



**ADAMS TOWNSHIP
CHAMPAIGN COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2000-1999



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**ADAMS TOWNSHIP
CHAMPAIGN COUNTY**

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REPORT OF INDEPENDENT ACCOUNTANTS

Adams Township
Champaign County
P.O. Box 28
Rosewood, Ohio 43070

To the Board of Trustees:

We have audited the accompanying financial statements of Adams Township, Champaign County (the Township), as of and for the years ended December 31, 2000 and 1999. 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 of Adams Township, Champaign County, as of December 31, 2000 and 1999, 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 April 13, 2001 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. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

Jim Petro
Auditor of State

April 13, 2001

**ADAMS TOWNSHIP
CHAMPAIGN COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES AND SIMILAR FIDUCIARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2000**

	<u>Governmental Fund Types</u>			<u>Fiduciary Funds</u>	Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Nonexpendable Trust</u>	
Cash Receipts:					
Local Taxes	\$17,624	\$34,784			\$52,408
Intergovernmental	18,417	61,892	3,310		83,619
Special Assessments		2,640			2,640
Charges for Services		4,500			4,500
Licenses, Permits, and Fees	330	4,496			4,826
Earnings on Investments	3,232	1,880		1,309	6,421
Other Revenue	530	9,569			10,099
Total Cash Receipts	<u>40,133</u>	<u>119,761</u>	<u>3,310</u>	<u>1,309</u>	<u>164,513</u>
Cash Disbursements:					
Current:					
General Government	28,954			29	28,983
Public Safety	1,700	5,489			7,189
Public Works		30,647			30,647
Health	4,303	8,143			12,446
Capital Outlay	8,607	121,077	3,310	1,280	134,274
Total Cash Disbursements	<u>43,564</u>	<u>165,356</u>	<u>3,310</u>	<u>1,309</u>	<u>213,539</u>
Total Receipts Over/(Under) Disbursements	<u>(3,431)</u>	<u>(45,595)</u>	<u>0</u>	<u>0</u>	<u>(49,026)</u>
Fund Cash Balances, January 1	<u>58,071</u>	<u>148,850</u>	<u>0</u>	<u>24,682</u>	<u>231,603</u>
Fund Cash Balances, December 31	<u>\$54,640</u>	<u>\$103,255</u>	<u>\$0</u>	<u>\$24,682</u>	<u>\$182,577</u>

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

**ADAMS TOWNSHIP
CHAMPAIGN COUNTY**

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

	<u>Governmental Fund Types</u>			<u>Fiduciary</u>	<u>Totals</u> <u>(Memorandum</u> <u>Only)</u>
	<u>General</u>	<u>Special</u> <u>Revenue</u>	<u>Capital</u> <u>Projects</u>	<u>Nonexpendable</u> <u>Trusts</u>	
Cash Receipts:					
Local Taxes	\$17,016	\$33,487			\$50,503
Intergovernmental	12,779	64,004	1,970		78,753
Special Assessments		2,421			2,421
Charges for Services		6,650			6,650
Licenses, Permits, and Fees	590	5,134			5,724
Earnings on Investments	2,691	1,874		1,393	5,958
Other Revenue	555	52,173			52,728
Total Cash Receipts	<u>33,631</u>	<u>165,743</u>	<u>1,970</u>	<u>1,393</u>	<u>202,737</u>
Cash Disbursements:					
Current:					
General Government	27,823			26	27,849
Public Safety	1,700	5,644			7,344
Public Works		33,440			33,440
Health	4,115	6,559			10,674
Capital Outlay	1,195	57,793	1,970	1,367	62,325
Total Cash Disbursements	<u>34,833</u>	<u>103,436</u>	<u>1,970</u>	<u>1,393</u>	<u>141,632</u>
Total Receipts Over/(Under) Disbursements	(1,202)	62,307	0	0	61,105
Fund Cash Balances, January 1	<u>59,273</u>	<u>86,543</u>	<u>0</u>	<u>24,682</u>	<u>170,498</u>
Fund Cash Balances, December 31	<u>\$58,071</u>	<u>\$148,850</u>	<u>\$0</u>	<u>\$24,682</u>	<u>\$231,603</u>

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

**ADAMS TOWNSHIP
CHAMPAIGN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Adams Township, Champaign 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, cemetery maintenance, and fire protection. The Township contracts with the Miami Township Trustees to provide ambulance services.

