



**Auditor of State  
Betty Montgomery**



**ADAMS TOWNSHIP  
GUERNSEY COUNTY**

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**Auditor of State  
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT**

Adams Township  
Guernsey County  
4821 Glenn Highway Road  
Cambridge, Ohio 43725

To the Board of Trustees:

We have audited the accompanying financial statements of Adams Township, Guernsey County, Ohio (the Township), as of and for the years ended December 31, 2002 and 2001. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of Adams Township, Guernsey County, as of December 31, 2002 and 2001, 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 February 21, 2003, 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 the audit committee, management, the Board of Trustees and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

**Betty Montgomery**  
Auditor of State

February 21, 2003

**ADAMS TOWNSHIP  
GUERNSEY COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2002**

	<u>Governmental Fund Types</u>				<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>					
Local Taxes	\$26,807	\$68,555	\$0	\$0	\$95,362
Intergovernmental	18,030	71,956	4,700	9,855	104,541
Earnings on Investments	2,671	333			3,004
Other Revenue	4,502	892			5,394
Total Cash Receipts	<u>52,010</u>	<u>141,736</u>	<u>4,700</u>	<u>9,855</u>	<u>208,301</u>
<b>Cash Disbursements:</b>					
Current:					
General Government	49,138	25,373			74,511
Public Safety		24,290			24,290
Public Works		93,914			93,914
Health	2,753				2,753
Debt Service:					
Redemption of Principal			8,722		8,722
Interest and Fiscal Charges	1,174		2,397		3,571
Capital Outlay		3,000		10,821	13,821
Total Cash Disbursements	<u>53,065</u>	<u>146,577</u>	<u>11,119</u>	<u>10,821</u>	<u>221,582</u>
Total Receipts Over/(Under) Disbursements	<u>(1,055)</u>	<u>(4,841)</u>	<u>(6,419)</u>	<u>(966)</u>	<u>(13,281)</u>
Fund Cash Balances, January 1	<u>14,025</u>	<u>48,894</u>	<u>6,419</u>	<u>1,020</u>	<u>70,358</u>
<b>Fund Cash Balances, December 31</b>	<b><u>\$12,970</u></b>	<b><u>\$44,053</u></b>	<b><u>\$0</u></b>	<b><u>\$54</u></b>	<b><u>\$57,077</u></b>

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

**ADAMS TOWNSHIP  
GUERNSEY COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL PROPRIETARY AND SIMILAR FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2002**

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Non- Expendable Trust</u>	<u>Agency</u>	
<b>Operating Cash Receipts:</b>				
Charges for Services	\$2,624	\$0	\$0	\$2,624
Earnings on Investments		230		230
<b>Total Operating Cash Receipts</b>	<u>2,624</u>	<u>230</u>	<u>0</u>	<u>2,854</u>
<b>Operating Cash Disbursements:</b>				
Purchased Services	2,637	297		2,934
Other			2,250	2,250
<b>Total Operating Cash Disbursements</b>	<u>2,637</u>	<u>297</u>	<u>2,250</u>	<u>5,184</u>
<b>Operating Income/(Loss)</b>	<u>(13)</u>	<u>(67)</u>	<u>(2,250)</u>	<u>(2,330)</u>
<b>Non-Operating Cash Receipts:</b>				
Other Financing Sources			2,500	2,500
<b>Total Non-Operating Cash Receipts</b>			<u>2,500</u>	<u>2,500</u>
<b>Net Receipts Over/(Under) Disbursements</b>	<u>(13)</u>	<u>(67)</u>	<u>250</u>	<u>170</u>
Fund Cash Balances, January 1	<u>40</u>	<u>5,100</u>	<u>1,750</u>	<u>6,890</u>
<b>Fund Cash Balances, December 31</b>	<u><u>\$27</u></u>	<u><u>\$5,033</u></u>	<u><u>\$2,000</u></u>	<u><u>\$7,060</u></u>

