

**ADAMS TOWNSHIP
CHAMPAIGN COUNTY, OHIO**

*Financial Statements
(Audited)*

For The Years Ended
December 31, 2008 and 2007

MARY JO KIES, FISCAL OFFICER



Mary Taylor, CPA

Auditor of State

Board of Trustees
Adams Township
P.O. Box 28
Rosewood, OH 43070

We have reviewed the *Independent Auditor's Report* of Adams Township, Champaign County, prepared by Julian & Grube, Inc., for the audit period January 1, 2007 to December 31, 2008. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

The financial statements in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Auditor of State. Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Independent Auditor's Report* on your financial statements. While the Auditor of State does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. The attached report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the statements are misstated under the non-GAAP regulatory basis. The *Independent Auditor's Report* also includes an opinion on the financial statements using the regulatory format the Auditor of State permits.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Adams Township is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

May 19, 2009

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**ADAMS TOWNSHIP
CHAMPAIGN COUNTY, OHIO**

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Julian & Grube, Inc.
Serving Ohio Local Governments

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Independent Auditor's Report

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

We have audited the accompanying financial statements of Adams Township, Champaign County, Ohio, as of and for the years ended December 31, 2008 and 2007. These financial statements are the responsibility of Adams 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 the Comptroller General of the United States' *Government Auditing Standards*. 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 more fully in Note 2, Adams Township has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Revisions to GAAP would require Adams Township to reformat its financial statement presentation and make other changes effective for the years ended December 31, 2008 and 2007. Instead of the combined funds the accompanying financial statements present for 2008 and 2007, the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately for 2008 and 2007. While Adams Township does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to the new GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. Adams Township has elected not to reformat its statements. Since Adams Township does not use GAAP to measure financial statement amounts, the following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

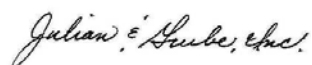
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Adams Township
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In our opinion, because of the effects of the matters discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2008 and 2007 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of Adams Township as of December 31, 2008 and 2007, or its changes in financial position for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash fund balances of Adams Township, Champaign County, Ohio, as of December 31, 2008 and 2007 and its combined cash receipts and cash disbursements, combined budgeted and actual receipts and budgeted and actual disbursements for the years then ended on the basis of accounting Note 2 describes.

The aforementioned revision to generally accepted accounting principles also requires Adams Township to include Management's Discussion and Analysis for the years ended December 31, 2008 and 2007. Adams Township has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 24, 2009, on our consideration of Adams Township's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.



Julian & Grube, Inc.
April 24, 2009

**ADAMS TOWNSHIP
CHAMPAIGN COUNTY, OHIO**

COMBINED STATEMENT OF CASH FUND BALANCES
ALL FUND TYPES
DECEMBER 31, 2008 AND 2007

<u>Cash and Cash Equivalents</u>	<u>2008</u>	<u>2007</u>
Cash and Cash Equivalents	\$ 538,667	\$ 417,922
Total Cash and Cash Equivalents	<u>\$ 538,667</u>	<u>\$ 417,922</u>
 <u>Fund Balances</u>		
<u>Governmental Fund Types:</u>		
General Fund	\$ 129,801	\$ 145,282
Special Revenue Funds	381,889	245,981
Permanent Fund	<u>26,442</u>	<u>26,139</u>
Total Governmental Fund Types	<u>538,132</u>	<u>417,402</u>
 <u>Fiduciary Fund Type:</u>		
Private Purpose Trust Fund	<u>535</u>	<u>520</u>
Total Fund Balances	<u>\$ 538,667</u>	<u>\$ 417,922</u>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**ADAMS TOWNSHIP
CHAMPAIGN COUNTY, OHIO**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN CASH FUND BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2008