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.

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

D. Fund Accounting

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

1. General Fund

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

2. Special Revenue Funds

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

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

**ADAMS TOWNSHIP
CHAMPAIGN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

3. 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 project fund:

Public Works Fund - The Township received a grant from the State of Ohio to construct, maintain, and repair Township utility equipment.

4. Fiduciary Funds (Trust and Agency Funds)

These funds are used to account for resources restricted by legally binding trust agreements and funds for which the Township is acting in an agency capacity. The Township had the following significant fiduciary funds:

Offenbacher Memorial Fund and Decker Memorial Fund - These funds receive interest from fund investments.

E. Budgetary Process

The Ohio Revised Code requires that each fund (except certain agency funds) 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. Appropriations lapse at year end.

2. Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus 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.

A summary of 2000 and 1999 budgetary activity appears in Note 3.

**ADAMS TOWNSHIP
CHAMPAIGN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(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 AND INVESTMENTS

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

	<u>2000</u>	<u>1999</u>
Demand deposits	\$157,895	\$206,921
Certificates of deposit	24,682	24,682
Total deposits	\$182,577	\$231,603

Deposits: Deposits are either (1) insured by the Federal Depository Insurance Corporation, or (2) collateralized by securities specifically pledged by the financial institution to the Township.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2000 and 1999 follows:

2000 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$95,337	\$40,133	(\$55,204)
Special Revenue	266,170	119,761	(146,409)
Capital Projects	2,000	3,310	1,310
Fiduciary	1,400	1,309	(91)
Total	\$364,907	\$164,513	(\$200,394)

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$95,337	\$43,564	\$51,773
Special Revenue	266,170	165,356	100,814
Capital Projects	2,000	3,310	(1,310)
Fiduciary	1,400	1,309	91
Total	\$364,907	\$213,539	\$151,368

**ADAMS TOWNSHIP
CHAMPAIGN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$90,396	\$33,631	(\$56,765)
Special Revenue	194,795	165,743	(29,052)
Capital Projects	0	1,970	1,970
Fiduciary	1,425	1,393	(32)
Total	\$286,616	\$202,737	(\$83,879)

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$90,396	\$34,833	\$55,563
Special Revenue	236,056	103,436	132,620
Capital Projects	2,000	1,970	30
Fiduciary	1,425	1,393	32
Total	\$329,877	\$141,632	\$188,245

The Township did not comply with Section 5705.39 of the Ohio Revised Code. The Capital Projects fund 1999 appropriations totaled \$2000, while no resources were certified.

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.

**ADAMS TOWNSHIP
CHAMPAIGN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

5. 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. For 2000 and 1999, PERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries for January 1999 through June 2000 and an amount equal to 8.13% of participants' gross salaries for July through December 2000. The Township has paid all contributions required through December 31, 2000.

6. RISK MANAGEMENT

The Township has obtained commercial insurance for the following risks:

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

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

Adams Township
Champaign County
P.O. Box 28
Rosewood, Ohio 43070

To the Board of Trustees:

We have audited the accompanying financial statements of Adams Township, Champaign County (the Township), as of and for the years ended December 31, 2000 and 1999, and have issued our report thereon dated April 13, 2001. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards*, which is described in the accompanying Schedule of Findings as item 2000-40311-001. We also noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated April 13, 2001.

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 other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Township in a separate letter dated April 13, 2001.

Adams Township
Champaign 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.

Jim Petro
Auditor of State

April 13, 2001

**ADAMS TOWNSHIP
CHAMPAIGN COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2000 AND 1999**

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

FINDING NUMBER 2000-40311-001

Appropriations Exceeding Resources

Ohio Rev. Code Section 5705.39 states that the total appropriation from each fund shall not exceed the total estimated resources. During 1999, the Township failed to obtain a certificate of estimated resources for the Capital Projects Fund, and therefore appropriations exceeded estimated resources by \$2,000, contrary to the provisions of the Ohio Revised Code. Appropriating funds in excess of estimated resources could allow for deficit spending. The Township should implement procedures to prevent appropriations from exceeding estimated resources.



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ADAMS TOWNSHIP
CHAMPAIGN 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 24, 2001**