

**ADAMS TOWNSHIP
WASHINGTON COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2021-2020

**Wilson, Phillips & Agin, CPA's, Inc.
1100 Brandywine Blvd. Building G
Zanesville, Ohio 43701**

OHIO AUDITOR OF STATE
KEITH FABER



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Columbus, Ohio 43215
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Board of Trustees
Adams Township
PO Box 384
Lowell, OH 45744

We have reviewed the *Independent Auditor's Report* of Adams Township, Washington County, prepared by Wilson, Phillips & Agin, CPA's, Inc., for the audit period January 1, 2020 through December 31, 2021. 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. In conjunction with the work performed by the Independent Public Accountant, the Auditor of State is issuing the following:

Finding for Adjustment 1:

Ohio Revised Code § 505.24(C) states, in part, by unanimous vote, a board of township trustees may adopt a method of compensation consisting of an annual salary to be paid in equal monthly payments. The amount of the annual salary approved by the board shall be no more than the maximum amount that could be received annually by a trustee if the trustee were paid on a per diem basis as specified in this division, and shall be paid from the township General Fund or from other Township funds in such proportion as the board may specify by resolution. Each trustee shall certify the percentage of time spent working on matters to be paid from the Township General Fund and from other township funds in such proportions as the kinds of services performed.

The Township's Board of Trustees did not unanimously pass a resolution to allow being paid on a salary basis in equal monthly installments or approve to be paid from funds other than the General Fund.

During 2021 and 2020, the Board of Trustees were paid on a salary basis without the required approval. In 2021, Trustees were improperly paid \$5,200 from the Motor Vehicle License Tax Fund and \$21,544 from the Gasoline Tax Fund for a total of \$26,744. In 2020, the Trustees were improperly paid \$5,943 from the Motor Vehicle License Tax Fund and \$20,801 from the Gasoline Tax Fund for a total of \$26,744.

Additionally, adjustments were proposed in the previous 2019-2018, 2016-2017, 2014-2015, 2012-2013 and 2010-2011 audit reports and the Township declined to make these adjustments totaling \$189,931. The total \$189,931 was against the General Fund, in favor of the Motor Vehicle License Tax Fund totaling \$47,353, in favor of the Gasoline Tax Fund totaling \$134,457 and in favor of the Road and Bridge Fund totaling \$8,121.

The Township did not have control procedures in place to ensure the Trustees completed the required certifications. Not having procedures in place to ensure proper posting of Trustee compensation could result in material errors to the financial statements, which may go undetected.

The Township has not posted these adjustments to the Township records and, therefore, these adjustments are not reflected in the accompanying financial statements.

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In accordance with the foregoing facts, a finding for adjustment is hereby issued against the Adams Township, Washington County General Fund in the amount of \$243,419, and in favor of the Motor Vehicle License Tax Fund, totaling \$58,496, the Gasoline Tax Fund, totaling \$176,802, and the Road and Bridge Fund, totaling \$8,121.

The Township Trustees should, by unanimous vote, adopt the salary method of compensation to be paid in equal monthly payments, as well as, adopt a resolution that specifies the proportions of the salary that are to be paid from each fund. Additionally, Trustees should complete the appropriate certifications prior to receiving his/her pay for that pay period if they are being paid from funds other than the General Fund.

Finding for Adjustment 2:

Ohio Rev. Code § 5705.10(D) provides, in part, that all revenue derived from a source other than the general property tax and which the law prescribes shall be used for a particular purpose, shall be paid into a special fund for such purpose.

During 2021, the Township inappropriately recorded \$2,603 of Homestead and Rollback receipts in the General Fund. Given the source of the revenue, the \$2,603 should have been recorded in the Road and Bridge Fund. During 2020, the Township inappropriately recorded \$3,093 of Homestead and Rollback receipts in the Road and Bridge Fund. Given the sources of the revenue, the total amount of \$3,093 should have been recorded in the General Fund.

Additionally, adjustments were proposed in the previous 2018-2019, 2016-2017, 2014-2015, 2012-2013 and 2010-2011 audit reports and the Township declined to make these adjustments totaling \$168,568. Of this total, \$120,270 was against the General Fund, \$4,556 was against the Motor Vehicle License Tax Fund, \$11,811 was against the Cemetery Fund and \$31,931 was against the Permissive Sales Tax Fund and in favor of the Gasoline Tax Fund for \$13,700, the Road and Bridge Fund for \$154,740 and the Vangelder Permanent Fund for \$128.

The lack of controls over the posting of financial transactions decreases the reliability of financial data at year-end and can result in undetected errors and irregularities. The Township should implement controls to help ensure all transactions are reviewed to help ensure posting to the proper funds.

The Township has not posted these adjustments to the Township records and, therefore, these adjustments are not reflected in the accompanying financial statements.

In accordance with the foregoing facts, a finding for adjustment is hereby issued against the Adams Township, Washington County General Fund in the amount of \$119,780, the Motor Vehicle License Tax Fund in the amount of \$4,556, the Cemetery Fund in the amount of \$11,811, the Permissive Sales Tax Fund in the amount of \$31,931 and in favor of, the Gasoline Tax Fund in the amount of \$13,700, the Road and Bridge Fund in the amount of \$154,250 and the Vangelder Permanent Fund in the amount of \$128.