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



**ADAMS TOWNSHIP  
GUERNSEY COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2001**

	<u>Governmental Fund Types</u>				<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>					
Local Taxes	\$26,373	\$59,168	\$8,269	\$0	\$93,810
Intergovernmental	27,279	76,830	4,535	13,978	122,622
Earnings on Investments	3,305	523			3,828
Other Revenue	1,306	1,087			2,393
<b>Total Cash Receipts</b>	<u>58,263</u>	<u>137,608</u>	<u>12,804</u>	<u>13,978</u>	<u>222,653</u>
<b>Cash Disbursements:</b>					
Current:					
General Government	55,730	28,387			84,117
Public Safety		22,359			22,359
Public Works		94,802			94,802
Health	3,213				3,213
Debt Service:					
Redemption of Principal			8,722		8,722
Interest and Fiscal Charges			4,092		4,092
Capital Outlay		3,531		14,638	18,169
<b>Total Cash Disbursements</b>	<u>58,943</u>	<u>149,079</u>	<u>12,814</u>	<u>14,638</u>	<u>235,474</u>
<b>Total Receipts Over/(Under) Disbursements</b>	<u>(680)</u>	<u>(11,471)</u>	<u>(10)</u>	<u>(660)</u>	<u>(12,821)</u>
<b>Fund Cash Balances, January 1</b>	<u>14,705</u>	<u>60,365</u>	<u>6,429</u>	<u>1,680</u>	<u>83,179</u>
<b>Fund Cash Balances, December 31</b>	<u><b>\$14,025</b></u>	<u><b>\$48,894</b></u>	<u><b>\$6,419</b></u>	<u><b>\$1,020</b></u>	<u><b>\$70,358</b></u>
<b>Reserve for Encumbrances, December 31</b>	<u><b>\$2,132</b></u>	<u><b>\$2,524</b></u>	<u><b>\$0</b></u>	<u><b>\$0</b></u>	<u><b>\$4,656</b></u>

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

**ADAMS TOWNSHIP  
GUERNSEY COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL PROPRIETARY AND SIMILAR FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2001**

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Non- Expendable Trust</u>	<u>Agency</u>	
<b>Operating Cash Receipts:</b>				
Charges for Services	\$3,604	\$0	\$0	\$3,604
Earnings on Investments		342		342
<b>Total Operating Cash Receipts</b>	<u>3,604</u>	<u>342</u>	<u>0</u>	<u>3,946</u>
<b>Operating Cash Disbursements:</b>				
Purchased Services	3,594	330		3,924
Other			1,250	1,250
<b>Total Operating Cash Disbursements</b>	<u>3,594</u>	<u>330</u>	<u>1,250</u>	<u>5,174</u>
<b>Operating Income/(Loss)</b>	<u>10</u>	<u>12</u>	<u>(1,250)</u>	<u>(1,228)</u>
<b>Non-Operating Cash Receipts:</b>				
Other Financing Sources			1,000	1,000
<b>Total Non-Operating Cash Receipts</b>			<u>1,000</u>	<u>1,000</u>
<b>Net Receipts Over/(Under) Disbursements</b>	10	12	(250)	(228)
<b>Fund Cash Balances, January 1</b>	<u>30</u>	<u>5,088</u>	<u>2,000</u>	<u>7,118</u>
<b>Fund Cash Balances, December 31</b>	<u><u>\$40</u></u>	<u><u>\$5,100</u></u>	<u><u>\$1,750</u></u>	<u><u>\$6,890</u></u>

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

**ADAMS TOWNSHIP  
GUERNSEY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

Adams Township, Guernsey 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 road and bridge maintenance, cemetery maintenance, fire protection and emergency medical services. The Township contracts with the Village of New Concord and the Cassell Station Volunteer Fire Department to provide fire and 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**

Certificates of deposit are valued at cost.

**D. Fund Accounting**

The Township uses fund accounting to segregate cash that is 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  
GUERNSEY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Fund Accounting (Continued)**

**2. Special Revenue Funds (Continued)**

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

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

**3. Debt Service Fund**

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

*General Note Retirement Fund* – This fund was established to service the debt incurred from the purchase of a road grader.

**4. Capital Project Funds**

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

*Public Works Commission Fund* – This fund receives money from Guernsey County to be used road repairs.

**5. Enterprise Fund**

Enterprise Funds account for operations that are similar to private business enterprises where management intends that the significant costs of providing certain goods or services will be recovered through user charges. The Township had the following significant Enterprise Fund:

*Garbage Fund* – This fund receives charges for services from residents to cover the cost of providing garbage pick up.

**6. 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:

*Cemetery Bequest Fund* – This fund receives interest earnings for the maintenance and upkeep of the Township cemetery.

*Road Bond Fund* - This fund receives money through road bonds from contractors to pay for repairs to roads that may get damaged.

**ADAMS TOWNSHIP  
GUERNSEY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**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. Unencumbered appropriations lapse at year end.

**2. Estimated Resources**

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

**3. Encumbrances**

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

A summary of 2002 and 2001 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.

**G. Accumulated Leave**

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Township's basis of accounting.

**2. EQUITY IN POOLED CASH**

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

	<u>2002</u>	<u>2001</u>
Demand deposits	\$49,137	\$62,248
Certificates of deposit	15,000	15,000
Total deposits	<u>\$64,137</u>	<u>\$77,248</u>

**Deposits:** Deposits are insured by the Federal Deposit Insurance Corporation.

**ADAMS TOWNSHIP  
GUERNSEY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001  
(Continued)**

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2002 and 2001, follows:

2002 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$51,858	\$52,010	\$152
Special Revenue	141,862	141,736	(126)
Debt Service	5,875	4,700	(1,175)
Capital Projects	9,855	9,855	0
Enterprise	2,900	2,624	(276)
Nonexpendable Trust	352	230	(122)
Agency	2,500	2,500	0
Total	\$215,202	\$213,655	(\$1,547)

