

**ADAMS TOWNSHIP,
GUERNSEY COUNTY**

**Audited Financial Statements
For the years ended December 31, 2006 and 2005**



Mary Taylor, CPA
Auditor of State

Board of Trustees
Adams Township
4821 Glenn Highway Road
Cambridge, Ohio 43725

We have reviewed the *Independent Accountants' Report* of Adams Township, Guernsey County, prepared by Tucker & Tucker, for the audit period January 1, 2005 through December 31, 2006. 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.

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.

Mary Taylor

Mary Taylor, CPA
Auditor of State

March 27, 2008

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GUERNSEY COUNTY**

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GUERNSEY COUNTY**

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GUERNSEY COUNTY**

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Independent Accountants' Report

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

To the Board of Trustees:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Adams Township, Guernsey County, Ohio (the Township), as of and for the years ended December 31, 2006 and 2005, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township's management. Our responsibility is to express opinions 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 *Governmental Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As discussed in Note 2, Adams Township, Guernsey County, Ohio, prepares its financial statements on the cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position – cash basis of the governmental activities, each major fund, and the aggregate remaining fund information of Adams Township, Guernsey County, Ohio, as of December 31, 2006 and 2005, and the respective changes in financial position – cash basis, and the respective budgetary comparison for the General, Gasoline Tax, Road and Bridge, and Fire District Funds, thereof for the years then ended in conformity with the basis of accounting described in Note 2.

For the year ended December 31, 2005, the Township revised its financial presentation comparable to the requirements of Governmental Accounting Standard No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 22, 2008, on our consideration of Adams Township, Guernsey County, Ohio’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. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management’s discussion and analysis on pages 3 through 10 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Tucker & Tucker

Cambridge, Ohio
January 22, 2008

Adams Township, Guernsey County, Ohio
Management's Discussion and Analysis
For the Years Ended December 31, 2006 and 2005
Unaudited

This discussion and analysis of the Adams Township's financial performance provides an overall review of the Township's financial activities for the years ended December 31, 2006 and 2005, within the limitations of the Township's cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Township's financial performance.

Highlights

Key highlights for 2006 are as follows:

Net assets of governmental activities decreased \$83,487 or 31 percent, a significant change from the prior year. The fund most affected by the decrease was the General Fund. The decrease was brought about by a major paving project in 2006.

The Township's general receipts are primarily taxes and intergovernmental revenue. These receipts represent 89 percent of the total cash received for governmental activities during the year.

Key highlights for 2005 are as follows:

Net assets of governmental activities increased \$26,415 or 11% from the prior year. Changes in the General Fund and Gasoline Tax Fund account for most of the increase as intergovernmental revenue rose 30 percent and 10 percent respectively. This revenue source is controlled by county auditor assessments.

The Township's general receipts are primarily taxes and intergovernmental revenue. These receipts represent 96 percent of the total cash received for governmental activities during the year.

Using the Basic Financial Statements

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to the Township's cash basis of accounting.

Report Components

The statements of net assets and the statements of activities provide information about the cash activities of the Township as a whole.

Adams Township, Guernsey County, Ohio
Management's Discussion and Analysis
For the Years Ended December 31, 2006 and 2005
Unaudited

Fund financial statements provide a greater level of detail. Funds are created and maintained in the financial records of the Township as a way to segregate money whose use is restricted to a particular specified purpose. These statements present financial information by fund, presenting funds with the largest balances or most activity in separate columns.

The notes to the financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

Basis of Accounting

The basis of accounting is a set of guidelines that determine when financial events are recorded. The Township has elected to present its financial statements on a cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the Township's cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

As a result of using the cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the cash basis of accounting.

Reporting the Government as a Whole

The statements of net assets and the statements of activities reflect how the Township did financially during 2006 and 2005, within the limitations of the cash basis of accounting. The statements of net assets present the cash balances activities of the Township at each year end. The statements of activities compare cash disbursements with program receipts for each governmental program activity. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function activity draws from the Township's general receipts.

Adams Township, Guernsey County, Ohio
Management's Discussion and Analysis
For the Years Ended December 31, 2006 and 2005
Unaudited

These statements report the Township's cash position and the changes in cash position. Keeping in mind the limitations of the cash basis of accounting, you can think of these changes as one way to measure the Township's financial health. Over time, increases or decreases in the Township's cash position is one indicator of whether the Township's financial health is improving or deteriorating. When evaluating the Township's financial condition, you should also consider other non-financial factors as well, such as the Township's property tax base, the condition of the Township's capital assets and infrastructure, the extent of the Township's debt obligations, the reliance on non-local financial resources for operation and the need for continued growth in the major local revenue sources such as property and income taxes.

In the statements of net assets and the statements of activities, the Township reports only one type of activity.

Governmental activities: Most of the Township's basic services are reported here, including fire and roads. State and federal grants and property taxes finance most of these activities. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.

Reporting the Government's Most Significant Funds

Fund financial statements provide detailed information about the Township's major funds – not the Township as a whole. The Township establishes separate funds to better manage its many activities and to help demonstrate that money that is restricted as to how it may be used is being spent for the intended purpose. The funds of the Township are governmental and fiduciary.

