



OHIO AUDITOR OF STATE
KEITH FABER



**ADAMS TOWNSHIP
CLINTON COUNTY
DECEMBER 31, 2020 AND 2019**

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OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT

Adams Township
Clinton County
5091 State Route 22 & 3 West
Wilmington, Ohio 45177

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements for each governmental fund type combined total as of and for the year ended December 31, 2020 and for each governmental fund type as of and for the year ended December 31, 2019, and related notes of the Adams Township, Clinton County, Ohio (the Township).

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Township's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Township's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 2 of the financial statements, the Township prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

Efficient • Effective • Transparent

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Township does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Township, as of December 31, 2020 and 2019, and the respective changes in financial position thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for each governmental fund type combined total as of and for the year ended December 31, 2020 and for each governmental, fund type as of and for the year ended December 31, 2019, and related notes of the Township, in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 2.

Emphasis of Matter

As discussed in Note 13 to the 2020 financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Township. We did not modify our opinion regarding this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 26, 2021, 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control over financial reporting and compliance.



Keith Faber
Auditor of State
Columbus, Ohio
August 26, 2021

Adams Township

Clinton County, Ohio

Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Cash Basis)

All Governmental Fund Types

For the Year Ended December 31, 2020

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Property and Other Local Taxes	\$ 120,091	\$ 129,391	\$249,482
Licenses, Permits and Fees	9,389		9,389
Intergovernmental	28,516	152,860	181,376
Earnings on Investments	1,138	469	1,607
Miscellaneous	10,016		10,016
<i>Total Cash Receipts</i>	<u>169,150</u>	<u>282,720</u>	<u>451,870</u>
Cash Disbursements			
Current:			
General Government	85,539	2,971	88,510
Public Safety		5,636	5,636
Public Works		168,749	168,749
Health	10,000		10,000
Capital Outlay	91,996	5,735	97,731
Debt Service:			
Principal Retirement	12,428	16,176	28,604
Interest and Fiscal Charges	2,063	2,981	5,044
<i>Total Cash Disbursements</i>	<u>202,026</u>	<u>202,248</u>	<u>404,274</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(32,876)</u>	<u>80,472</u>	<u>47,596</u>
Other Financing Receipts (Disbursements)			
Other Debt Proceeds	66,138		66,138
Sale of Capital Assets		6,800	6,800
<i>Total Other Financing Receipts (Disbursements)</i>	<u>66,138</u>	<u>6,800</u>	<u>72,938</u>
<i>Net Change in Fund Cash Balances</i>	33,262	87,272	120,534
<i>Fund Cash Balances, January 1</i>	<u>173,266</u>	<u>509,359</u>	<u>682,625</u>
<i>Fund Cash Balnces, December 31</i>			
Restricted		596,631	596,631
Unassigned (Deficit)	206,528		206,528
<i>Fund Cash Balances, December 31</i>	<u>\$206,528</u>	<u>\$596,631</u>	<u>\$803,159</u>

See accompanying notes to the basic financial statements

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Adams Township
Clinton County, Ohio
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 1 - Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Adams Township, Clinton 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, fire protection and emergency medical services. The Township contracts with the Clinton-Warren Joint Fire and Rescue District to provide fire services and emergency medical services.

Public Entity Risk Pools

The Township participates in the Ohio Township Association Risk Management Authority (OTARMA) a public entity risk pool. OTARMA is a risk sharing pool available to Ohio Townships for insurance coverage. Note 6 to the financial statements provides additional information for this.

Note 2 - Summary of Significant Accounting Policies

Basis of Presentation

The Township's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types, which are organized on a fund type basis.

Fund Accounting

The Township uses funds 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. The funds of the Township are presented below:

General Fund The general fund accounts for and reports all financial resources not accounted for and reported 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.

Special Revenue Funds These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Township had the following significant Special Revenue Funds:

Gasoline Tax Fund The gasoline tax fund accounts for and reports that portion of the State gasoline tax restricted for maintenance and repair of roads within the Township.