	Governmental Fund Types			Total (Memorandum Only)
	General	Special Revenue	Permanent	
Cash receipts:				
Local taxes	\$ 23,200	\$ 67,812	\$ -	\$ 91,012
Intergovernmental	16,000	110,415	-	126,415
Special assessments	-	3,409	-	3,409
Charges for services	-	8,400	-	8,400
Licenses, permits and fees	2,088	7,440	-	9,528
Interest	9,225	3,127	303	12,655
Miscellaneous	1,079	12,900	-	13,979
Total cash receipts	51,592	213,503	303	265,398
Cash disbursements:				
Current:				
Public safety	2,500	18,588	-	21,088
Public health services	5,518	11,281	-	16,799
Public works	-	31,087	-	31,087
General government	60,704	16,639	-	77,343
Capital outlay	584	-	-	584
Debt service:				
Principal retirement	9,767	-	-	9,767
Total cash disbursements	79,073	77,595	-	156,668
Total cash receipts over/(under) cash disbursements	(27,481)	135,908	303	108,730
Other financing (disbursements):				
Proceeds from sale of assets	12,000	-	-	12,000
Advances in	1,000	1,000	-	2,000
Advances out	(1,000)	(1,000)	-	(2,000)
Total other financing (disbursements)	12,000	-	-	12,000
Excess of cash receipts and other financing receipts over/(under) cash disbursements	(15,481)	135,908	303	120,730
Cash fund balances, January 1, 2008	145,282	245,981	26,139	417,402
Cash fund balances, December 31, 2008	\$ 129,801	\$ 381,889	\$ 26,442	\$ 538,132

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**ADAMS TOWNSHIP
CHAMPAIGN COUNTY, OHIO**

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN CASH
FUND BALANCE - FIDUCIARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2008

	Fiduciary Fund Type	
	Private Purpose Trust	
Nonoperating cash receipts/(disbursements):		
Interest	\$	15
Total nonoperating cash receipts/(disbursements)		15
Net cash receipts over/(under) disbursements		15
Cash fund balance, January 1, 2008	\$	520
Cash fund balance, December 31, 2008	\$	535

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**ADAMS TOWNSHIP
CHAMPAIGN COUNTY, OHIO**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,
AND ENCUMBRANCES COMPARED WITH EXPENDITURE
AUTHORITY - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2008

Fund Types	Receipts					Disbursements					Variance Favorable (Unfavorable)	
	County Certified Unencumbered Cash	Budget	Total Estimated Resources	Actual 2008 Receipts	Variance Favorable (Unfavorable)	Prior Year Carryover Appropriations	2008 Appropriations	Total	Actual 2008 Disbursements	Encumbrances Outstanding at 12/31/08		Total
Governmental:												
General	\$ 145,282	\$ 47,155	\$ 192,437	\$ 64,592	\$ 17,437	\$ -	\$ 192,436	\$ 192,436	\$ 80,073	\$ -	\$ 80,073	\$ 112,363
Special Revenue	245,981	192,929	438,910	214,503	21,574	-	438,909	438,909	78,595	-	78,595	360,314
Permanent	26,139	1,133	27,272	303	(830)	-	3,089	3,089	-	-	-	3,089
Fiduciary:												
Private Purpose Trust	520	21	541	-	(21)	-	41	41	-	-	-	41
Total (Memorandum Only)	\$ 417,922	\$ 241,238	\$ 659,160	\$ 279,398	\$ 38,160	\$ -	\$ 634,475	\$ 634,475	\$ 158,668	\$ -	\$ 158,668	\$ 475,807

**ADAMS TOWNSHIP
CHAMPAIGN COUNTY, OHIO**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN CASH FUND BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2007