Governmental Funds – The majority of the Township's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the Township's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Township's programs. The Township's significant governmental funds are presented on the financial statements in separate columns. The information for non-major funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The Township's major governmental funds are the General Fund, Gasoline Fund, Road and Bridge Fund, and Fire District Fund. The programs reported in governmental funds are the same as those reported in the governmental activities section of the entity-wide statements.

Fiduciary Funds – Fiduciary funds are used to account for resources held for the benefit of parties outside the Township. Fiduciary funds are not reflected on the government-wide financial statements because the resources of these funds are not available to support the Township's programs.

**Adams Township, Guernsey County, Ohio
Management's Discussion and Analysis
For the Years Ended December 31, 2006 and 2005
Unaudited**

The Government as a Whole

Table 1 provides a summary of the Township's net assets for 2006 and 2005 compared to 2004 on a cash basis.

(Table 1)
Net Assets

	Governmental Activities		
	2006	2005	2004
Assets			
Cash and Cash Equivalents	\$ 185,920	\$ 269,407	\$ 242,785
Total Assets	\$ 185,920	\$ 269,407	\$ 242,785
Net Assets			
Restricted for:			
Debt Service	\$ 6	\$ 4	\$0
Capital Outlay	7,160	0	0
Other Purposes	86,607	70,178	62,580
Unrestricted	92,147	199,225	180,205
Total Net Assets	\$ 185,920	\$ 269,407	\$ 242,785

As mentioned previously, net assets of governmental activities decreased \$83,487 or 31 percent during 2006, primarily due to a major paving project.

As mentioned previously, net assets of governmental activities increased \$26,415, or 11 percent during 2005. The primary reasons contributing to the increase in cash balances are as follows:

- Receipts exceeding disbursements by \$18,851 in the General Fund.
- Receipts exceeding disbursements by \$8,027 in the Fire District Fund.

Adams Township, Guernsey County, Ohio
Management's Discussion and Analysis
For the Years Ended December 31, 2006 and 2005
Unaudited

Table 2 reflects the changes in net assets in 2006 and 2005. Since the Township did not prepare financial statements in this format for 2004, a comparative analysis of government-wide data has not been presented. In future years, when prior year information is available, a comparative analysis will be presented.

(Table 2)
Changes in Net Assets

	Governmental Activities	
	2006	2005
Receipts:		
Program Receipts:		
Charges for Services and Sales	\$ 3,387	\$ 3,014
Operating Grants and Contributions	109,584	116,742
Capital Grants and Contributions	17,930	17,669
Total Program Receipts	\$ 130,901	\$ 137,425
General Receipts:		
Property and Other Local Taxes	112,615	109,736
Grants and Entitlements Not Restricted to Specific Programs	35,757	21,773
Interest	10,762	6,677
Miscellaneous	6,915	62
Total General Receipts	166,049	138,248
Total Receipts	296,950	275,673
Disbursements:		
General Government	77,758	75,878
Public Safety	33,957	21,442
Health Services	3,486	2,325
Public Works	244,573	121,662
Capital Outlay	10,770	17,669
Principal Retirement	8,722	8,722
Interest and Fiscal Charges	1,171	1,560
Total Disbursements	380,437	249,258
Increase (Decrease) in Net Assets	(83,487)	26,415
Net Assets, January 1	269,407	242,992
Net Assets, December 31	\$ 185,920	\$ 269,407

Adams Township, Guernsey County, Ohio
Management's Discussion and Analysis
For the Years Ended December 31, 2006 and 2005
Unaudited

Program receipts of \$130,901 and \$137,425 in 2006 and 2005 respectively, represent 44 percent and 50 percent of each year's total receipts and are primarily comprised of restricted intergovernmental receipts such as motor vehicle license, gas tax money, charges for services, operational grants and capital grants.

General receipts represent 56 percent and 50 percent respectively of the 2006 and 2005 Township total receipts. Over 67 percent of each year's amount are local taxes. State and local grants and entitlements and interest on the Township's bank account make up the majority of the balance. Other receipts are very insignificant and somewhat unpredictable revenue sources.

Disbursements for General Government represent the overhead costs of running the Township and the support services provided for the other Township activities. These include the costs of the Trustees and the clerk, as well as internal services such as payroll and purchasing. Since these costs do not represent direct services to residents, we try to limit these costs.

Public Safety is the cost of fire protection and emergency service. Health Services is the health department. Public Works is the general maintenance as well as repair of roads, along with dust control and garbage and waste services.

Governmental Activities

If you look at the Statements of Activities on pages 12 and 22, you will see that the first column lists the major services provided by the Township. The next column identifies the costs of providing these services. The major program disbursements for governmental activities are for Public Works and General Government, which account for 64 and 20 percent in 2006, and 49 percent and 30 percent in 2005, of all governmental disbursements, respectively. The next three columns of the Statement entitled Program Receipts identify amounts paid by people who are directly charged for the service and grants received by the Government that must be used to provide a specific service. The net Receipt (Disbursement) column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service which ends up being paid from money provided by local taxpayers. These net costs are paid from the general receipts which are presented at the bottom of the Statements. A comparison between the total cost of services and the net cost is presented in Table 3.