Road and Bridge Fund The road and bridge fund receives property tax money for constructing, maintaining and repairing Township roads and bridges.

Fire/Emergency Special Levy Fund The fire/emergency special levy fund receives proceeds from the property tax fire levy for providing fire and emergency services protection to the Township residents.

Motor Vehicle License Tax Fund The motor vehicle license tax fund accounts for and reports that portion of motor vehicle license registration fees restricted for maintenance and repair of roads within the Township.

Adams Township
Clinton County, Ohio
Notes to the Financial Statements
For the Year Ended December 31, 2020

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D). This basis is similar to the cash receipts and disbursements accounting basis. The Board 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 financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit.

Budgetary Process

The Ohio Revised Code requires that each fund (except certain agency funds) be budgeted annually.

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. Appropriations lapse at year-end.

Estimated Resources

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

Encumbrances

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year-end are canceled and re-appropriated in the subsequent year.

A summary of 2020 budgetary activity appears in Note 3

Deposits

The Township invests all available funds in an interest bearing checking account. Deposits are insured by the Federal Deposit Insurance Corporation; or collateralized by securities specifically pledged by the financial institution to the Township. See Note 4

Capital Assets

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

Adams Township
Clinton County, Ohio
Notes to the Financial Statements
For the Year Ended December 31, 2020

Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Township must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

Non-spendable The Township classifies assets as *non-spendable* when legally or contractually required to maintain the amounts intact. For regulatory purposes, nonspendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the Township and the nonspendable portion of the corpus in permanent funds.

Restricted Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

Committed Trustees can *commit* amounts via formal action (resolution). The Township must adhere to these commitments unless the Trustees amend the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

Assigned Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end.

Unassigned Un-assigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Township applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

For regulatory purposes, limited disclosure related to fund balance is included in Note 11.

Adams Township
Clinton County, Ohio
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 3 - Budgetary Activity

Budgetary Activity for the year ending 2020 follows:

2020	Budgeted	Actual Receipts	Variance
General	\$138,050	\$235,288	\$97,238
Special Revenue	\$224,560	\$289,520	\$64,960
TOTAL	\$362,610	\$524,808	\$162,198
2020	Appropriation Authority	Budgetary Expenditures	Variance
General	\$220,400	\$202,026	\$18,374
Special Revenue	\$640,400	\$202,248	\$438,152
TOTAL	\$860,800	\$404,274	\$456,526

Note 4 - Deposits

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

2020 Total Deposits \$803,159

Deposits

Deposits are insured by the Federal Depository Insurance Corporation or collateralized Deposits are insured by the Federal Deposit Insurance Corporation; or collateralized by securities specifically pledged by the financial institution to the Township or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial Institution.

Note 5 - Property Taxes

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

Adams Township
Clinton County, Ohio
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 6 - 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. York Risk Pooling Services, Inc. (formally known as American Risk Pooling Consultants, Inc.) (York or Management), functions as the administrator of the Pool and provides underwriting claims, loss control, risk management and reinsurance services for the Pool. Member governments pay annual contributions to OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty and Property Coverage

The Pool is a member of American Public Entity Excess Pool (APEEP), which is also administered by York. APEEP provides the Pool with an excess risk-sharing program. Under this arrangement, OTARMA retains insured risks up to an amount specified in the contracts.

The Pool uses reinsurance and excess risk sharing arrangements to reduce its exposure to loss. These agreements permit recovery of a portion of its claims from reinsurers and a risk sharing pool; however, they do not discharge the Pool's primary liability for such payments. The Pool is a member of American Public Entity Excess Pool (APEEP), which, like OTARMA, is administered by York Risk Pooling Services, Inc. (York). APEEP provides the Pool with an excess risk sharing program. Under this arrangement, the Pool retains insured risks up to an amount specified in the contracts. (Pool retained \$350,000 for casualty claims and \$250,000 for property claims). The Board of Directors and York periodically review the financial strength of the Pool and other market conditions to determine the appropriate level of risk the Pool will retain. As a result of this risk analysis, OTARMA has elected to increase its retention for casualty claims to \$500,000 effective January 1.