	Governmental Fund Types				Total (Memorandum Only)
	General	Special Revenue	Capital Projects	Permanent	
Cash receipts:					
Local taxes	\$ 21,768	\$ 67,056	\$ -	\$ -	\$ 88,824
Intergovernmental	19,423	109,308	178,600	-	307,331
Special assessments	-	2,546	-	-	2,546
Charges for services	-	6,100	-	-	6,100
Licenses, permits and fees	927	6,048	-	-	6,975
Interest	3,961	1,708	-	1,827	7,496
Miscellaneous	1,043	7,031	-	-	8,074
Total cash receipts	<u>47,122</u>	<u>199,797</u>	<u>178,600</u>	<u>1,827</u>	<u>427,346</u>
Cash disbursements:					
Current:					
Public safety	2,500	12,822	-	-	15,322
Public health services	4,891	15,462	-	-	20,353
Public works	87	18,145	-	-	18,232
General government	60,518	14,079	-	-	74,597
Capital outlay	12,863	86,808	213,670	-	313,341
Debt service:					
Principal retirement	7,117	-	-	-	7,117
Total cash disbursements	<u>87,976</u>	<u>147,316</u>	<u>213,670</u>	<u>-</u>	<u>448,962</u>
Total cash receipts over/(under) cash disbursements	<u>(40,854)</u>	<u>52,481</u>	<u>(35,070)</u>	<u>1,827</u>	<u>(21,616)</u>
Other financing receipts/(disbursements):					
Proceeds from sale of notes	20,944	-	35,070	-	56,014
Proceeds from sale of assets	-	2,930	-	-	2,930
Advances in	5,000	5,000	-	-	10,000
Advances out	(5,000)	(5,000)	-	-	(10,000)
Total other financing receipts/(disbursements)	<u>20,944</u>	<u>2,930</u>	<u>35,070</u>	<u>-</u>	<u>58,944</u>
Excess of cash receipts and other financing receipts over/(under) cash disbursements and other financing disbursements	(19,910)	55,411	-	1,827	37,328
Cash fund balances, January 1, 2007	<u>165,192</u>	<u>190,570</u>	<u>-</u>	<u>24,312</u>	<u>380,074</u>
Cash fund balances, December 31, 2007	<u>\$ 145,282</u>	<u>\$ 245,981</u>	<u>\$ -</u>	<u>\$ 26,139</u>	<u>\$ 417,402</u>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**ADAMS TOWNSHIP
CHAMPAIGN COUNTY, OHIO**

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN CASH
FUND BALANCE - FIDUCIARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2007

	Fiduciary Fund Type
	Private Purpose Trust
Nonoperating cash receipts/(disbursements):	
Interest	\$ 21
Total nonoperating cash receipts/(disbursements)	21
Net cash receipts over/(under) cash disbursements	21
Cash fund balance, January 1, 2007	499
Cash fund balance, December 31, 2007	\$ 520

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

ADAMS TOWNSHIP
CHAMPAIGN COUNTY, OHIO

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,
AND ENCUMBRANCES COMPARED WITH EXPENDITURE
AUTHORITY - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2007

Fund Types	Receipts				Disbursements					Variance Favorable (Unfavorable)	
	County Certified Unencumbered Cash	Budget	Total Estimated Resources	Actual 2007 Receipts	Variance Favorable (Unfavorable)	Prior Year Carryover Appropriations	2007 Appropriations	Total	Actual 2007 Disbursements		Encumbrances Outstanding at 12/31/07
Governmental:											
General	\$ 165,192	\$ 49,919	\$ 215,111	\$ 73,066	\$ 23,147	\$ -	\$ 215,230	\$ 215,230	\$ 92,976	\$ -	\$ 122,254
Special Revenue	190,570	189,592	380,162	207,727	18,135	-	385,041	385,041	152,316	-	232,725
Capital Projects	-	213,670	213,670	213,670	-	-	213,670	213,670	213,670	-	-
Permanent	24,312	500	24,812	1,827	1,327	-	630	630	-	-	630
Fiduciary:											
Private Purpose Trust	499	10	509	-	(10)	-	9	9	-	-	9
Total (Memorandum Only)	\$ 380,573	\$ 453,691	\$ 834,264	\$ 496,290	\$ 42,599	\$ -	\$ 814,580	\$ 814,580	\$ 458,962	\$ -	\$ 355,618

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**ADAMS TOWNSHIP
CHAMPAIGN COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

NOTE 1 - DESCRIPTION OF THE ENTITY

Adams Township, Champaign County, Ohio, (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, fire services, ambulance services (contracted through Riverside EMS) and cemetery maintenance.