**Adams Township, Guernsey County, Ohio
Management's Discussion and Analysis
For the Years Ended December 31, 2006 and 2005
Unaudited**

(Table 3)
Governmental Activities

	Total Cost of Services 2006	Net Cost of Services 2006	Total Cost of Services 2005	Net Cost of Services 2005
General Government	\$ 77,758	\$ (72,042)	\$ 75,878	\$ (63,273)
Public Safety	33,957	(33,957)	21,442	(21,442)
Health Services	3,486	(3,486)	2,325	(2,325)
Public Works	244,573	(119,388)	121,662	3,158
Capital Outlay	10,770	(10,770)	17,669	(17,669)
Principal Retirement	8,722	(8,722)	8,722	(8,722)
Interest and Fiscal Charges	1,171	(1,171)	1,560	(1,560)
Total Expenses	\$ 380,437	\$ (249,536)	\$ 249,258	\$ (111,833)

The dependence upon property tax receipts and unrestricted grants and entitlements is apparent as over 50 percent of governmental activities are supported through these general receipts.

The Government's Funds

During 2006, total governmental funds had receipts of \$296,950 and disbursements of \$380,437. The greatest change within governmental funds occurred within the General Fund. It decreased significantly due to a road paving project. There was a slight increase in revenue in 2006 in the General, Motor Vehicle License, Gasoline Tax, and Road and Bridge Funds.

During 2005, total governmental funds had receipts of \$275,673 and disbursements of \$249,258. The greatest change within governmental funds occurred as a result of an excess of receipts over disbursements of \$18,851 in the General Fund.

General Fund Budgeting Highlights

The Township's budget is prepared according to Ohio law and is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

Adams Township, Guernsey County, Ohio
Management's Discussion and Analysis
For the Years Ended December 31, 2006 and 2005
Unaudited

During 2006 and 2005, the changes from the original budget to the final budget have been minimal. Fluctuations in growth and diversity have typically not occurred in the Township, allowing the Board of Trustees the ability to consistently predict receipts and disbursements. The difference between final budgeted receipts and actual receipts was not significant.

During 2006, final disbursements were budgeted at \$266,618 while actual disbursements were \$185,763. The Township kept spending under the budgeted expenditure amounts to maintain its limited general fund net asset balance.

During 2005, final disbursements were budgeted at \$241,771 while actual disbursements were \$45,332. As you can see, the budget was much higher than the actual disbursements. This was due to the fact that the Township received several years ago an estate settlement of \$125,000. The Board has set this amount aside as a "cushion" or to use toward a paving project. Also, the Township attempts to keep a healthy balance in the General Fund.

Capital Assets and Debt Administration

Debt - At December 31, 2006 and 2005, the Township owed \$17,444 and \$26,117 respectively on an equipment note. For further information regarding the Township's debt, refer to Note 7 to the basic financial statements.

Current Issues

The challenge for all Governments is to provide quality services to the public while staying within the restrictions imposed by limited, and in some cases shrinking, funding. We rely heavily on local taxes and have very little industry to support the tax base. After reviewing our financial picture, the Board of Trustees made and passed a resolution to put a 1.5 mill levy on the May 2006 ballot for the purpose of road maintenance and improvement. This levy was supported by the voters and will provide revenue of approximately \$35,000 to \$40,000 for the next five years.

Contacting the Government's Financial Manager

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Township's finances and to reflect the Township's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Judith Lisle, Clerk/Fiscal Officer, Adams Township, 4821 Glenn Highway Road, Cambridge, OH 43725.

Adams Township, Guernsey County, Ohio
Statement of Net Assets - Cash Basis
December 31, 2006

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$ 185,920</u>
Total Assets	<u><u>\$ 185,920</u></u>
 Net Assets	
Restricted for:	
Capital Projects	\$ 7,160
Debt Service	6
Other Purposes	86,607
Unrestricted	<u>92,147</u>
Total Net Assets	<u><u>\$ 185,920</u></u>

See accompanying notes to the basic financial statements.

Adams Township, Guernsey County, Ohio
Statement of Activities - Cash Basis
For the Year Ended December 31, 2006

		Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Assets
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental Activities					
General Government	\$ 77,758	\$0	\$ 5,716	\$0	\$ (72,042)
Public Safety	33,957	0	0	0	(33,957)
Public Works	244,573	3,387	103,868	17,930	(119,388)
Health Services	3,486	0	0	0	(3,486)
Capital Outlay	10,770	0	0	0	(10,770)
Debt Service:					
Principal	8,722	0	0	0	(8,722)
Interest	1,171	0	0	0	(1,171)
Total	\$ 380,437	\$ 3,387	\$ 109,584	\$ 17,930	\$ (249,536)

General Receipts

Property Taxes Levied for:	
General Purposes	112,615
Grants and Entitlements not Restricted to Specific Programs	35,757
Interest	10,762
Miscellaneous	6,915
Total General Receipts	166,049
Change in Net Assets	(83,487)
Net Assets Beginning of Year	269,407
Net Assets End of Year	\$ 185,920

See accompanying notes to the basic financial statements.