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

The Adams Township Trustees of Clinton County, Ohio is a member of the Ohio Township Association Risk Management Authority (The Pool). The Pool assumes the risk of loss up to the limits of the Adams Township Trustees policy. The Pool covers the following risks:

- General liability and casualty
- Public official's liability
- Cyber
- Law enforcement liability
- Automobile liability
- Vehicles
- Property
- Equipment breakdown

The Pool reported the following summary of assets and actuarially-measured liabilities available to pay those liabilities as of December 31:

Adams Township
Clinton County, Ohio
Notes to the Financial Statements
For the Year Ended December 31, 2020

2019

Cash and investments	\$35,207,320
Actuarial liabilities	\$10,519,942

2020 Contributions to OTARMA
\$6,561

After one year of membership, a member may withdraw on the anniversary of the date of joining OTARMA if the member notifies OTARMA in writing 60 days prior to the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's contribution. Withdrawing members have no 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 to the withdrawal.

Note 7 - Defined Benefit Pension Plans

Ohio Public Employees Retirement System

The 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 post-retirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries and the Township contributed an amount equal to 14 percent of participants' gross salaries. The Township has paid all contributions required through December 31, 2020.

Note 8 - Post-employment Benefits

OPERS offers cost-sharing, multiple-employer defined benefit post-employment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2020. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was ___ percent during calendar year 2020.

Adams Township
Clinton County, Ohio
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 9 - Debt/Lease/Amortization

Leases

The Township leases a dump truck under a non-cancelable lease. The Township disbursed \$19,157 to pay lease costs for the year ended December 31, 2020.

Amortization

Amortization of the above debt including interest is schedule as follows:

	Payment	Interest	Principal	Outstanding Principal Balance
2021	\$19,157	\$2,283	\$16,875	\$35,967
2022	\$19,157	\$1,553	\$17,604	\$18,363
2023	\$19,157	\$793	\$18,363	\$0

The Township purchased a backhoe under a Government Obligation Contract. The Township disbursed \$14,491 to pay the contract for the year ended December 31, 2020.

Amortization

Amortization of the above debt including interest is schedule as follows:

	Payment	Interest	Principal	Outstanding Principal Balance
2021	\$14,491	\$1,676	\$12,815	\$40,895
2022	\$14,491	\$1,276	\$13,215	\$27,680
2023	\$14,491	\$864	\$13,627	\$14,053
2024	\$14,491	\$438	\$14,053	\$0.00

The Township leased/contracted a dump truck and plowing equipment and the Backhoe for Township road maintenance.

Note 10 – Contingent Liabilities

Amounts grantor agencies pay to the township are subject to audit and adjustment by the grantor, principally the federal government. The grantor may require refunding and disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

Adams Township
Clinton County, Ohio
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 11 – Fund Balance

Included in fund balance are amounts the Township cannot spend, including the balance of unclaimed monies, which cannot be spent for five years. The Township did not hold any unclaimed monies. Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilities effective cash planning and control. At year end the Township did not hold any outstanding encumbrances.

The fund balance of special revenue funds is either restricted or committed. These restricted or committed amounts in the special revenue funds would including the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

Note 12 – Change in Accounting Principle

For 2020, the Township has made changes to their cash basis reporting model. These changes include modifications to the definition of fiduciary funds, adding a separate combined statement of additions, deductions, and changes in fund balances (regulatory cash basis) – all fiduciary fund types, and removing the fund balance classifications from the combined statement of receipts, disbursements, and changes in fund balances (regulatory cash basis) – all governmental fund types.