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The most significant of the Township's accounting policies are described below.

A. BASIS OF PRESENTATION - FUND ACCOUNTING

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

Governmental Fund Types

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.

Special Revenue Fund Type

These funds are used to account for proceeds of specific revenue sources (other than from trusts or for capital projects) that are legally restricted to expenditure for specific purposes.

The Township had the following significant special revenue funds:

Gasoline Tax Fund - This fund receives gasoline tax money to pay for constructing, maintaining and repairing Township roads. (2007)

Fire Levy Fund - This fund receives property tax money for obtaining fire service protection for the Township. (2008 and 2007)

Capital Projects Funds

These funds account for receipts restricted to acquiring or constructing major capital projects. The Township had the following capital projects fund:

Ohio Public Works Commission Fund - The Township received two loans from the State of Ohio for storm drainage improvements on Rosewood.

**ADAMS TOWNSHIP
CHAMPAIGN COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Permanent Funds

These funds account for assets held under a trust agreement that are legally restricted to the extent that only earnings, not principal, are available to support the Township's programs. The Township had the following permanent fund:

Decker Cemetery Endowment Fund - This fund receives interest earned on the nonexpendable corpus from a trust agreement. These earnings are used for the general maintenance and upkeep of the Township's cemetery.

Fiduciary Funds

Fiduciary funds include private purpose trust funds. Trust funds account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Township's own programs.

The Township's private purpose trust fund is for the benefit of two gravesites at the Rosedale Cemetery as stipulated in the Philip T. Offenbacher will.

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. BUDGETARY PROCESS

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriations resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. The primary level of budgetary control is at the item level within a department and fund. Any budgetary modifications at this level may only be made by resolution of the Township's Board of Trustees. The Township had several budget modifications throughout the years ended December 31, 2008 and 2007.

**ADAMS TOWNSHIP
CHAMPAIGN COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Tax Budget:

A budget of estimated cash receipts and disbursements is submitted to the County Auditor, as secretary of the County Budget Commission, by July 20 of each year, for the period January 1 to December 31 of the following year. All funds, except certain agency funds, are legally required to be budgeted. The expressed purpose of the tax budget is to reflect the need for existing (or increased) tax rates.

Estimated Resources:

The County Budget Commission determines if the budget substantiates a need to levy the full amount of authorized property tax rates and reviews receipt estimates. The County Budget Commission certifies its actions to the Township by September 1. As part of this certification, the Township receives the official certificate of estimated resources, which states the projected receipts of each fund. On or about January 1, the certificate is amended to include unencumbered fund balances at December 31 of the preceding year. Further amendments may be made during the year if the Township determines that receipts collected will be greater than or less than the prior estimates and the Budget Commission find the revised estimates to be reasonable. Prior to December 31, the Township must revise its budget so that the total contemplated expenditures from a fund during the ensuing fiscal year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriation measure.

Appropriations:

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the legal 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.

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 re-appropriated. The Township did not have any outstanding encumbrances at December 31, 2008 or 2007.

D. CASH AND CASH EQUIVALENTS AND INVESTMENTS

For reporting purposes, the Township considers "Cash and Cash Equivalents" to be cash on hand, demand deposits, and all investments held by the Township with a maturity date less than or equal to three months from the date of purchase. Interest income earned and received by the Township totaled \$12,670 and \$7,517 for the years ended December 31, 2008 and 2007, respectively.

**ADAMS TOWNSHIP
CHAMPAIGN COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

E. PROPERTY, PLANT AND EQUIPMENT

Capital assets are not capitalized in any of the Township’s funds. Instead, capital acquisition and construction costs are reflected as expenditures in the fund in the year expended. The costs of normal maintenance and repairs are also expended, along with improvements. Depreciation is not recorded by the Township.