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PO Box 384
Lowell, OH 45744
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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. Adams Township is responsible for compliance with these laws and regulations.



Keith Faber
Auditor of State
Columbus, Ohio

November 16, 2022

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**ADAMS TOWNSHIP
WASHINGTON COUNTY
FOR THE YEARS ENDED DECEMBER 31, 2021-2020**

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WILSON, PHILLIPS & AGIN, CPA'S, INC.
1100 BRANDYWINE BLVD. BUILDING G
ZANESVILLE, OHIO 43701

INDEPENDENT AUDITORS' REPORT

Adams Township
Washington County
P.O. Box 384
Lowell, Ohio 45744

To the Township Trustees:

Report on the Audit of the Financial Statements

Adverse and Qualified Opinions

We have audited the financial statements of Adams Township, Washington County, Ohio (the Township) which comprises the cash balances, receipts and disbursements for each governmental fund type combined total as of and for the year ended December 31, 2021 and the related notes to the financial statements.

Adverse Opinion on the General Fund and Special Revenue Fund Type

In our opinion, because of the effects of the matter described in the *Basis for Adverse Opinion on the General Fund and Special Revenue Fund Type* section of our report, the accompanying financial statements referred to above do not present fairly, in all material respects, the cash balances, receipts and disbursements for the General Fund and Special Revenue Fund Type as of and for the year ended December 31, 2021, and the related notes to the financial statements, in accordance with the financial reporting provisions which Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit, described in Note 2

Additional Opinion Qualification on the Permanent Fund Type

In our opinion, except for the possible effects of the matter described in the *Basis for Additional Opinion Qualification on the Permanent Fund Type* paragraph, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements of the Permanent Fund Type as of and for the year ended December 31, 2021 and related notes of Adams Township, Washington County in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit, as described in Note 2.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* section of our report, the accompanying financial statements do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of Adams Township, Washington County as of December 31, 2021, or changes in financial position thereof for the year then ended.

Basis for Opinions

We conducted our audit in accordance with auditing standards general accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor Responsibilities for the Audit of Financial Statements* section of our report. We are required to be independent of Adams Township, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

As described in Note 2 of the financial statements, the financial statements are prepared by Adams Township on the basis of the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C), which is an accounting basis other than accounting principles general accepted in the United States of America (GAAP), to satisfy these requirements. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 2 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

Basis for Adverse Opinion on the General Fund and Special Revenue Fund Type

Ohio Revised Code Section 505.24(C) and Ohio Attorney General Opinion No. 2004-036 requires trustees to document the proportionate amount of salaries chargeable to other Township Funds based on the kinds of services rendered. Without this documentation, the Township must charge salaries to the General Fund. During 2010-2021, the Township charged Trustees' salaries as well as fringe benefits to the Motor Vehicle License Tax Fund, Gasoline Tax Fund and Road & Bridge Fund without the required supporting documentation. Additionally, Ohio Revised Code Section 5705.10(A) states that all revenue derived from the general levy for current expenses within the ten-mill limitation, from any general levy for current expense authorized by vote in excess of the ten-mill limitation, and from sources other than the general property tax, unless its use for a particular purpose is prescribed by law, shall be paid into the General Fund. Ohio Revised Code Section 5705.10(C) states that all revenue derived from a special levy shall be credited to a special levy for the purpose for which the levy was made. Ohio Revised Code Section 5705.10(D) requires all revenue derived from a source other than the general property tax and which the law prescribes shall be used for a particular purpose, shall be paid into a special fund for such purpose. Ohio Revised Code Section 5705.10(I) states that money paid into a fund must be used for the purposes for which such fund has been established. During 2010 through 2021, the Township posted receipts and disbursements to improper funds. Findings for adjustments issued for noncompliance with these requirements have not been posted by the Township. Had the adjustments been posted, the result would have been a decrease in the fund balance of the General Fund of \$363,199 as of December 31, 2021, an increase in the Special Revenue Fund Type fund balance of \$363,071 as of December 31, 2021, an increase in the Permanent Fund Type fund balance of \$128 as of December 31, 2021.

Basis for Additional Opinion Qualification on the Permanent Fund

In 2017, \$128 in interest income was posted to the General Fund instead of the Permanent Fund as required by Ohio Revised Code Section 5705.131. The Township declined to make this adjustment

Emphasis of Matter

As discussed in Note 15 to the financial statements, the Township has suffered recurring losses and if the adjustments noted in the Basis for Adverse Opinion on the General Fund and Special Revenue Fund Type paragraph were made, the General Fund would have a negative \$356,735 fund balance at December 31, 2021. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. Our opinion is not modified with respect to this matter.

As described in Note 13 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Township. Our Opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for preparation and fair presentation of the financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit. Management is also responsible for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Adams Township's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Accordingly, no such opinion was expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Township's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 24, 2022, on our consideration of Adams Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Township's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control over financial reporting and compliance.

