Fees		4,210		4,210
Intergovernmental	36,631	171,113		207,744
Earnings on Investments	1,185	486		1,671
Other Revenue		2,160		2,160
Total Cash Receipts	<u>46,731</u>	<u>228,019</u>	<u>4,465</u>	<u>279,215</u>
Cash Disbursements:				
Current:				
General Government	46,197			46,197
Public Safety	100			100
Public Works		134,081		134,081
Health	5,623	8,191		13,814
Capital Outlay	63,294	9,975		73,269
Total Cash Disbursements	<u>115,214</u>	<u>152,247</u>	<u>0</u>	<u>267,461</u>
Total Receipts Over/(Under) Disbursements	<u>(68,483)</u>	<u>75,772</u>	<u>4,465</u>	<u>11,754</u>
Other Financing Receipts/(Disbursements):				
Proceeds from Sale of Public Debt:				
Sale of Notes	58,028			58,028
Transfers-In		8,918		8,918
Transfers-Out		(8,918)		(8,918)
Other Sources	2,020			2,020
Total Other Financing Receipts/(Disbursements)	<u>60,048</u>	<u>0</u>	<u>0</u>	<u>60,048</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>(8,435)</u>	<u>75,772</u>	<u>4,465</u>	<u>71,802</u>
Fund Cash Balances, January 1	<u>17,432</u>	<u>38,865</u>		<u>56,297</u>
Fund Cash Balances, December 31	<u><u>\$8,997</u></u>	<u><u>\$114,637</u></u>	<u><u>\$4,465</u></u>	<u><u>\$128,099</u></u>
Reserve for Encumbrances, December 31	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>

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

**ADAMS TOWNSHIP
STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCE
NONEXPENDABLE TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 1998**

	Nonexpendable Trust
Operating Cash Receipts:	
Interest	\$734
Total Operating Cash Receipts	734
Operating Income/(Loss)	734
Fund Cash Balance, January 1	19,210
Fund Cash Balance, December 31	\$19,944
Reserve for Encumbrances, December 31	\$0

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Adams Township, Washington County, (the Township) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Township is directed by a publicly-elected three-member Board of Trustees. The Township provides general governmental services, including road and bridge maintenance and cemetery maintenance. One member of the Township's Board of Trustees is appointed to be a trustee of Lowell-Adams Joint Fire District. There is no financial interest or responsibility on the part of the Township in the Fire District.

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

B. Basis of Accounting

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

C. Cash and Investments

Certificates of deposit are valued at cost.

D. Fund Accounting

The Township uses fund accounting to segregate cash and investments that are restricted as to use. The Township classifies its funds into the following types:

1. General Fund

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

2. Special Revenue Funds

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

Motor Vehicle License Tax Fund - This fund receives motor vehicle license tax money for maintaining Township roads.

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

3. Debt Service Fund

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

General Note Retirement Fund - This fund was established to service the debt incurred from the purchase of a backhoe and a tractor.

4. Capital Project Funds

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through enterprise or trust funds). The Township had the following significant Capital Projects Fund:

Issue II Fund - The Township received a grant from the State of Ohio and Washington County for paving roads.

5. Fiduciary Funds (Trust Funds)

Trust funds are used to account for resources restricted by legally binding trust agreements. If the agreement requires the Township to maintain a corpus of the trust, the fund is classified as a nonexpendable trust fund. The Township has established a Cemetery Bequest Fund as a nonexpendable trust fund.

E. Budgetary Process

The Ohio Revised Code requires that each fund be budgeted annually.

1. Appropriations

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

2. Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1. The County Budget Commission must also approve estimated resources.

