



**ADAMS TOWNSHIP  
DEFIANCE COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 2000-1999**



**JIM PETRO**  
**AUDITOR OF STATE**  

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**STATE OF OHIO**



ADAMS TOWNSHIP  
DEFIANCE COUNTY

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## REPORT OF INDEPENDENT ACCOUNTANTS

Adams Township  
Defiance County  
01800 Walnut Grove Road  
Defiance, Ohio 43512-9161

To the Board of Trustees:

We have audited the accompanying financial statements of Adams Township, Defiance County, Ohio, (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 audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits 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 audits provide 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 the Township 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 June 25, 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 audits.

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.

**Jim Petro**  
Auditor of State

June 25, 2001

**ADAMS TOWNSHIP  
DEFIANCE COUNTY**

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

	<u>Governmental Fund Types</u>			<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>				
Local Taxes	\$3,393	\$66,461		\$69,854
Intergovernmental	75,840	70,446	\$15,740	162,026
Licenses, Permits and Fees	950			950
Earnings on Investments	3,617	5,515		9,132
Other Revenue	100	81		181
	<u>83,900</u>	<u>142,503</u>	<u>15,740</u>	<u>242,143</u>
<b>Total Cash Receipts</b>				
	<u>83,900</u>	<u>142,503</u>	<u>15,740</u>	<u>242,143</u>
<b>Cash Disbursements:</b>				
Current:				
General Government	51,782			51,782
Public Safety	6,012	31,770		37,782
Public Works	6,144	153,296		159,440
Health	3,689			3,689
Capital Outlay	4,146	22,500	15,740	42,386
	<u>71,773</u>	<u>207,566</u>	<u>15,740</u>	<u>295,079</u>
<b>Total Cash Disbursements</b>				
	<u>71,773</u>	<u>207,566</u>	<u>15,740</u>	<u>295,079</u>
Total Cash Receipts Over/(Under) Cash Disbursements	12,127	(65,063)		(52,936)
Fund Cash Balances, January 1	30,582	118,196		148,778
<b>Fund Cash Balances, December 31</b>	<u><b>\$42,709</b></u>	<u><b>\$53,133</b></u>		<u><b>\$95,842</b></u>

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

**ADAMS TOWNSHIP  
DEFIANCE COUNTY**

**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>		<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Local Taxes	\$6,366	\$56,842	\$63,208
Intergovernmental	64,789	69,082	133,871
Licenses, Permits, and Fees	345		345
Earnings on Investments	2,482	3,316	5,798
Other Revenue		290	290
	<u>73,982</u>	<u>129,530</u>	<u>203,512</u>
<b>Total Cash Receipts</b>			
	<u>73,982</u>	<u>129,530</u>	<u>203,512</u>
<b>Cash Disbursements:</b>			
Current:			
General Government	47,860		47,860
Public Safety	3,999	25,739	29,738
Public Works	1,102	70,771	71,873
Health	2,999		2,999
	<u>55,960</u>	<u>96,510</u>	<u>152,470</u>
<b>Total Cash Disbursements</b>			
	<u>55,960</u>	<u>96,510</u>	<u>152,470</u>
<b>Total Cash Receipts Over Cash Disbursements</b>	18,022	33,020	51,042
Fund Cash Balances, January 1	<u>12,560</u>	<u>85,176</u>	<u>97,736</u>
<b>Fund Cash Balances, December 31</b>	<u><b>\$30,582</b></u>	<u><b>\$118,196</b></u>	<u><b>\$148,778</b></u>

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



**ADAMS TOWNSHIP  
DEFIANCE COUNTY**

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

Adams Township, Defiance 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 maintenance and repair, cemetery maintenance, and fire protection and emergency medical services. The Township contracts with Richland and Ridgeville Townships to provide fire services and ambulance service.

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**

Repurchase agreements 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. Except 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:

**ADAMS TOWNSHIP  
DEFIANCE COUNTY**

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

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

*Road and Bridge Fund* - This fund receives property tax receipts for maintaining and repairing Township roads and bridges.

*Fire District Fund* - This fund receives tax monies assessed and levied on the general assessed valuation of real and personal property taxes for the protection against fire.

**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:

*OPWC/Issue II Fund* - The Township receives a grant from the State of Ohio to repair and resurface certain roadways.

**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 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. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year.