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$63,751	\$53,065	\$10,686
Special Revenue	178,216	146,577	31,639
Debt Service	12,294	11,119	1,175
Capital Projects	10,875	10,821	54
Enterprise	2,940	2,637	303
Nonexpendable Trust	452	297	155
Agency	2,250	2,250	0
Total	\$270,778	\$226,766	\$44,012

2001 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$56,380	\$58,263	\$1,883
Special Revenue	135,497	137,608	2,111
Debt Service	12,804	12,804	0
Capital Projects	13,978	13,978	0
Enterprise	3,604	3,604	0
Nonexpendable Trust	323	342	19
Agency	1,000	1,000	0
Total	\$223,586	\$227,599	\$4,013

**ADAMS TOWNSHIP  
GUERNSEY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001  
(Continued)**

**3. BUDGETARY ACTIVITY (Continued)**

2001 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$69,669	\$61,075	\$8,594
Special Revenue	201,759	151,603	50,156
Debt Service	19,233	12,814	6,419
Capital Projects	15,658	14,638	1,020
Enterprise	3,635	3,594	41
Nonexpendable Trust	411	330	81
Agency	3,000	1,250	1,750
Total	\$313,365	\$245,304	\$68,061

**4. 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 20.

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

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

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

**5. DEBT**

Debt outstanding at December 31, 2002, was as follows:

	Principal	Interest Rate
General Obligation Notes	\$52,333	5.85%

The general obligation notes were issued to finance the purchase of a road grader to be used for Township road maintenance. The notes are collateralized solely by the Township's taxing authority.

**ADAMS TOWNSHIP  
GUERNSEY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001  
(Continued)**

**5. DEBT (Continued)**

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

Year ending December 31:	General Obligation Notes
2003	\$11,784
2004	11,280
2005	10,763
2006	10,252
2007	9,743
2008	9,234
Total	\$63,056

**6. RETIREMENT SYSTEM**

The Township's elected officials and 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 2002 and 2001, PERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries. The Township has paid all contributions required through December 31, 2002.

**7. RISK MANAGEMENT**

**Risk Pool Membership**

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

Casualty Insurance

OTARMA retains casualty risks up to \$250,000 per claim. Claims exceeding \$250,000 are reinsured with APEEP up to \$1,750,000 per claim and \$5,000,000 in the aggregate per year. Governments can elect additional coverage, from \$2,000,000 to \$10,000,000 from the General Reinsurance Corporation.

If losses exhaust OTARMA's retained earnings, APEEP covers OTARMA losses up to \$5,000,000 per year, subject to a per-claim limit of \$2,000,000.



**ADAMS TOWNSHIP  
GUERNSEY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001  
(Continued)**

**7. RISK MANAGEMENT (Continued)**

Property Coverage

OTARMA retains property risks including automobile physical damage up to \$100,000 on any specific loss. The Travelers Indemnity Company reinsure specific losses exceeding \$100,000. The Travelers Indemnity Company also provides aggregate excess coverage for property including automobile physical damage subject to an annual stop loss. When the stop loss is reached in any year, the Travelers Indemnity Company provides coverage in excess of \$10,000.

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

Financial Position

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

<u>Casualty Coverage</u>	<u>2001</u>	<u>2000</u>
Assets	\$23,703,776	\$22,684,383
Liabilities	<u>9,379,003</u>	<u>8,924,977</u>
Retained earnings	<u>\$14,324,773</u>	<u>\$13,759,406</u>
<u>Property Coverage</u>	<u>2001</u>	<u>2000</u>
Assets	\$5,011,131	\$4,156,784
Liabilities	<u>647,667</u>	<u>497,831</u>
Retained earnings	<u>\$4,363,464</u>	<u>\$3,658,953</u>

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**Auditor of State  
Betty Montgomery**

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

Adams Township  
Guernsey County  
4821 Glenn Highway Road  
Cambridge, Ohio 43725

To the Board of Trustees:

We have audited the accompanying financial statements of Adams Township, Guernsey County, Ohio (the Township), as of and for the years ended December 31, 2002 and 2001, and have issued our report thereon dated February 21, 2003. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether the Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted a certain immaterial instance of noncompliance that we have reported to management of the Township in a separate letter dated February 21, 2003.

**Internal Control Over Financial Reporting**

In planning and performing our audit, 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 a matter involving the internal control over financial reporting that does not require inclusion in this report, that we have reported to management of the Township in a separate letter dated February 21, 2003.

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

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

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

**Betty Montgomery**  
Auditor of State

February 21, 2003



**Auditor of State  
Betty Montgomery**

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Columbus, Ohio 43216-1140

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Facsimile 614-466-4490

**ADAMS TOWNSHIP**

**GUERNSEY TOWNSHIP**

**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 8, 2003**