Note 13 – Subsequent Events

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Township. The impact on the Township’s future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

Adams Township*Clinton County, Ohio**Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Cash Basis)**All Governmental Fund Types**For the Year Ended December 31, 2019*

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Property and Other Local Taxes	\$115,063	\$133,255	\$248,318
Licenses, Permits and Fees	9,110		9,110
Intergovernmental	20,528	122,184	142,712
Earnings on Investments	2,564	957	3,521
Miscellaneous	6,143	307	6,450
<i>Total Cash Receipts</i>	<u>153,408</u>	<u>256,703</u>	<u>410,111</u>
Cash Disbursements			
Current:			
General Government	86,601	6,796	93,397
Public Safety		32,847	32,847
Public Works		169,573	169,573
Health	3,344		3,344
Capital Outlay	38,000	15,492	53,492
Debt Service:			
Principal Retirement	15,506		15,506
Interest and Fiscal Charges	3,651		3,651
<i>Total Cash Disbursements</i>	<u>147,102</u>	<u>224,708</u>	<u>371,810</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>6,306</u>	<u>31,995</u>	<u>38,301</u>
Other Financing Receipts (Disbursements)			
Sale of Capital Assets		4,750	4,750
<i>Total Other Financing Receipts (Disbursements)</i>	<u>0</u>	<u>4,750</u>	<u>4,750</u>
<i>Net Change in Fund Cash Balances</i>	6,306	36,745	43,051
<i>Fund Cash Balances, January 1</i>	<u>166,960</u>	<u>472,614</u>	<u>639,574</u>
Fund Cash Balances, December 31			
Restricted		509,359	509,359
Assigned	82,350		82,350
Unassigned (Deficit)	90,916		90,916
<i>Fund Cash Balances, December 31</i>	<u>\$173,266</u>	<u>\$509,359</u>	<u>\$682,625</u>

See accompanying notes to the basic financial statements

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Adams Township
Clinton County, Ohio
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 1 - Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Adams Township, Clinton 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, fire protection and emergency medical services. The Township contracts with the Clinton-Warren Joint Fire and Rescue District to provide fire services and emergency medical services.

Public Entity Risk Pools

The Township participates in the Ohio Township Association Risk Management Authority (OTARMA) a public entity risk pool. OTARMA is a risk sharing pool available to Ohio Townships for insurance coverage. Note 6 to the financial statements provides additional information for this.

Note 2 - Summary of Significant Accounting Policies

Basis of Presentation

The Township's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types, which are organized on a fund type basis.

Fund Accounting

The Township uses funds 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. The funds of the Township are presented below:

General Fund The general fund accounts for and reports all financial resources not accounted for and reported 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.

Special Revenue Funds These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Township had the following significant Special Revenue Funds:

Gasoline Tax Fund The gasoline tax fund accounts for and reports that portion of the State gasoline tax restricted for maintenance and repair of roads within the Township.

Road and Bridge Fund The road and bridge fund receives property tax money for constructing, maintaining and repairing Township roads and bridges.

Fire/Emergency Special Levy Fund The fire/emergency special levy fund receives proceeds from the property tax fire levy for providing fire and emergency services protection to the Township residents.

Motor Vehicle License Tax Fund The motor vehicle license tax fund accounts for and reports that portion of motor vehicle license registration fees restricted for maintenance and repair of roads within the Township.

Adams Township
Clinton County, Ohio
Notes to the Financial Statements
For the Year Ended December 31, 2019

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D). This basis is similar to the cash receipts and disbursements accounting basis. The Board 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 financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit.

Budgetary Process

The Ohio Revised Code requires that each fund (except certain agency funds) be budgeted annually.

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. Appropriations lapse at year-end.

Estimated Resources

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

Encumbrances

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year-end are canceled and re-appropriated in the subsequent year.

A summary of 2019 budgetary activity appears in Note 3

Deposits

The Township invests all available funds in an interest bearing checking account. Deposits are insured by the Federal Deposit Insurance Corporation; or collateralized by securities specifically pledged by the financial institution to the Township. See Note 4

Capital Assets

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

Adams Township
Clinton County, Ohio
Notes to the Financial Statements
For the Year Ended December 31, 2019

Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Township must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

Non-spendable The Township classifies assets as *non-spendable* when legally or contractually required to maintain the amounts intact.