Wilson, Phillips & Agin, CPA's, Inc.
Zanesville, Ohio
August 24, 2022

ADAMS TOWNSHIP
WASHINGTON COUNTY

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2021**

	Governmental Fund Types			Totals (Memorandum Only)
	General	Special Revenue	Permanent	
Cash Receipts:				
Property and Other Local Taxes	\$ 6,966	\$ 234,377	\$ -	\$ 241,343
Licenses, Permits and Fees	-	10,851	-	10,851
Intergovernmental	52,368	216,527	-	268,895
Earnings on Investments	55	39	1	95
Miscellaneous	89	5,550	-	5,639
Total Cash Receipts	59,478	467,344	1	526,823
Cash Disbursements:				
Current:				
General Government	44,249	-	-	44,249
Public Works	-	563,269	-	563,269
Health	7,142	9,440	-	16,582
Capital Outlay	-	5,067	-	5,067
Debt Service:				
Principal Retirement	-	32,964	-	32,964
Interest and Fiscal Charges	-	2,592	-	2,592
Total Cash Disbursements	51,391	613,332	-	664,723
Excess of Receipts Over/(Under) Disbursements	8,087	(145,988)	1	(137,900)
Other Financing Receipts (Disbursements)				
Transfers In	-	5,000	-	5,000
Transfers Out	(5,000)	-	-	(5,000)
Total Other Financing Receipts (Disbursements)	(5,000)	5,000	-	-
Net Change in Fund Cash Balance	3,087	(140,988)	1	(137,900)
Fund Cash Balances, January 1	3,377	598,684	20,929	622,990
Fund Cash Balances, December 31	\$ 6,464	\$ 457,696	\$ 20,930	\$ 485,090

See notes to financial statements.

**ADAMS TOWNSHIP
WASHINGTON COUNTY**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

1. REPORTING ENTITY

Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of Adams Township, Washington County, (the Township) as a body corporate and politic. A publically elected three-member Board of Trustees directs the Township. The Township provides general government services, road and bridge maintenance, cemetery maintenance and fire protection.

The Township participates in the Ohio Township Association Risk Management Authority (OTARMA) public entity risk pool. Note 7 to the financial statements provides additional information for this entity.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

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

B. Fund Accounting

The Township uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Township are presented below:

General Fund

The General Fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Township for any purpose provided it is expended or transferred according to the general laws of Ohio.

Special Revenue Funds

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

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

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

Permissive Sales Tax Fund – This fund receives sales tax money from the County Commissioners restricted for maintenance and repair of roads within the Township.

**ADAMS TOWNSHIP
WASHINGTON COUNTY**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Permanent Funds

These funds account for and report resources that are restricted to the extent that only earnings and not principal, may be used for purposes that support the reporting government's programs (for the benefit of the government or its citizenry). The Township the following significant Permanent Fund:

Greenlawn Cemetery Bequest 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 Greenlawn cemetery.

C. Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code 117-2-03(C). This basis is similar to the cash receipts and disbursements accounting basis. The Township recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code 117-2-03(C) permit.

D. Budgetary Process

The Ohio Revised Code requires that each fund be budgeted annually.

Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function and object level of control and appropriations may not exceed estimated resources. The Trustees must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end.

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 approve estimated resources.

Encumbrances

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

A summary of 2021 budgetary activity appears in Note 4.

**ADAMS TOWNSHIP
WASHINGTON COUNTY**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Deposits and Investments

The Township's accounting basis includes investment as assets. This basis does not record disbursement for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

F. Capital Assets

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

G. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

H. Fund Balance

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

Nonspendable

The Township classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

Restricted

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

Committed

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

Assigned

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

**ADAMS TOWNSHIP
WASHINGTON COUNTY**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Unassigned

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

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

3. COMPLIANCE

Contrary to Ohio Revised Code Section 5705.39, the Township's FEMA Fund had appropriations exceeding estimated resources by \$296,691.

4. BUDGETARY ACTIVITY

Budgetary activity for the year ended December 31, 2021 is as follows:

2021 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 61,600	\$ 59,478	\$ (2,122)
Special Revenue	359,000	472,344	113,344
Permanent	150	1	(149)
Total	\$ 420,750	\$ 531,823	\$ 111,073

2021 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 61,955	\$ 56,391	\$ 5,564
Special Revenue	834,691	613,332	221,359
Total	\$ 896,646	\$ 669,723	\$ 226,923

Contrary to ORC Section 5705.41(D), the Township made expenditures prior to certification.

5. DEPOSITS AND INVESTMENTS

To improve cash management, cash received by the Township is pooled. Monies for all funds are maintained in this pool. The Ohio Revised Code prescribes allowable deposits and investments. A summary of the Township's deposits and investment accounts are as follows:

	2021
<i>Cash Management Pool</i>	
Demand deposits	\$ 485,090
Total Carrying Amount of Deposits and Investments held in Pool	\$ 485,090

**ADAMS TOWNSHIP
WASHINGTON COUNTY**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

5. DEPOSITS AND INVESTMENTS (Continued)

The Township does not use a separate payroll clearing account. The expenditures included in the accompanying financial statements reflect net payroll plus all remitted payroll withholdings. At December 31, 2021, the Township is holding \$0 in unremitted employee payroll withholdings.