Adams Township, Guernsey County, Ohio
Statement of Cash Basis Assets and Fund Balances
Governmental Funds
December 31, 2006

	<u>General</u>	<u>Gasoline Tax Fund</u>	<u>Road and Bridge Fund</u>	<u>Fire District Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets						
Equity in Pooled Cash and Cash Equivalents	\$ 92,147	\$ 32,665	\$ 21,596	\$ 26,016	\$ 13,496	\$ 185,920
Total Assets	<u>\$ 92,147</u>	<u>\$ 32,665</u>	<u>\$ 21,596</u>	<u>\$ 26,016</u>	<u>\$ 13,496</u>	<u>\$ 185,920</u>
Fund Balances						
Unreserved:						
Undesignated (Deficit) Reported in:						
General Fund	\$ 92,147	\$0	\$0	\$0	\$0	\$ 92,147
Special Revenue Funds	0	32,665	21,596	26,016	6,330	86,607
Capital Projects Fund	0	0	0	0	7,160	7,160
Debt Service Fund	0	0	0	0	6	6
Total Fund Balances	<u>\$ 92,147</u>	<u>\$ 32,665</u>	<u>\$ 21,596</u>	<u>\$ 26,016</u>	<u>\$ 13,496</u>	<u>\$ 185,920</u>

Adams Township, Guernsey County, Ohio
Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances
Governmental Funds
For the Year Ended December 31, 2006

	General	Gasoline Tax	Road and Bridge	Fire District Fund	Other Governmental Funds	Total Governmental Funds
Receipts						
Property and Other Local Taxes	\$ 34,994	\$0	\$ 45,888	\$ 26,733	\$ 5,000	\$ 112,615
Charges for Services	3,387	0	0	0	0	3,387
Intergovernmental	30,441	81,307	7,170	3,862	40,492	163,272
Interest	9,426	964	0	0	372	10,762
Other	583	763	81	0	2,088	3,515
Total Receipts	78,831	83,034	53,139	30,595	47,952	293,551
Disbursements						
Current:						
General Government	42,209	10,864	10,193	741	13,751	77,758
Public Safety	3,265	0	0	30,692	0	33,957
Public Works	137,149	61,163	37,535	0	8,726	244,573
Health Services	3,286	0	0	0	200	3,486
Capital Outlay	0	0	0	0	10,770	10,770
Debt Service:						
Principal	0	0	0	0	8,722	8,722
Interest	0	0	0	0	1,171	1,171
Total Disbursements	185,909	72,027	47,728	31,433	43,340	380,437
Excess of Receipts Over (Under) Disbursements	(107,078)	11,007	5,411	(838)	4,612	(86,886)
Other Financing Sources (Uses)						
Transfers In	0	413	0	0	0	413
Transfers Out	0	0	0	0	(413)	(413)
Other Sources	0	0	0	0	3,399	3,399
Total Other Financing Sources (Used)	0	413	0	0	2,986	3,399
Net Change in Fund Balances	(107,078)	11,420	5,411	(838)	7,598	(83,487)
Fund Balances Beginning of Year	199,225	21,245	16,185	26,854	5,898	269,407
Fund Balances End of Year	<u>\$ 92,147</u>	<u>\$ 32,665</u>	<u>\$ 21,596</u>	<u>\$ 26,016</u>	<u>\$ 13,496</u>	<u>\$ 185,920</u>

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Adams Township, Guernsey County, Ohio
Statement of Receipts, Disbursements and Changes
in Fund Balance - Budget and Actual - Budget Basis
General Fund
For the Year Ended December 31, 2006

	<u>Budgeted Amounts</u>			Variance with
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Final Budget Positive (Negative)
Receipts				
Property and Other Local Taxes	\$ 29,059	\$ 29,993	\$ 34,994	\$ 5,001
Charges for Services	2,992	3,240	3,387	147
Intergovernmental	18,212	30,232	30,441	209
Interest	5,800	7,375	9,426	2,051
Other	418	478	583	105
Total Receipts	<u>56,481</u>	<u>71,318</u>	<u>78,831</u>	<u>7,513</u>
Disbursements				
Current:				
General Government	249,068	258,788	42,209	216,579
Public Safety	2,992	3,330	3,265	65
Health Services	3,500	4,500	3,286	1,214
Public Works	0	0	137,149	(137,149)
Total Disbursements	<u>255,560</u>	<u>266,618</u>	<u>185,909</u>	<u>80,709</u>
Net Change in Fund Balance	(199,079)	(195,300)	(107,078)	88,222
Fund Balance Beginning of Year	<u>199,079</u>	<u>199,079</u>	<u>199,225</u>	<u>0</u>
Fund Balance End of Year	<u>\$0</u>	<u>\$ 3,779</u>	<u>\$ 92,147</u>	<u>\$ 88,222</u>

See accompanying notes to the basic financial statements.