Restricted Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

Committed Trustees can *commit* amounts via formal action (resolution). The Township must adhere to these commitments unless the Trustees amend the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

Assigned Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Township Trustees or a Township official delegated that authority by resolution, or by State Statute.

Unassigned Un-assigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Township applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

Adams Township
Clinton County, Ohio
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 3 - Budgetary Activity

Budgetary Activity for the year ending 2019 follows:

2019	Budgeted	Actual Receipts	Variance
General	\$131,050	\$153,408	\$22,358
Special Revenue	\$201,970	\$261,453	\$59,483
TOTAL	\$333,020	\$414,861	\$81,841
2019	Appropriation Authority	Budgetary Expenditures	Variance
General	\$207,700	\$147,102	\$60,598
Special Revenue	\$495,400	\$224,708	\$270,692
TOTAL	\$703,100	\$371,810	\$331,290

Note 4 - Deposits

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

2019 Total Deposits \$682,625

Deposits

Deposits are insured by the Federal Depository Insurance Corporation or collateralized Deposits are insured by the Federal Deposit Insurance Corporation; or collateralized by securities specifically pledged by the financial institution to the Township or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial Institution.

Note 5 - Property Taxes

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.

Adams Township
Clinton County, Ohio
Notes to the Financial Statements
For the Year Ended December 31, 2019

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

Note 6 - 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. York Risk Pooling Services, Inc. (formally known as American Risk Pooling Consultants, Inc.) (York or Management), functions as the administrator of the Pool and provides underwriting claims, loss control, risk management and reinsurance services for the Pool. Member governments pay annual contributions to OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty and Property Coverage

The Pool is a member of American Public Entity Excess Pool (APEEP), which is also administered by York. APEEP provides the Pool with an excess risk-sharing program. Under this arrangement, OTARMA retains insured risks up to an amount specified in the contracts.

The Pool uses reinsurance and excess risk sharing arrangements to reduce its exposure to loss. These agreements permit recovery of a portion of its claims from reinsurers and a risk sharing pool; however, they do not discharge the Pool's primary liability for such payments. The Pool is a member of American Public Entity Excess Pool (APEEP), which, like OTARMA, is administered by York Risk Pooling Services, Inc. (York). APEEP provides the Pool with an excess risk sharing program. Under this arrangement, the Pool retains insured risks up to an amount specified in the contracts. (At December 31, 2018 the Pool retained \$350,000 for casualty claims and \$250,000 for property claims). The Board of Directors and York periodically review the financial strength of the Pool and other market conditions to determine the appropriate level of risk the Pool will retain. As a result of this risk analysis, OTARMA has elected to increase its retention for casualty claims to \$500,000 effective January 1, 2019.

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

Financial Position

*2019 figures are not available per Wendy French @ OTARMA/Burnham & Flower.

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, 2018.

2018	Assets	\$41,593,920
	Liabilities	\$(8,700,787)
	Net Position	\$32,893,133 Unrestricted

Adams Township
Clinton County, Ohio
Notes to the Financial Statements
For the Year Ended December 31, 2019

The Pool's membership 1,018 members in 2018.

Unpaid claims to be billed in the future, Approx. \$7.2 million

2019 Contributions to OTARMA
\$6,306.00

After one year of membership, a member may withdraw on the anniversary of the date of joining OTARMA if the member notifies OTARMA in writing 60 days prior to the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's contribution. Withdrawing members have no 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 to the withdrawal.

Note 7 - Defined Benefit Pension Plans

Ohio Public Employees Retirement System

The 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 post-retirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries and the Township contributed an amount equal to 14 percent of participants' gross salaries. The Township has paid all contributions required through December 31, 2019.

Note 8 - Post-employment Benefits

OPERS offers cost-sharing, multiple-employer defined benefit post-employment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2019. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0 percent during calendar year 2019.