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

6. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by Township Trustees. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as intergovernmental receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

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

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

7. RISK MANAGEMENT

The Township is a member of the Ohio Township Association Risk Management Authority (The Pool). The Pool assumes the risk of loss up to the limits of the Township's policy. The Pool covers the following risks:

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

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

	<u>2021</u>
Cash and investments	\$34,880,599
Actuarial liabilities	10,601,444

**ADAMS TOWNSHIP
WASHINGTON COUNTY**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

8. DEFINED BENEFIT PENSION PLANS

Ohio Public Employees Retirement System

The Township’s full-time employees belong to the Public Employees Retirement System (OPERS) of Ohio. OPERS is a cost-sharing, multiple employer plan. The Ohio Revised Code prescribes the plan benefits, which include postretirement healthcare, and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2021, OPERS members contributed 10.0% of their gross wages and the Township contributed an amount equal to 14.0% of participant’s gross salaries. The Township has paid all contributions required through December 31, 2021.

9. POSTEMPLOYMENT BENEFITS

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. OPERS contributes 2 percent of the employer contribution to fund these benefits. The portion of employer contributions allocated to health care for OPERS members in the traditional pension plan and combined plan was 0 percent during calendar year 2021. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0 percent during calendar year 2021.

10. DEBT

Debt outstanding at December 31, 2021 was as follows:

	Principal	Interest rate
KS State Bank	\$ 53,996	3.12%
Peoples Bank	6,776	3.92%
Total	\$ 60,772	

The Township issued debt to finance the purchase of a Case 580SN Backhoe with Hopper for use on Township roads during fiscal year 2019. The Township’s taxing authority collateralized the debt.

The Township issued debt to purchase a truck for use on Township road in 2019. The Truck collateralizes the debt.

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

Year Ended December 31	KS State Bank	Peoples Bank
2022	\$ 28,269	\$ 6,908
2023	28,269	-
Total	\$ 56,538	\$ 6,908

11. PUBLIC ENTITY RISK POOL

The Township belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio local governments. 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 exceeding the member’s deductible.

**ADAMS TOWNSHIP
WASHINGTON COUNTY**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

12. FUND BALANCES

Included in fund balance are amounts the Township cannot spend, including the balance of unclaimed monies, which cannot be spent for five years and the expendable corpus of the permanent funds. Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilities effective cash planning and control. At year end the balances of those amounts were as follows:

<u>Fund Balances</u>	<u>General</u>	<u>Special Revenue</u>	<u>Permanent</u>	<u>Total</u>
Nonspendable:				
Corpus	\$ -	\$ -	\$ -	\$ -
Outstanding Encumbrances	-	-	-	-
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The fund balance of special revenue funds is either restricted or committed. The fund balance of debt service funds and capital projects funds are restricted, committed, or assigned. The fund balance of permanent funds that is not part of the nonspendable corpus is either restricted or committed. These restricted, committed and assigned amounts in the special revenue, debt service, capital projects and permanent funds would include the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

13. COVID-19

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June 2021, while the national state of emergency continues. During 2021, the Township did receive COVID-19 funding. The financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Township. The impact on the Township's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

The Township received \$54,261 from the American Rescue Relief Fund.

14. CONTINGENT LIABILITIES

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

15. FINANCIAL DIFFICULTIES

At December 31, 2021 the Township's General Fund had a fund cash balance of \$6,464. However, the Township has unposted findings for adjustment from prior and current audits totaling \$363,199 against the General Fund and in favor of restricted funds. If the Township posted the findings for adjustment, the General Fund would have a deficit fund cash balance of \$356,735. Township management currently does not have a plan in place to address this matter.

**WILSON, PHILLIPS & AGIN, CPA'S, INC.
1100 BRANDYWINE BLVD. BUILDING G
ZANESVILLE, OHIO 43701**

INDEPENDENT AUDITORS' REPORT

Adams Township
Washington County
P.O. Box 384
Lowell, Ohio 45744

To the Township Trustees:

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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

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

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

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

Basis for Adverse Opinion on the General Fund and Special Revenue Fund Type

Ohio Revised Code Section 505.24(C) and Ohio Attorney General Opinion No. 2004-036 requires trustees to document the proportionate amount of salaries chargeable to other Township Funds based on the kinds of services rendered. Without this documentation, the Township must charge salaries to the General Fund. During 2010-2020, the Township charged Trustees' salaries as well as fringe benefits to the Motor Vehicle License Tax Fund, Gasoline Tax Fund and Road & Bridge Fund without the required supporting documentation. Additionally, Ohio Revised Code Section 5705.10(A) states that all revenue derived from the general levy for current expenses within the ten-mill limitation, from any general levy for current expense authorized by vote in excess of the ten-mill limitation, and from sources other than the general property tax, unless its use for a particular purpose is prescribed by law, shall be paid into the General Fund. Ohio Revised Code Section 5705.10(C) states that all revenue derived from a special levy shall be credited to a special levy for the purpose for which the levy was made. Ohio Revised Code Section 5705.10(D) requires all revenue derived from a source other than the general property tax and which the law prescribes shall be used for a particular purpose, shall be paid into a special fund for such purpose. Ohio Revised Code Section 5705.10(I) states that money paid into a fund must be used for the purposes for which such fund has been established. During 2010 through 2020, the Township posted receipts and disbursements to improper funds. Findings for adjustments issued for noncompliance with these requirements have not been posted by the Township. Had the adjustments been posted, the result would have been a decrease in the fund balance of the General Fund of \$333,852 as of December 31, 2020, an increase in the Special Revenue Fund Type fund balance of \$333,724 as of December 31, 2020, an increase in the Permanent Fund Type fund balance of \$128 as of December 31, 2020.