Adams Township, Guernsey County, Ohio
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
Gasoline Tax Fund
For the Year Ended December 31, 2006

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
Receipts				
Intergovernmental	\$ 64,105	\$ 66,673	\$ 81,307	\$ 14,634
Interest	510	637	964	327
Other	0	763	763	0
Total Receipts	<u>64,615</u>	<u>68,073</u>	<u>83,034</u>	<u>14,961</u>
Disbursements				
Current:				
General Government	10,866	10,866	10,864	2
Public Works	74,994	75,407	61,163	14,244
Total Disbursements	<u>85,860</u>	<u>86,273</u>	<u>72,027</u>	<u>14,246</u>
Excess of Receipts Over(Under) Disbursements	<u>(21,245)</u>	<u>(18,200)</u>	<u>11,007</u>	<u>29,207</u>
Other Financing Sources				
Transfers In	0	413	413	0
Total Other Financing Sources	<u>0</u>	<u>413</u>	<u>413</u>	<u>0</u>
Net Change in Fund Balance	(21,245)	(17,787)	11,420	29,207
Fund Balance Beginning of Year	<u>21,245</u>	<u>21,245</u>	<u>21,245</u>	<u>0</u>
Fund Balance End of Year	<u>\$0</u>	<u>\$ 3,458</u>	<u>\$ 32,665</u>	<u>\$ 29,207</u>

See accompanying notes to the basic financial statements.

Adams Township, Guernsey County, Ohio
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
Road and Bridge Fund
For the Year Ended December 31, 2006

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts				
Property and Other Local Taxes	\$ 41,503	\$ 45,888	\$ 45,888	\$0
Intergovernmental	5,604	7,003	7,170	167
Other	0	81	81	0
Total Receipts	<u>47,107</u>	<u>52,972</u>	<u>53,139</u>	<u>167</u>
Disbursements				
Current:				
General Government	10,324	10,543	10,193	350
Public Works	52,968	52,749	37,535	15,214
Total Disbursements	<u>63,292</u>	<u>63,292</u>	<u>47,728</u>	<u>15,564</u>
Net Change in Fund Balance	(16,185)	(10,320)	5,411	15,731
Fund Balance Beginning of Year	<u>16,185</u>	<u>16,185</u>	<u>16,185</u>	<u>0</u>
Fund Balance End of Year	<u>\$0</u>	<u>\$ 5,865</u>	<u>\$ 21,596</u>	<u>\$ 15,731</u>

See accompanying notes to the basic financial statements.

Adams Township, Guernsey County, Ohio
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
Fire District Fund
For the Year Ended December 31, 2006

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts				
Property and Other Local Taxes	\$ 24,419	\$ 26,733	\$ 26,733	\$0
Intergovernmental	2,645	3,732	3,862	130
Total Receipts	<u>27,064</u>	<u>30,465</u>	<u>30,595</u>	<u>130</u>
Disbursements				
Current:				
General Government	850	1,050	741	309
Public Safety	50,068	49,868	30,692	19,176
Capital Outlay	3,000	3,000	0	3,000
Total Disbursements	<u>53,918</u>	<u>53,918</u>	<u>31,433</u>	<u>22,485</u>
Net Change in Fund Balance	(26,854)	(23,453)	(838)	22,615
Fund Balance Beginning of Year	<u>26,854</u>	<u>26,854</u>	<u>26,854</u>	<u>0</u>
Fund Balance End of Year	<u>\$0</u>	<u>\$ 3,401</u>	<u>\$ 26,016</u>	<u>\$ 22,615</u>

See accompanying notes to the basic financial statements.

Adams Township, Guernsey County, Ohio
Statement of Fiduciary Net Assets - Cash Basis
Fiduciary Funds
December 31, 2006

	Private Purpose Trust	Agency
Assets		
Equity in Pooled Cash and Cash Equivalents	\$0	\$ 2,000
Investments - Certificate of Deposit	5,000	0
Total Assets	\$ 5,000	\$ 2,000
Net Assets		
Unrestricted	\$ 5,000	\$ 2,000

See accompanying notes to the basic financial statements.

Adams Township, Guernsey County, Ohio
Statement of Changes in Fiduciary Net Assets - Cash Basis
Fiduciary Funds
For the Year Ended December 31, 2006

	<u>Private Purpose Trust</u>	<u>Agency</u>
Additions		
Miscellaneous	<u>\$0</u>	<u>\$ 1,500</u>
Total Additions	<u>0</u>	<u>1,500</u>
Deductions		
Total Deductions	<u>0</u>	<u>0</u>
Change in Net Assets	0	1,500
Net Assets - Beginning of Year	<u>5,000</u>	<u>500</u>
Net Assets - End of Year	<u><u>\$ 5,000</u></u>	<u><u>\$ 2,000</u></u>

See accompanying notes to the basic financial statements.