Note 9 - Debt/Lease/Amortization

Leases

The Township leases a dump truck under a non-cancelable lease. The Township disbursed \$19,157 to pay lease costs for the year ended December 31, 2019.

Adams Township
Clinton County, Ohio
Notes to the Financial Statements
For the Year Ended December 31, 2019

Amortization

Amortization of the above debt including interest is schedule as follows:

	Payment	Interest	Principal	Outstanding Principal Balance
2020	\$19,157	\$2,982	\$16,176	\$52,842
2021	\$19,157	\$2,283	\$16,875	\$35,967
2022	\$19,157	\$1,553	\$17,604	\$18,363
2023	\$19,157	\$793	\$18,363	\$0.00

The Township purchased/leased a dump truck and plowing equipment for Township road maintenance.

Note 10 – Contingent Liabilities

Amounts grantor agencies pay to the township are subject to audit and adjustment by the grantor, principally the federal government. The grantor may require refunding and disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

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OHIO AUDITOR OF STATE KEITH FABER



Corporate Centre of Blue Ash
11117 Kenwood Road
Blue Ash, Ohio 45242-1817
(513) 361-8550 or (800) 368-7419
SouthwestRegion@ohioauditor.gov

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

Adams Township
Clinton County
5091 State Route 22 & 3 West
Wilmington, Ohio 45177

To the Board of Trustees:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements for each governmental fund type combined total as of and for the year ended December 31, 2020 and for each governmental fund type as of and for the year ended December 31, 2019, and related notes of the Adams Township, Clinton County, (the Township) and have issued our report thereon dated August 26, 2021, wherein we noted the Township followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. We also noted the financial impact of COVID-19 and the continuing emergency measures which may impact subsequent periods of the Township.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Township's internal control over financial reporting (internal control) as a basis for designing audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Township's internal control. Accordingly, we have not opined on it.

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 combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Township's financial statements. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings that we consider a material weakness. We consider finding 2020-001 to be a material weakness.

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 financial statement. However, opining 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 or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2020-002.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Township's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Township's internal control and compliance. Accordingly, this report is not suitable for any other purpose.



Keith Faber
Auditor of State
Columbus, Ohio
August 26, 2021

ADAMS TOWNSHIP
CLINTON COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2020 AND 2019

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

FINDING NUMBER 2020-001

MATERIAL WEAKNESS

In our audit engagement letter, as required by AU-C Section 210, *Terms of Engagement*, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error as discussed in AU-C Section 210 paragraphs .A14 & .A16.

We found the following errors with financial reporting in 2020:

- Intergovernmental receipts were understated by \$12,477, Tax receipts were overstated by \$6,824, and Miscellaneous receipts were overstated by \$5,653 within the General fund.
- Principal and Interest payments were understated by \$12,428 and \$2,063 respectively, within the General fund. As a result, the Capital Outlay was overstated by \$14,491, in the Gasoline Tax fund.
- Capital Outlay and Other Debt Proceeds were understated by \$66,138 within the General fund.
- Principal and Interest payments were understated by \$8,450 and \$1,550 respectively and Capital Outlay was overstated by \$10,000 in the Permissive Motor Vehicle License Tax fund.
- Principal and Interest payments were understated by \$7,726 and \$1,431 respectively and Public Works was overstated by \$9,157 within the Road and Bridge fund.
- Tax receipts were overstated and Intergovernmental receipts were understated by \$8,613 within the Fire Fund.

We found the following errors with financial reporting in 2019:

- Assigned fund balance was understated and Unassigned fund balance was overstated by \$82,350 within the General fund.
- Principal payments were overstated and Interest payments were understated by \$3,651, in the General fund, respectively.

These errors were not identified and corrected prior to the Township preparing its financial statements and notes to the financial statements due to deficiencies in the Township's internal controls over financial statement monitoring. Failure to accurately post and report transactions could result in material errors in the Township's financial statements and reduces the Township's ability to monitor financial activity and to make sound decisions which effect the overall available cash positions of the Township.