F. INTERGOVERNMENTAL REVENUES

Intergovernmental revenues, such as entitlements and grants awarded on a non-reimbursable basis are recorded when received in accordance with the Township’s cash basis method of accounting.

G. TOTAL COLUMNS ON FINANCIAL STATEMENTS

Total columns on the financial statements are captioned “Total (Memorandum Only)” to indicate that they are presented only to facilitate financial analysis. Interfund-type eliminations have not been made in the aggregation of this data.

H. INTERFUND TRANSACTIONS

During the course of normal operations, the Township had transactions between funds. The most significant include advances of resources from one fund to another fund. The resources advanced are to be temporarily used for operations.

NOTE 3 - CASH, CASH EQUIVALENTS AND INVESTMENTS

The Township maintains a cash and investment pool used by all funds except the private purpose trust fund which is maintained in a segregated bank account. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash and investments at December 31 was as follows:

	<u>2008</u>	<u>2007</u>
Demand deposits	\$314,307	\$255,878
Certificates of deposit	<u>224,360</u>	<u>162,044</u>
 Total deposits	 <u>\$538,667</u>	 <u>\$417,922</u>

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

**ADAMS TOWNSHIP
CHAMPAIGN COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

NOTE 4 - INTERFUND TRANSACATIONS

The Township had the following interfund transactions for the years ended December 31, 2008 and 2007:

<u>Fund Type/Fund</u>	<u>Advances In</u>	<u>Advances Out</u>
<u>2008:</u>		
General	\$ 1,000	\$ 1,000
<u>Special Revenue Fund Type:</u>		
Special Assessment Fund	1,000	1,000
Total	<u>\$ 2,000</u>	<u>\$ 2,000</u>
<u>Fund Type/Fund</u>	<u>Advances In</u>	<u>Advances Out</u>
<u>2007:</u>		
General	\$ 5,000	\$ 5,000
<u>Special Revenue Fund Type:</u>		
Fire Levy	5,000	5,000
Total	<u>\$ 10,000</u>	<u>\$ 10,000</u>

NOTE 5 - PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by Township Council. 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. The second half payment is due on the following June 20.

Tangible personal property tax revenues received in 2006 (other than public utility property) represent the collection of 2006 taxes. Tangible personal property taxes received in 2006 were levied after October 1, 2005, on the true value as of December 31, 2005. In prior years, tangible personal property assessments were twenty-five percent of true value for capital assets and twenty-three percent of true value for inventory. Tangible personal property tax is being phased out - the assessment percentage for property, including inventory, was 18.75% for 2006. This percentage was reduced to 12.5% for 2007, and will be 6.25% for 2008, and zero for 2009. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, the first payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

**ADAMS TOWNSHIP
CHAMPAIGN COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

NOTE 5 - PROPERTY TAX - (Continued)

House Bill No. 66 was signed into law on June 30, 2005. House Bill No. 66 phases out the tax on tangible personal property of general businesses, telephone and telecommunications companies, and railroads. The tax on general business and railroad property will be eliminated by calendar year 2009, and the tax on telephone and telecommunications property will be eliminated by calendar year 2011. The tax is phased out by reducing the assessment rate on the property each year. The bill replaces the revenue lost by the Township due to the phasing out of the tax. In calendar years 2006-2010, the Township will be fully reimbursed for the lost revenue. In calendar years 2011-2017, the reimbursements will be phased out. 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.

NOTE 6 - DEBT OBLIGATIONS

At December 31, 2008 and 2007, debt obligations consisted of the following issuances:

<u>Description</u>	<u>Balance at 12/31/08</u>	<u>Balance at 12/31/07</u>
2006 Ohio Public Works Commission (OPWC) East Rosewood Storm Sewer Replacement Project, due in semi-annual installments of \$2,650 through 2027, bearing no interest.	\$ 98,067	\$ 103,367
2005 OPWC West Rosewood Storm Sewer Replacement Project, due in semi-annual installments of \$2,233.50 through 2025, bearing no interest.	<u>73,687</u>	<u>78,154</u>
Total	<u>\$ 171,754</u>	<u>\$ 181,521</u>