Adams Township, Guernsey County, Ohio
Statement of Net Assets - Cash Basis
December 31, 2005

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$ 269,407</u>
Total Assets	<u><u>\$ 269,407</u></u>
 Net Assets	
Restricted for:	
Debt Service	\$ 4
Other Purposes	70,178
Unrestricted	<u>199,225</u>
Total Net Assets	<u><u>\$ 269,407</u></u>

See accompanying notes to the basic financial statements.

Adams Township, Guernsey County, Ohio
Statement of Activities - Cash Basis
For the Year Ended December 31, 2005

	Cash Disbursements	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Assets
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental Activities					
General Government	\$ 75,878	\$0	\$ 12,605	\$0	\$ (63,273)
Public Safety	21,442	0	0	0	(21,442)
Public Works	121,662	3,014	104,137	17,669	3,158
Health Services	2,325	0	0	0	(2,325)
Capital Outlay	17,669	0	0	0	(17,669)
Debt Service:					
Principal	8,722	0	0	0	(8,722)
Interest	1,560	0	0	0	(1,560)
Total	\$ 249,258	\$ 3,014	\$ 116,742	\$ 17,669	\$ (111,833)

General Receipts

Property Taxes Levied for:	
General Purposes	\$ 109,736
Grants and Entitlements not Restricted to Specific Programs	21,773
Interest	6,677
Miscellaneous	62
Total General Receipts	138,248
Change in Net Assets	26,415
Net Assets Beginning of Year	242,992
Net Assets End of Year	\$ 269,407

See accompanying notes to the basic financial statements.

Adams Township, Guernsey County, Ohio
Statement of Cash Basis Assets and Fund Balances
Governmental Funds
December 31, 2005

	<u>General</u>	<u>Gasoline Tax Fund</u>	<u>Road and Bridge Fund</u>	<u>Fire District Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets						
Equity in Pooled Cash and Cash Equivalents	\$ 199,225	\$ 21,245	\$ 16,185	\$ 26,854	\$ 5,898	\$ 269,407
Total Assets	<u>\$ 199,225</u>	<u>\$ 21,245</u>	<u>\$ 16,185</u>	<u>\$ 26,854</u>	<u>\$ 5,898</u>	<u>\$ 269,407</u>
Fund Balances						
Unreserved:						
Undesignated (Deficit) Reported in:						
General Fund	\$ 199,225	\$0	\$0	\$0	\$0	\$ 199,225
Special Revenue Funds	0	21,245	16,185	26,854	5,894	70,178
Debt Service	0	0	0	0	4	4
Total Fund Balances	<u>\$ 199,225</u>	<u>\$ 21,245</u>	<u>\$ 16,185</u>	<u>\$ 26,854</u>	<u>\$ 5,898</u>	<u>\$ 269,407</u>

Adams Township, Guernsey County, Ohio
Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances
Governmental Funds
For the Year Ended December 31, 2005

	General	Gasoline Tax	Road and Bridge	Fire District Fund	Other Governmental Funds	Total Governmental Funds
Receipts						
Property and Other Local Taxes	\$ 31,737	\$0	\$ 45,637	\$ 27,218	\$ 5,143	\$ 109,735
Charges	2,814	0	0	0	200	3,014
Intergovernmental	23,453	74,252	5,959	2,922	42,922	149,508
Interest	5,853	508	0	0	316	6,677
Other	325	0	15	0	1,885	2,225
Total Receipts	<u>64,182</u>	<u>74,760</u>	<u>51,611</u>	<u>30,140</u>	<u>50,466</u>	<u>271,159</u>
Disbursements						
Current:						
General Government	43,269	9,893	9,208	671	12,837	75,878
Public Safety	0	0	0	21,442	0	21,442
Public Works	0	66,935	43,921	0	10,806	121,662
Health Services	2,063	0	0	0	262	2,325
Capital Outlay	0	0	0	0	17,669	17,669
Debt Service:						
Principal	0	0	0	0	8,722	8,722
Interest	0	0	0	0	1,560	1,560
Total Disbursements	<u>45,332</u>	<u>76,828</u>	<u>53,129</u>	<u>22,113</u>	<u>51,856</u>	<u>249,258</u>
Excess of Receipts Over (Under) Disbursements	<u>18,850</u>	<u>(2,068)</u>	<u>(1,518)</u>	<u>8,027</u>	<u>(1,390)</u>	<u>21,901</u>
Other Financing Sources (Uses)						
Transfers In	0	2,513	0	0	0	2,513
Transfers Out	0	0	0	0	(2,513)	(2,513)
Other Sources	0	0	1,115	0	3,399	4,514
Total Other Financing Sources (Used)	<u>0</u>	<u>2,513</u>	<u>1,115</u>	<u>0</u>	<u>886</u>	<u>4,514</u>
Net Change in Fund Balances	18,850	445	(403)	8,027	(504)	26,415
Fund Balances Beginning of Year	<u>180,375</u>	<u>20,800</u>	<u>16,588</u>	<u>18,827</u>	<u>6,402</u>	<u>242,992</u>
Fund Balances End of Year	<u>\$ 199,225</u>	<u>\$ 21,245</u>	<u>\$ 16,185</u>	<u>\$ 26,854</u>	<u>\$ 5,898</u>	<u>\$ 269,407</u>