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

**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.

**ADAMS TOWNSHIP  
DEFIANCE COUNTY**

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

**2. EQUITY IN POOLED CASH AND INVESTMENTS**

The Township maintains a cash and investment 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><b>2000</b></u>	<u><b>1999</b></u>
Demand deposits	(\$1,680)	\$3,110
Repurchase Agreement	<u>97,522</u>	<u>145,668</u>
Total deposits and Investments	<u><u>\$95,842</u></u>	<u><u>\$148,778</u></u>

Deposits are insured by the Federal Depository Insurance Corporation.

**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	\$62,900	\$83,900	\$21,000
Special Revenue	154,209	142,503	(\$11,706)
Capital Projects		<u>15,740</u>	<u>15,740</u>
Total	<u><u>\$217,109</u></u>	<u><u>\$242,143</u></u>	<u><u>\$25,034</u></u>

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$93,481	\$71,773	\$21,708
Special Revenue	272,407	207,566	\$64,841
Capital Projects		<u>15,740</u>	<u>(15,740)</u>
Total	<u><u>\$365,888</u></u>	<u><u>\$295,079</u></u>	<u><u>\$70,809</u></u>

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$62,805	\$73,982	\$11,177
Special Revenue	<u>128,716</u>	<u>129,530</u>	<u>\$814</u>
Total	<u><u>\$191,521</u></u>	<u><u>\$203,512</u></u>	<u><u>\$11,991</u></u>

**ADAMS TOWNSHIP  
DEFIANCE COUNTY**

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

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$75,350	\$55,960	\$19,390
Special Revenue	214,010	96,510	\$117,500
Total	\$289,360	\$152,470	\$136,890

**4. COMPLIANCE**

Expenditures exceeded appropriations by \$15,740 in the Local Transportation Infrastructure Payments - Issue II, Capital Project Fund, contrary to Ohio Revised Code § 5705.41(B).

**5. PROPERTY TAX**

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by the 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 25.

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.

**6. RETIREMENT SYSTEMS**

Township personnel 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 10.84% for 2000 and 13.55% for 1999 of participants' gross salaries. The Township has paid all contributions required through December 31, 2000.

**ADAMS TOWNSHIP  
DEFIANCE COUNTY**

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

**7. RISK POOL MEMBERSHIP**

The Township belongs to the Ohio Municipal Joint Self-Insurance Pool, (the "Pool"), an unincorporated non-profit association available to municipal corporations and their instrumentalities. Pursuant to Section 2744.081 of the Ohio Revised Code, the Plan is deemed a separate legal entity. The Pool provides a program of property and casualty insurance for its members. The Plan pays judgments, settlements and other expenses resulting for covered claims that exceed the members' deductibles.

Casualty excess-of-loss contracts at December 31, 2000 and 1999 generally protect against individual losses over \$150,000 (\$100,000 for policies issued after March 31, 2000).

Property coverage contracts protect against losses, subject to a deductible of \$50,000 per occurrence, limited to an annual aggregate loss of the greater of \$300,000 or 1% of total coverage.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and retained (deficit) earnings at December 31:

	<u>2000</u>	<u>1999</u>
Assets	\$2,958,827	\$4,151,450
Liabilities	3,863,373	3,461,914
Retained (deficit) earnings	<u>(\$904,546)</u>	<u>\$689,536</u>

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

Adams Township  
Defiance County  
01800 Walnut Grove Road  
Defiance, Ohio 43512-9161

To the Board of Trustees:

We have audited the accompanying financial statements of Adams Township, Defiance County, (the Township) as of and for the years ended December 31, 2000 and 1999, and have issued our report thereon dated June 25, 2001. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**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 audits 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 2000-40120-001. We also noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated June 25, 2001.

**Internal Control Over Financial Reporting**

In planning and performing our audits, we considered the 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 June 25, 2001.

Adams Township  
Defiance 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

June 25, 2001



**ADAMS TOWNSHIP  
DEFIANCE 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 2000-40120-001**

**Noncompliance Citation**

Ohio Revised Code § 5705.41(B) prohibits a subdivision from making an expenditure unless it has been lawfully appropriated.

There was no evidence that the Trustees had approved any appropriations for the Local Transportation Infrastructure Payments (LTIP) Fund in 2000. This resulted in actual expenditures exceeded appropriations for the LTIP Fund (Issue II) for 2000 in the amount \$15,740. We recommend that the Trustees amend the estimated resources and appropriations when they are notified that the Township will receive LTIP funds.





STATE OF OHIO  
OFFICE OF THE AUDITOR  

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JIM PETRO, AUDITOR OF STATE

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**ADAMS TOWNSHIP**

**DEFIANCE 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  
JULY 24, 2001**