Transactions for the years-ended December 31, 2008 and 2007 are summarized as follows:

	<u>Balance at 01/01/08</u>	<u>Proceeds</u>	<u>Retirements</u>	<u>Balance at 12/31/08</u>
OPWC Loan (2006)	\$ 103,367	\$ -	\$ (5,300)	\$ 98,067
OPWC Loan (2005)	<u>78,154</u>	<u>-</u>	<u>(4,467)</u>	<u>73,687</u>
Total	<u>\$ 181,521</u>	<u>\$ -</u>	<u>\$ (9,767)</u>	<u>\$ 171,754</u>

**ADAMS TOWNSHIP
CHAMPAIGN COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

NOTE 6 - DEBT OBLIGATIONS - (Continued)

	Restated Balance at <u>01/01/07</u>	<u>Proceeds</u>	<u>Retirements</u>	Balance at <u>12/31/07</u>
OPWC Loan (2006)	\$ 50,003	\$ 56,014	\$ (2,650)	\$ 103,367
OPWC Loan (2005)	<u>82,621</u>	<u>-</u>	<u>(4,467)</u>	<u>78,154</u>
Total	<u>\$ 132,624</u>	<u>\$ 56,014</u>	<u>\$ (7,117)</u>	<u>\$ 181,521</u>

The OPWC 2005 beginning loan balance is being restated at January 1, 2007 due to proceeds of notes being received in 2006, however they were recorded as intergovernmental grant receipts versus proceeds of notes and disclosed as such in the 2006 notes to the financials.

Amortization for the above debt is scheduled as follows:

<u>Year Ending December 31</u>	<u>OPWC (2006)</u>	<u>OPWC (2005)</u>
2009	\$ 5,300	\$ 4,467
2010	5,300	4,467
2011	5,300	4,467
2012	5,300	4,467
2013	5,300	4,467
2014 - 2018	26,500	22,335
2019 - 2023	26,500	22,335
2024 - 2027	<u>18,567</u>	<u>6,682</u>
Total	<u>\$ 98,067</u>	<u>\$ 73,687</u>

NOTE 7 - RETIREMENT SYSTEM

The Township's employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost sharing, multiple-employer plan. This plan provides retirement benefits, including post-retirement 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 2008 and 2007, members of OPERS participants contributed 10% and 9.5% of their wages, respectively. For 2008 and 2007, the Township contributed an amount equal to 14% and 13.85% of their wages to OPERS, respectively. The Township has paid all contributions required through December 31, 2008 and 2007.

**ADAMS TOWNSHIP
CHAMPAIGN COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

NOTE 8 - 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. 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 covered claims that exceed the members' deductibles.

Casualty Coverage

For an occurrence prior to January 1, 2006, OTARMA retains casualty risks up to \$250,000 per occurrence, including claim adjustment expenses. OTARMA pays a percentage of its contributions to APEEP. APEEP reinsures claims exceeding \$250,000, up to \$1,750,000 per claim and \$10,000,000 in the aggregate per year. For an occurrence on or subsequent to January 1, 2006, the Pool retains casualty risk up to \$350,000 per occurrence, including loss adjustment expenses. Claims exceeding \$350,000 are reinsured with APEEP in an amount not to exceed \$2,650,000 for each claim and \$10,000,000 in the aggregate per year. Governments can elect up to \$10,000,000 in additional coverage with the General Reinsurance Corporation, through contracts with OTARMA.

If losses exhaust OTARMA's retained earnings, APEEP provides *excess of funds available* coverage up to \$5,000,000 per year, subject to a per-claim limit of \$2,000,000 (for claims prior to January 1, 2006) or \$3,000,000 (for claims on or after January 1, 2006) as noted above.

Property Coverage

Through 2004, OTARMA retained property risks, including automobile physical damage, up to \$100,000 on any specific loss in any one occurrence. The Travelers Indemnity Company reinsured losses exceeding \$100,000 up to \$500 million per occurrence.