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Adams Township, Guernsey County, Ohio
Statement of Receipts, Disbursements and Changes
in Fund Balance - Budget and Actual - Budget Basis
General Fund
For the Year Ended December 31, 2005

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts				
Property and Other Local Taxes	\$ 28,210	\$ 28,210	\$ 31,737	\$ 3,527
Charges for Services	4,023	4,023	2,814	(1,209)
Intergovernmental	18,941	23,187	23,453	266
Interest	6,000	6,000	5,853	(147)
Other	377	50	325	275
	<u>57,551</u>	<u>61,470</u>	<u>64,182</u>	<u>2,712</u>
Disbursements				
Current:				
General Government	234,876	238,721	43,269	195,452
Health Services	3,000	3,000	2,063	937
Debt Service:				
Interest & Fiscal Charges	50	50	0	50
	<u>237,926</u>	<u>241,771</u>	<u>45,332</u>	<u>196,439</u>
Total Disbursements	<u>237,926</u>	<u>241,771</u>	<u>45,332</u>	<u>196,439</u>
Net Change in Fund Balance	(180,375)	(180,301)	18,850	199,151
Fund Balance Beginning of Year	<u>180,375</u>	<u>180,375</u>	<u>180,375</u>	<u>0</u>
Fund Balance End of Year	<u>\$0</u>	<u>\$ 74</u>	<u>\$ 199,225</u>	<u>\$ 199,151</u>

See accompanying notes to the basic financial statements.

Adams Township, Guernsey County, Ohio
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
Gasoline Tax Fund
For the Year Ended December 31, 2005

	<u>Budgeted Amounts</u>			Variance with
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Final Budget Positive (Negative)
Receipts				
Intergovernmental	\$ 62,232	\$ 64,019	\$ 74,252	\$ 10,233
Interest	370	370	508	138
Total Receipts	<u>62,602</u>	<u>64,389</u>	<u>74,760</u>	<u>10,371</u>
Disbursements				
Current:				
General Government	10,153	10,554	9,893	661
Public Works	<u>73,249</u>	<u>77,148</u>	<u>66,935</u>	<u>10,213</u>
Total Disbursements	<u>83,402</u>	<u>87,702</u>	<u>76,828</u>	<u>10,874</u>
Excess of Receipts Over(Under) Disbursements	<u>(20,800)</u>	<u>(23,313)</u>	<u>(2,068)</u>	<u>21,245</u>
Other Financing Sources				
Transfers In	<u>0</u>	<u>2,513</u>	<u>2,513</u>	<u>0</u>
Total Other Financing Sources	<u>0</u>	<u>2,513</u>	<u>2,513</u>	<u>0</u>
Net Change in Fund Balance	(20,800)	(20,800)	445	21,245
Fund Balance Beginning of Year	<u>20,800</u>	<u>20,800</u>	<u>20,800</u>	<u>0</u>
Fund Balance End of Year	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$ 21,245</u></u>	<u><u>\$ 21,245</u></u>

See accompanying notes to the basic financial statements.

Adams Township, Guernsey County, Ohio
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
Road and Bridge Fund
For the Year Ended December 31, 2005

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts				
Property and Other Local Taxes	\$ 39,993	\$ 39,993	\$ 45,637	\$ 5,644
Intergovernmental	5,851	5,851	5,959	108
Other	0	0	15	15
Total Receipts	<u>45,844</u>	<u>45,844</u>	<u>51,611</u>	<u>5,767</u>
Disbursements				
Current:				
General Government	8,634	10,034	9,208	826
Public Works	<u>53,798</u>	<u>52,398</u>	<u>43,921</u>	<u>8,477</u>
Total Disbursements	<u>62,432</u>	<u>62,432</u>	<u>53,129</u>	<u>9,303</u>
Excess of Receipts Over(Under) Disbursements	<u>(16,588)</u>	<u>(16,588)</u>	<u>(1,518)</u>	<u>15,070</u>
Other Financing Sources				
Other Sources	<u>0</u>	<u>0</u>	<u>1,115</u>	<u>1,115</u>
Total Other Financing Sources	<u>0</u>	<u>0</u>	<u>1,115</u>	<u>1,115</u>
Net Change in Fund Balance	(16,588)	(16,588)	(403)	16,185
Fund Balance Beginning of Year	<u>16,588</u>	<u>16,588</u>	<u>16,588</u>	<u>0</u>
Fund Balance End of Year	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$ 16,185</u></u>	<u><u>\$ 16,185</u></u>

See accompanying notes to the basic financial statements.