The Township also made errors in financial reporting in the Statement of Receipts, Disbursements, and Changes in Fund Balances in amounts ranging from \$245 to \$4,361 in 2020 and 2019.

The Township corrected the financial statements and accounting records, where appropriate.

We recommend that Township accurately record financial transactions.

**FINDING NUMBER 2020-001
 (Continued)**

Officials' Response:

We did not receive a response from officials to the finding above.

FINDING NUMBER 2020-002

NONCOMPLIANCE/FINDING FOR RECOVERY – REPAID UNDER AUDIT

Ohio Rev. Code § 505.24(A) provides that a Township having a budget of more than seven hundred fifty thousand dollars but not more than one million five hundred thousand dollars, the compensation for 2020 for a Trustee elected or appointed prior to December 27, 2018 is to be paid \$56.71 per day for not more than two hundred days, which totals \$11,342 annually. During 2020 the compensation increased to \$58.71 per day for not more than two hundred days, or \$11,742 annually for Trustees elected or appointed after December 27, 2018.

Ohio Const. Art. II, § 20 prohibits a trustee from receiving an in-term increase in salary that results from a change by the General Assembly to the compensation scheme or compensation rates of Ohio Rev. Code § 505.24 during the trustee's term.

During 2020, the Trustees were paid at the 2020 compensation rate that only applies to officials that were appointed or elected on or after December 27, 2018. These Trustees were paid from General Fund and Gasoline Tax Fund. Adams Township Trustees Christopher Collett and David Webb terms began prior to December 27, 2018, which required them to be compensated at the 2018 rate, as follows.

Salary allowed for Trustee in Period 01/01/2020 – 12/31/2020 For Trustee term beginning prior to December 27, 2018, based on Adam's Township Budget amount of \$1,045,236	\$11,342
Amount Paid to Trustee's listed above for 2020	\$11,742
Overpayment, per Trustee	\$400

In accordance with the foregoing facts, and pursuant to Ohio Rev. Code §117.28, a finding for recovery for public money illegally expended is hereby issued against Christopher Collett, Township Trustee, in the amount of \$400, in favor of the General Fund in the amount of \$60 and the Gasoline Tax Fund in the amount of \$340 of Adams Township.

In accordance with the foregoing facts, and pursuant to Ohio Rev. Code §117.28, a finding for recovery for public money illegally expended is hereby issued against David Webb, Township Trustee, in the amount of \$400, in favor of the General Fund in the amount of \$60 and the Gasoline Tax Fund in the amount of \$340 of Adams Township.

The total finding was repaid, for the above Trustees, by payroll deduction on August 16, 2021, in the amount of \$400, each trustee. The above amounts were deducted on each Trustee's payroll check from the General Fund in the amount of \$60 and the Gasoline Tax Fund in the amount of \$340, per check number 013304 and 013302.

Officials' Response:

We did not receive a response from officials to the finding above.

ADAMS TOWNSHIP TRUSTEES

389 S. Beechgrove Road, Wilmington , Ohio 45177

D. Tyler Webb, President
James Reveal, Vice President
Chris Collett, Trustee

Melinda D. Rose, Fiscal Officer
c/o 5091 S.R. 22/3 West
Wilmington, Ohio 45177
Phone : 937.382.0060

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS December 31, 2020 and 2019

Finding Number	Finding Summary	Status	Additional Information
2018-001	Posting Receipts, Disbursements, and Fund Balance Classification	Not Corrected	Repeated in Finding 2020-001

OHIO AUDITOR OF STATE KEITH FABER



ADAMS TOWNSHIP

CLINTON COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

This is a true and correct copy of the report, which is required to be filed pursuant to Section 117.26, Revised Code, and which is filed in the Office of the Ohio Auditor of State in Columbus, Ohio.



Certified for Release 9/14/2021

88 East Broad Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at
www.ohioauditor.gov