3. Encumbrances

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Property, Plant and Equipment

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

2. EQUITY IN POOLED CASH

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

	1999	1998
Demand deposits	\$73,414	\$134,756
Certificates of deposit	13,287	13,287
Total	\$86,701	\$148,043

Deposits: Deposits are either (1) insured by the Federal Deposit Insurance Corporation, or (2) collateralized by the financial institution's public entity deposit pool.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 1999 and 1998, follows:

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$57,974	\$49,787	(\$8,187)
Special Revenue	220,302	202,358	(17,944)
Debt Service	11,570	11,656	86
Capital Project	28,430	28,430	0
Fiduciary	1,100	711	(389)
Total	\$319,376	\$292,942	(\$26,434)

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$62,104	\$46,546	\$15,558
Special Revenue	356,469	267,820	88,649
Debt Service	16,026	13,888	2,138
Capital Projects	2,894	28,430	(25,536)
Fiduciary	385	0	385
Total	\$437,878	\$356,684	\$81,194

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

3. BUDGETARY ACTIVITY (Continued)

1998 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$69,766	\$106,779	\$37,013
Special Revenue	280,091	236,937	(43,154)
Debt Service	0	4,465	4,465
Fiduciary	1,300	734	(566)
Total	\$351,157	\$348,915	(\$2,242)

1998 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$66,630	\$115,214	(\$48,584)
Special Revenue	213,283	161,165	52,118
Fiduciary	385	0	385
Total	\$280,298	\$276,379	\$3,919

4. PROPERTY TAX

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

5. DEBT

Debt outstanding at December 31, 1999, was as follows:

<u>General Obligation Notes</u>	<u>Principal</u>	<u>Interest Rate</u>
Truck Notes	\$14,008	5.5%
Backhoe Notes	<u>33,222</u>	5.25%
Total	<u>\$47,230</u>	

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

5. DEBT (Continued)

The general obligation notes were issued to finance the purchase of a new truck and a new backhoe to be used for Township roads. The notes are collateralized solely by the Township's taxing authority and are being retired through the Debt Service Fund.

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

Year ending December 31:	General Obligation Notes
2000	\$13,698
2001	13,503
2002	13,311
2003	13,118
Total	<u>\$53,630</u>

6. RETIREMENT SYSTEMS

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

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

7. RISK MANAGEMENT

The Township has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Vehicles
- Errors and omissions

The Township also provides healthcare insurance to full-time employees through a private carrier.

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STATE OF OHIO
OFFICE OF THE AUDITOR

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

Adams Township
Washington County
RR. 2, Box 177
Lowell, Ohio 45744

To the Board of Trustees:

We have audited the accompanying financial statements of Adams Township, Washington County, Ohio, (the Township) as of and for the years ended December 31, 1999 and 1998, and have issued our report thereon dated June 14, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on 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 instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying Schedule of Findings as items 1999-41084-001 and 1999-41084-002. We also noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated June 14, 2000.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Township's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted a matter involving the internal control over financial reporting that does not require inclusion in this report, that we have reported to management of the Township in a separate letter dated June 14, 2000.

Adams Township
Washington County
Report of Independent Accountants on Compliance and on
Internal Control Required by *Government Auditing Standards*
Page 2

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

A handwritten signature in black ink, appearing to read "Jim Petro". The signature is fluid and cursive, with a large loop at the end.

Jim Petro
Auditor of State

June 14, 2000

**ADAMS TOWNSHIP
SCHEDULE OF FINDINGS
DECEMBER 31, 1999 AND 1998**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 1999-41084-001

Finding for Adjustment

Ohio Rev. Code Section 5705.10 states that all revenue derived from a specific source shall be credited to a special fund for the purpose for which the monies were received.

In 1998, the Clerk recorded tax monies into the General Fund in the amount of \$398, which should have been receipted into the Road and Bridge Fund.

A finding for adjustment is hereby issued against the General Fund of Adams Township in the amount of \$398, in favor of the Road and Bridge Fund. The Clerk has posted this adjustment to her records, and this adjustment is reflected in the accompanying 1998 financial statements.

FINDING NUMBER 1999-41084-002

Finding for Adjustment

Ohio Rev. Code Section 5705.10 states that all revenue derived from a specific source shall be credited to a special fund for the purpose for which the monies were received.

In 1998, the Clerk recorded homestead and rollback monies into the General Fund in the amount of \$430, which should have been receipted into the Road and Bridge Fund.

A finding for adjustment is hereby issued against the General Fund of Adams Township in the amount of \$430, in favor of the Road and Bridge Fund. The Clerk has posted this adjustment to her records, and this adjustment is reflected in the accompanying 1998 financial statements.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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ADAMS TOWNSHIP

WASHINGTON 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
AUGUST 17, 2000