Adverse Opinion on the General Fund and Special Revenue Fund Type

In our opinion, because of the effects of the matter described in the *Basis for Adverse Opinion on the General and Special Revenue Fund Type* paragraph the financial statements referred to above do not present fairly, in all material respects, the cash balances, receipts and disbursements of the General Fund and Special Revenue Fund Type as of and for the year ended December 31, 2020 and related notes of Adams Township, Washington County in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit, described in Note 2.

Basis for Additional Opinion Qualification on the Permanent Fund

In 2017, \$128 in interest income was posted to the General Fund instead of the Permanent Fund as required by Ohio Revised Code Section 5705.131. The Township declined to make this adjustment

Additional Opinion Qualification on the Permanent Fund Type

In our opinion, except for the possible effects of the matter described in the *Basis for Additional Opinion Qualification on the Permanent Fund Type* paragraph, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements of the Permanent Fund Type as of and for the year ended December 31, 2020 and related notes of Adams Township, Washington County in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit, as described in Note 2.

Emphasis of Matter

As discussed in Note 15 to the financial statements, the Township has suffered recurring losses and if the adjustments noted in the Basis for Adverse Opinion on the General Fund and Special Revenue Fund Type paragraph were made, the General Fund would have a negative \$330,475 fund balance at December 31, 2020. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. This matter does not affect our opinion on the financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated August 24, 2022, on our consideration of Adams Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control over financial reporting and compliance.

Wilson, Phillips & Agin, CPA's, Inc.
Zanesville, Ohio
August 24, 2022

ADAMS TOWNSHIP
WASHINGTON COUNTY

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2020**

	Governmental Fund Types			Totals (Memorandum Only)
	General	Special Revenue	Permanent	
Cash Receipts:				
Property and Other Local Taxes	\$ 6,310	\$ 242,809	\$ -	\$ 249,119
Licenses, Permits and Fees	-	7,825	-	7,825
Intergovernmental	42,968	521,350	-	564,318
Earnings on Investments	66	68	3	137
Miscellaneous	-	2,000	-	2,000
Total Cash Receipts	<u>49,344</u>	<u>774,052</u>	<u>3</u>	<u>823,399</u>
Cash Disbursements:				
Current:				
General Government	41,197	48,460	-	89,657
Public Works	-	461,884	-	461,884
Health	15,000	17,556	-	32,556
Capital Outlay	-	53,551	-	53,551
Debt Service:				
Principal Retirement	-	31,908	-	31,908
Interest and Fiscal Charges	-	4,408	-	4,408
Total Cash Disbursements	<u>56,197</u>	<u>617,767</u>	<u>-</u>	<u>673,964</u>
Net Change in Fund Cash Balance	(6,853)	156,285	3	149,435
Fund Cash Balances, January 1	<u>10,230</u>	<u>442,399</u>	<u>20,926</u>	<u>473,555</u>
Fund Cash Balances, December 31	<u>\$ 3,377</u>	<u>\$ 598,684</u>	<u>\$ 20,929</u>	<u>\$ 622,990</u>

See notes to financial statements.

**ADAMS TOWNSHIP
WASHINGTON COUNTY**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

1. REPORTING ENTITY

Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of Adams Township, Washington County, (the Township) as a body corporate and politic. A publically elected three-member Board of Trustees directs the Township. The Township provides general government services, road and bridge maintenance, cemetery maintenance and fire protection.

The Township participates in the Ohio Township Association Risk Management Authority (OTARMA) public entity risk pool. Note 7 to the financial statements provides additional information for this entity.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

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

B. Fund Accounting

The Township uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Township are presented below:

General Fund

The General Fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Township for any purpose provided it is expended or transferred according to the general laws of Ohio.

Special Revenue Funds

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

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

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

Permissive Sales Tax Fund – This fund receives sales tax money from the County Commissioners restricted for maintenance and repair of roads within the Township.

**ADAMS TOWNSHIP
WASHINGTON COUNTY**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Permanent Funds

These funds account for and report resources that are restricted to the extent that only earnings and not principal, may be used for purposes that support the reporting government's programs (for the benefit of the government or its citizenry). The Township the following significant Permanent Fund:

Greenlawn Cemetery Bequest 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 Greenlawn cemetery.

C. Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code 117-2-03(C). This basis is similar to the cash receipts and disbursements accounting basis. The Township recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code 117-2-03(C) permit.

D. Budgetary Process

The Ohio Revised Code requires that each fund be budgeted annually.

Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function and object level of control and appropriations may not exceed estimated resources. The Trustees must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end.

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 approve estimated resources.

Encumbrances

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

A summary of 2020 budgetary activity appears in Note 4.

**ADAMS TOWNSHIP
WASHINGTON COUNTY**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Deposits and Investments

The Township's accounting basis includes investment as assets. This basis does not record disbursement for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

F. Capital Assets

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

G. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

H. Fund Balance

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

Nonspendable

The Township classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

Restricted

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

Committed

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

Assigned

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

**ADAMS TOWNSHIP
WASHINGTON COUNTY**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Unassigned

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

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

3. COMPLIANCE

Contrary to Ohio Revised Code Section 5705.39, the Township's Coronavirus Fund and FEMA Fund has appropriations exceeding estimated resources by \$102,011 and \$424,531, respectively.