Beginning in 2005, Travelers reinsures specific losses exceeding \$250,000 up to \$600 million per occurrence. This amount increased to \$300,000 in 2007. For 2007, APEEP reinsures members for specific losses exceeding \$100,000 up to \$300,000 per occurrence, subject to an annual aggregate loss payment. Travelers provides aggregate stop-loss coverage based upon the combined members' total insurable values. If the stop-loss is reached by payment of losses between \$100,000 and \$250,000 in 2006, or \$100,000 and \$300,000 in 2007, Travelers will reinsure specific losses exceeding \$100,000 up to their \$600 million per occurrence limit. The aggregate stop-loss limit for 2007 was \$2,014,548.

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.

**ADAMS TOWNSHIP
CHAMPAIGN COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

NOTE 8 - RISK MANAGEMENT - (Continued)

Property and casualty settlements did not exceed insurance coverage for the past three fiscal years.

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, 2007 and 2006 (the latest information available):

	<u>2007</u>	<u>2006</u>
Assets	\$43,210,703	\$42,042,275
Liabilities	(13,357,837)	(12,120,661)
Net Assets	<u>\$29,852,866</u>	<u>\$29,921,614</u>

At December 31, 2007 and 2006, respectively, liabilities above include approximately \$12.5 million and \$11.3 million of estimated incurred claims payable. The assets and retained earnings above also include approximately \$11.6 million and \$10.8 million of unpaid claims to be billed to approximately 950 member governments in the future, as of December 31, 2007 and 2006, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. The Township's share of these unpaid claims collectible in future years is approximately \$7,081. This payable includes the subsequent year's contribution due if the Township terminates participation, as described in the last paragraph below.

Based on discussions with OTARMA, the expected rates OTARMA charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to OTARMA for each year of membership.

Contributions to OTARMA

2008	\$ 5,462
2007	4,707
2006	6,018

**ADAMS TOWNSHIP
CHAMPAIGN COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

NOTE 8 - RISK MANAGEMENT - (Continued)

After completing one year of membership, members may withdraw on each anniversary of the date they joined OTARMA provided they provide written notice to OTARMA 60 days in advance of the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's budgetary contribution. Withdrawing members have no other 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 prior to the withdrawal.

NOTE 9 - CONTINGENT LIABILITIES

The Township is not currently involved in litigation.



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**Report on Internal Control Over Financial Reporting and on Compliance
and Other Matters Based on an Audit of Financial Statements
Performed in Accordance With *Government Auditing Standards***

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

We have audited the financial statements of Adams Township, Champaign County, Ohio, as of and for the years ended December 31, 2008 and 2007, and have issued our report thereon dated April 24, 2009, wherein we noted that Adams Township followed accounting practices the Auditor of State prescribes or permits rather than accounting principles generally accepted in the United States of America. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Adams Township's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Adams Township's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Adams Township's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a certain deficiency in internal control over financial reporting that we consider to be a significant deficiency.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affect Adams Township's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis such that there is more than a remote likelihood that a misstatement of Adams Township's financial statements that is more than inconsequential will not be prevented or detected by Adams Township's internal control. We consider the deficiency described in the accompanying schedule of findings and responses to be a significant deficiency in internal control over financial reporting: 2008-AT-001.

Board of Trustees
Adams Township

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by Adams Township's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also material weaknesses. However, we consider item 2008-AT-001 to be a material weakness.

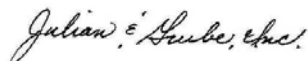
Compliance and Other Matters

As part of obtaining reasonable assurance about whether Adams Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, 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 or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to Adams Township's management in a separate letter dated April 24, 2009.

Adams Township's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not audit Adams Township's response and, accordingly, we express no opinion on it.

This report is intended for the information of the Council and management of Adams Township and is not intended to be and should not be used by anyone other than those specified.