4. BUDGETARY ACTIVITY

Budgetary activity for the year ended December 31, 2020 is as follows:

2020 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 57,300	\$ 49,344	\$ (7,956)
Special Revenue	276,900	774,052	497,152
Permanent	150	3	(147)
Total	\$ 334,350	\$ 823,399	\$ 489,049

2020 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 66,250	\$ 56,197	\$ 10,053
Special Revenue	987,542	617,767	369,775
Total	\$ 1,053,792	\$ 673,964	\$ 379,828

Contrary to ORC Section 5705.41(D), the Township made expenditures prior to certification.

5. DEPOSITS AND INVESTMENTS

To improve cash management, cash received by the Township is pooled. Monies for all funds are maintained in this pool. The Ohio Revised Code prescribes allowable deposits and investments. A summary of the Township's deposits and investment accounts are as follows:

	2020
<i>Cash Management Pool</i>	
Demand deposits	\$ 622,990
Total Carrying Amount of Deposits and Investments held in Pool	\$ 622,990

**ADAMS TOWNSHIP
WASHINGTON COUNTY**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

5. DEPOSITS AND INVESTMENTS (Continued)

The Township does not use a separate payroll clearing account. The expenditures included in the accompanying financial statements reflect net payroll plus all remitted payroll withholdings. At December 31, 2020, the Township is holding \$0 in unremitted employee payroll withholdings.

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

6. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by Township Trustees. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as intergovernmental receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

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

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

7. RISK MANAGEMENT

The Township is a member of the Ohio Township Association Risk Management Authority (The Pool). The Pool assumes the risk of loss up to the limits of the Township's policy. The Pool covers the following risks:

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

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

	<u>2020</u>
Cash and investments	\$36,348,066
Actuarial liabilities	10,894,146

**ADAMS TOWNSHIP
WASHINGTON COUNTY**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

8. DEFINED BENEFIT PENSION PLANS

Ohio Public Employees Retirement System

The Township’s full-time employees belong to the Public Employees Retirement System (OPERS) of Ohio. OPERS is a cost-sharing, multiple employer plan. The Ohio Revised Code prescribes the plan benefits, which include postretirement healthcare, and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2020, OPERS members contributed 10.0% of their gross wages and the Township contributed an amount equal to 14.0% of participant’s gross salaries. The Township has paid all contributions required through December 31, 2020.

9. POSTEMPLOYMENT BENEFITS

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. OPERS contributes 2 percent of the employer contribution to fund these benefits. The portion of employer contributions allocated to health care for OPERS members in the traditional pension plan and combined plan was 0 percent during calendar year 2020. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0 percent during calendar year 2020.

10. DEBT

Debt outstanding at December 31, 2020 was as follows:

	Principal	Interest rate
KS State Bank	\$ 79,776	3.12%
Peoples Bank	13,960	3.92%
Total	\$ 93,736	

The Township issued debt to finance the purchase of a Case 580SN Backhoe with Hopper for use on Township roads during fiscal year 2019. The Township’s taxing authority collateralized the debt.

The Township issued debt to purchase a truck for use on Township road in 2019. The Truck collateralizes the debt.

Beginning loan balances were restated to \$124,644 as of January 1, 2020.

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

Year Ended December 31	KS State Bank	Peoples Bank
2021	\$ 28,269	\$ 7,602
2022	28,269	6,908
2023	28,269	-
Total	\$ 84,807	\$ 14,510

**ADAMS TOWNSHIP
WASHINGTON COUNTY**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

11. PUBLIC ENTITY RISK POOL

The Township belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio local governments. 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 exceeding the member’s deductible.

12. FUND BALANCES

Included in fund balance are amounts the Township cannot spend, including the balance of unclaimed monies, which cannot be spent for five years and the expendable corpus of the permanent funds. Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilities effective cash planning and control. At year end the balances of those amounts were as follows:

Fund Balances	General	Special Revenue	Permanent	Total
Nonspendable:				
Corpus	\$ -	\$ -	\$ -	\$ -
Outstanding Encumbrances	-	-	-	-
Total	\$ -	\$ -	\$ -	\$ -

The fund balance of special revenue funds is either restricted or committed. The fund balance of debt service funds and capital projects funds are restricted, committed, or assigned. The fund balance of permanent funds that is not part of the nonspendable corpus is either restricted or committed. These restricted, committed and assigned amounts in the special revenue, debt service, capital projects and permanent funds would include the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

13. COVID-19

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

During 2020, the Township received \$102,011 as an on-behalf of grant from another government. These amounts are recorded in the Coronavirus Relief Special Revenue Fund.

14. CONTINGENT LIABILITIES

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

15. FINANCIAL DIFFICULTIES

At December 31, 2020 the Township’s General Fund had a fund cash balance of \$3,377. However, the Township has unposted findings for adjustment from prior and current audits totaling \$333,852 against the General Fund and in favor of restricted funds. If the Township posted the findings for adjustment, the General Fund would have a deficit fund cash balance of \$330,475. Township management currently does not have a plan in place to address this matter.

**WILSON, PHILLIPS & AGIN, CPA'S, INC.
1100 BRANDYWINE BLVD. BUILDING G
ZANESVILLE, OHIO 43701**

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
REQUIRED BY GOVERNMENT AUDITING STANDARDS.**

Adams Township
Washington County
P.O. Box 384
Lowell, Ohio 45744

To the Township Trustees:

We have audited, in accordance with auditing standards general accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standard* issued by the Comptroller General of the United States, the financial statements of the cash balances, receipts, and disbursements for each governmental fund type combined total as of and for the years ended December 31, 2021 and 2020 and the related notes to the financial statements of Adams Township, Washington County (the Township) and have issued our report thereon dated August 24, 2022, where we issued an adverse opinion on the General and Special Revenue Fund Type and a qualified opinion on the Permanent Fund, wherein we noted the Township followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit. We also noted the financial impact of COVID-19 and the ensuing emergency measures may impact subsequent periods of the Township.

Internal Control Over Financial Reporting

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

A deficiency in internal control 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 and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Township's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying Schedule of Findings as items 2021-001, 2021-002 and 2021-003 that we consider to be material weaknesses.

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 financial statements. 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 three instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings as items 2021-001, 2021-002 and 2021-004.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Township's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Wilson, Phillips & Agin, CPA's, Inc.
Zanesville, Ohio
August 24, 2022

**ADAMS TOWNSHIP
WASHINGTON COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2021 AND 2020**

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

FINDING NUMBER 2021-001

Noncompliance and Material Weakness

Ohio Revised Code Section 505.24(C) states, in part, by unanimous vote, a board of township trustees may adopt a method of compensation consisting of an annual salary to be paid in equal monthly payments. The amount of the annual salary approved by the board shall be no more than the maximum amount that could be received annually by a trustee if the trustee were paid on a per diem basis as specified in this division, and shall be paid from the township General Fund or from other township funds in such proportion as the board may specify by resolution. Each trustee shall certify the percentage of time spent working on matters to be paid from the township General Fund and from other township funds in such proportions as the kinds of services performed.

The Township's Board of Trustees did not unanimously pass a resolution to allow being paid on a salary basis in equal monthly installments or approve to be paid from funds other than the General Fund. During 2021 and 2020, the Board of Trustees were paid on a salary basis without the required approval. In 2021, Trustees were improperly paid \$5,200 from the MVL Tax Fund and \$21,544 from the Gasoline Tax Fund for a total of \$26,744. In 2020, the Trustees were improperly paid \$5,943 from the MVL Tax Fund and \$20,801 from the Gasoline Tax Fund for a total of \$26,744.

Additionally, adjustments were proposed in the previous 2018-2019, 2016-2017, 2014-2015, 2012-2013 and 2010-2011 audit reports and the Township declined to make these adjustments totaling \$189,931. The total \$189,931 was against the General Fund, in favor of the MVL Tax Fund totaling \$47,353, in favor of the Gasoline Tax Fund totaling \$134,457 and in favor of the Road & Bridge Fund totaling \$8,121.

The Township did not have control procedures in place to ensure the Trustees completed the required certifications. Not having procedures in place to ensure proper posting of Trustee compensation could result in material errors to the financial statements, which may go undetected.

The Township has not posted these adjustments to the Township records and, therefore, these adjustments are not reflected in the accompanying financial statements.

The Township should, by unanimous vote, adopt the salary method of compensation to be paid in equal monthly payments as well as, adopt a resolution that specifies the proportions of the salary that are to be paid from each fund. Additionally, Trustees should complete the appropriate certifications prior to receiving his/her pay for that pay period if they are being paid from funds other than the General Fund.

Client Response: We have not received a response from the client.

**ADAMS TOWNSHIP
WASHINGTON COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2021 AND 2020**

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

FINDING NUMBER 2021-002

Noncompliance/ Material Weakness – Financial Reporting

All local public offices should maintain an accounting system and accounting records sufficient to enable the public office to identify, assemble, analyze, classify, record and report its transactions, maintain accountability for the related assets, document compliance with finance-related legal and contractual requirements and prepare financial statements.

The Ohio Township Handbook provides suggested account and fund balance classifications and clarifies the existing governmental fund type definitions. These accounts classify receipts by fund and source (taxes or charges for services, for example) and classify disbursements by fund, program (general government, for example) or object (personal services, for example). The fund balance classifications relate to constraints placed upon the use of resources reported in governmental funds. The five classifications are nonspendable, restricted, committed, assigned and unassigned. Using these classifications will provide the Township with information required to monitor compliance with the budget, and prepare annual reports in the format required by the Auditor of State.

Ohio Revised Code 5705.10(D) states, in part, that all revenues derived from a source other than the general property tax and which the law prescribes shall be used for a particular purpose, shall be paid into a special fund for such purpose.

The Township did not properly all receipts and expenditures. Errors were made in recording various transactions. Amounts were not always posted to the correct fund and/or line item. The following reclassifications were made to the financial statements and accounting records, adjustments were not made to the financial statements and accounting records, except for the recording of Debt and the associated Capital Outlay.