Julian & Grube, Inc.
April 24, 2009

**ADAMS TOWNSHIP
CHAMPAIGN COUNTY, OHIO**

**SCHEDULE OF FINDINGS AND RESPONSES
DECEMBER 31, 2008 AND 2007**

FINDINGS RELATED TO THE BASIC FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS	
Finding Number	2008-AT-001

Significant Deficiency/Material Weakness

The Township is restating its beginning debt obligation balance at January 1, 2007. The Township began to receive proceeds of notes from OPWC in 2006. These proceeds were recorded as intergovernmental receipts. The proper receipt line item is proceeds of notes. In addition, the note disclosure did not reflect \$50,003 of additional debt outstanding at December 31, 2006.

The notes to the financial statements have been properly restated to reflect outstanding debt obligations at January 1, 2007.

In addition, the Township had the following audit adjustments necessary to properly record activity in 2008 and 2007:

2008 and 2007 Adjustments:

General Fund: Decrease of fund balance in the amount of \$779 due to not properly allocating CAT tax receipts and not properly allocating real estate tax receipts.

Road and Bridge Fund: Increase of fund balance in the amount of \$462 due to not properly allocating CAT tax receipts and not properly allocating real estate tax receipts.

Fire Levy Fund: Decrease of fund balance in the amount of \$1,001 due to not properly allocating CAT tax receipts, not properly allocating real estate tax receipts and not properly allocating homestead and rollback receipts.

Road Levy District Fund: Increase of fund balance in the amount of \$1,318 due to not properly allocated CAT tax receipts, not properly allocating real estate tax receipts and not properly allocating homestead and rollback receipts.

An adjustment was required in the Capital Projects Fund to reclassify proceeds of notes in the amount of \$53,704 in 2007 from intergovernmental receipts to proceeds of notes.

On-behalf payments were required to be recorded in the Capital Projects Fund in the amount of \$2,310 (increasing capital outlay and increasing proceeds of notes).

Transfers were improperly recorded instead of advances as evidenced in Trustee minutes in the amount of \$10,000 in 2007.

Miscellaneous inconsequential prior audit fund adjustments were improperly coded as transfers instead of miscellaneous disbursements in 2007 totaling \$1,181.

**ADAMS TOWNSHIP
CHAMPAIGN COUNTY, OHIO**

**SCHEDULE OF FINDINGS AND RESPONSES
DECEMBER 31, 2008 AND 2007**

FINDINGS RELATED TO THE BASIC FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS - (Continued)	
Finding Number	2008-AT-001 - (Continued)

In 2007 and 2008, principal payments were reclassified from the interest disbursement line item to the principal retirement disbursement line item in the General Fund.

In 2007, \$75,084 was reclassified to capital outlay for significant purchases of assets.

The audited financial statements have been adjusted for the above items.

Financial reporting and disclosure, particularly debt obligations, is a crucial disclosure of the Township as potential lenders may consider that when determining potential lending. In addition, improper posting of receipts could mislead the Board of Trustees and Township citizens during the year and additionally may misrepresent individual fund balances and possibly misrepresent budget and planning reports.

We recommend that the Township implement additional internal controls to help ensure proceeds of notes are properly recorded and reflected in the Township receipts and that the note disclosure include all debt obligations of the Township. We further recommend the Township implement additional internal controls over financial reporting to help ensure accurate financial reports throughout the year and at year-end. We also recommend the Township consult local government services and UAN for proper posting of transactions.

Client Response: The current Fiscal Officer whom began January 1, 2008, will attempt to disclose all debt obligations in the future. She is much more experienced now and will consult the Township Handbook, Local Government Services and/or its auditors when unusual/or infrequent transactions occur. In addition, the Fiscal Officer is attending training.

**ADAMS TOWNSHIP
CHAMPAIGN COUNTY, OHIO**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2008 AND 2007**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2006-001	Ohio Revised Code Section 5705.41(B) states that no subdivision or taxing unit is to expend money unless it has been appropriated.	Yes	N/A



Mary Taylor, CPA
Auditor of State

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
JUNE 2, 2009**