The following is related to 2021:

- The Township posted Rollback and Homestead monies in the amount of \$2,603 to the General Fund which should have been posted to the Road & Bridge Fund. This is adjustment is not posted by the Township.
- The Township recorded Real Estate Tax at net, resulting in the grossing up of Property and Other Local taxes and General Government by \$411 in the General Fund and grossing up Property and Other Local taxes by \$1,195 in the Road & Bridge Fund.
- A reclassification of \$13 was made to decrease Principal Retirement and increase Interest and Other Fiscal Charges.
- A reclassification of \$5,067 was made to increase Capital Outlay and decrease Public Works in the gasoline Tax Fund.

**ADAMS TOWNSHIP
WASHINGTON COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2021 AND 2020**

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

FINDING NUMBER 2021-002 (Continued)

The following is related to 2020:

- The Township posted Rollback and Homestead monies in the amount of \$3,093 to the Road & Bridge Fund which should have been posted to the General Fund. This adjustment is not posted by the Township.
- The Township recorded Real Estate Tax at net, resulting in the grossing up of Property and Other Local taxes and General Government by \$421 in the General Fund and grossing up Property and Other Local taxes by \$1,181 in the Road & Bridge Fund.
- A reclassification of \$572 was made to decrease Principal Retirement and increase Interest and Other Fiscal Charges.
- A reclassification of \$53,551 was made to increase Capital Outlay and decrease General Government in the Coronavirus Relief Fund.

Additionally, adjustments were proposed in the previous 2018-2019, 2016-2017, 2014-2015, 2012-2013 and 2010-2011 audit reports and the Township declined to make these adjustments totaling \$120,270. Of this total, \$120,270 was against the General Fund, \$4,556 was against the Motor Vehicle License Tax Fund, \$11,811 was against the Cemetery Fund and \$31,931 was against the Permissive Sales Tax Fund and in favor of the Gasoline Tax Fund for \$13,700, the Road and Bridge Fund for \$154,740 and the Vangelder Permanent Fund for \$128.

Reclassifications are reflected within the accompanying financial statements and posted to the accounting system.

Sound financial reporting is the responsibility of the Township and is essential to help ensure the information provided to the readers of financial statements is complete and accurate. To help ensure the Township's financial statements and notes to the financial statements are complete and accurate, the Township should adopt policies and procedures to identify and correct errors and omissions. In addition, the Township should review the financial statements and notes prior to submission for audit.

Client Response: We received no response from client.

**ADAMS TOWNSHIP
WASHINGTON COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2021 AND 2020**

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

FINDING NUMBER 2021-003

Material Weakness

Management is responsible for designing and implementing internal control policies and procedures to reasonably ensure specific financial objectives will be achieved. This includes maintaining sufficient supporting documentation to support the classification, accuracy and completeness of receipts reported by the Township.

The Township was unable to provide the board approved fee schedule for the audit period to support the amount charged for burials. Additionally, the support provided did not document the reason for the variation in charges for opening and closing fees (i.e. resident, non-resident).

The Township did not have internal controls in place to ensure that fees charged for burials were correct. By not having an approved fee schedule in place, the fees charged for various burial expenses can vary and may result in lost revenue to the Township.

The Board of Trustees should formally approve the cemetery fee schedule, which includes grave purchases, open and closing fees, and any additional fees. Additionally the Fiscal Officer should maintain documentation for the grave opening and closing receipts received to support the placement on the fee schedule.

Client Response: We received no response from client.

FINDING NUMBER 2021-004

Noncompliance

Ohio Revised Code Section 5705.39 provides that total appropriations from each fund shall not exceed the total of the estimated revenues available for expenditure as certified by the budget commission. In addition, no appropriation measure is to become effective until the County Auditor files a certificate that the total appropriations from each fund do not exceed the total estimate or amended official estimate.

Fund	Year	Estimated Resources	Appropriations	Variance
FEMA	2021	\$ -	\$ 296,691	\$ (296,691)
FEMA	2020	-	424,531	(424,531)
Coronavirus Relief	2020	-	102,011	(102,011)

We recommend the Trustees review estimated resources versus appropriations throughout the year. Also, the Trustees should not approve appropriations greater than estimated resources. This could result in the Township spending more money than it receives and could cause possible negative fund balances.

Client Response: We have not yet received a response from the client.

**ADAMS TOWNSHIP
WASHINGTON COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2021**

Finding Number	Finding Summary	Fully Corrected	Not Corrected, Partially Corrected Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2019-001	Finding for Adjustment Material Weakness Noncompliance Trustees salaries	No	Not Corrected - Refer to Findng 2021-001
2019-002	Finding for Adjustment Material Weakness Noncompliance Improper Postings	No	Not Corrected - Refer to Findng 2021-002
2017-004	Finding for Adjustment Material Weakness Noncompliance Interest in Permanent FD	No	Not Corrected - Refer to Findng 2021-002 Adjustment has not been made
2019-002	Material Weakness Financial Reporting	No	Not Corrected - Refer to Findng 2021-002
2019-003	Material Weakness Cemetery Fees	No	Not Corrected - Refer to Findng 2021-003

OHIO AUDITOR OF STATE KEITH FABER



ADAMS TOWNSHIP

WASHINGTON COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 11/29/2022

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

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