Adams Township, Guernsey County, Ohio
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
Fire District Fund
For the Year Ended December 31, 2005

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts				
Property and Other Local Taxes	\$ 23,541	\$ 23,541	\$ 27,218	\$ 3,677
Intergovernmental	2,829	2,829	2,922	93
Total Receipts	<u>26,370</u>	<u>26,370</u>	<u>30,140</u>	<u>3,770</u>
Disbursements				
Current:				
General Government	600	1,600	671	929
Public Safety	41,597	40,597	21,442	19,155
Capital Outlay	3,000	3,000	0	3,000
Total Disbursements	<u>45,197</u>	<u>45,197</u>	<u>22,113</u>	<u>23,084</u>
Net Change in Fund Balance	(18,827)	(18,827)	8,027	26,854
Fund Balance Beginning of Year	<u>18,827</u>	<u>18,827</u>	<u>18,827</u>	<u>0</u>
Fund Balance End of Year	<u>\$0</u>	<u>\$0</u>	<u>\$ 26,854</u>	<u>\$ 26,854</u>

See accompanying notes to the basic financial statements.

Adams Township, Guernsey County, Ohio
Statement of Fiduciary Net Assets - Cash Basis
Fiduciary Funds
December 31, 2005

	Private Purpose Trust	Agency
Assets		
Equity in Pooled Cash and Cash Equivalents	\$0	\$ 500
Investments - Certificate of Deposit	5,000	0
Total Assets	\$ 5,000	\$ 500
Net Assets		
Unrestricted	\$ 5,000	\$ 500

See accompanying notes to the basic financial statements.

Adams Township, Guernsey County, Ohio
Statement of Changes in Fiduciary Net Assets - Cash Basis
Fiduciary Funds
For the Year Ended December 31, 2005

	Private Purpose Trust	Agency
Additions		
Total Additions	\$0	\$0
Deductions		
Payments in Accordance with Trust Agreements	0	2,551
Total Deductions	0	2,551
Change in Net Assets	0	(2,551)
Net Assets - Beginnig of Year	5,000	3,051
Net Assets - End of Year	\$ 5,000	\$ 500

See accompanying notes to the basic financial statements.

ADAMS TOWNSHIP, GUERNSEY COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2006 and 2005

Note 1 – Reporting Entity

Adams Township, Guernsey County, Ohio (the Township), is a body politic and corporate 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 also has an elected Township Clerk/Fiscal Officer.

The reporting entity is comprised of the primary government, component units and other organizations that were included to ensure that the financial statements are not misleading.

A. Primary Government

The primary government consists of all funds, departments, boards and agencies that are not legally separate from the Township. The Township provides general government services, maintenance of Township roads and bridges, and cemetery maintenance. The Township contracts with the Cassell Station Volunteer and New Concord Volunteer Fire Departments for fire protection. Police protection is provided by the Guernsey County Sheriff Department.

B. Component Units

Component units are legally separate organizations for which a Township is financially accountable. A Township is financially accountable for an organization if the Township appoints a voting majority of the organization's governing board, and (1) the Township is able to significantly influence the programs or services performed or provided by the organization; or (2) the Township is legally entitled to or can otherwise access the organization's resources; the Township is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide support to, the organization; or the Township is obligated for the debt of the organization. A Township is also financially accountable for any organizations that are fiscally dependent on the Township in that the Township approves their budget, the issuance of their debt or the levying of their taxes. Component units also include legally separate, tax-exempt entities whose resources are for the direct benefit of the Township, are accessible to the Township and are significant in amount to the Township. The Township has no component units.

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

As discussed further in Note 2.C, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. In the government-wide financial statements, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. Following are the more significant of the Township's accounting policies.

A. Basis of Presentation

The Township's basic financial statements consist of government-wide financial statements, including a statement of net assets and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

Government-Wide Financial Statements

The statements of net assets and the statements of activities display information about the Township as a whole. These statements include the financial activities of the primary government except for fiduciary funds. Governmental activities generally are financed through taxes, intergovernmental receipts or other non-exchange transactions.

The statements of net assets present the cash balance of the governmental activities of the Township at year end. The statements of activities compare disbursements with program receipts for each of the Township's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Township is responsible. Program receipts include charges paid by the recipient of the program's goods or services, grants and contributions restricted to meeting the operational or capital requirements of a particular program and receipts of interest earned on grants that is required to be used to support a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function is self-financing on a cash basis or draws from the Township's general receipts.

Fund Financial Statements

The Township segregates transactions related to certain Township functions or activities in separate funds to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Township at this more detailed level. The focus of government fund financial statements is on major funds. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column.

Note 2 - Summary of Significant Accounting Policies - continued

B. Fund Accounting

The Township uses fund accounting 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. Funds are used to segregate resources that are restricted as to use. The funds of the Township are governmental and fiduciary.

Governmental Funds

The Township classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other non-exchange transactions as governmental funds.

General Fund

The Township's only required major governmental fund is the General Fund. The General Fund is used to account for all financial resources, except those required to be accounted for 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.

The other governmental funds of the Township account for grants and other resources whose use is restricted to a particular purpose. The Township had the following major funds in addition to the General Fund as mentioned above.

Gasoline Tax Fund – This fund receives gasoline tax money. Funds are restricted to the purpose of road maintenance provided it is expended according to the general laws of Ohio.

Road and Bridge Funds – This fund receives property tax money. Funds are restricted to the purpose of road maintenance provided it is expended according to the general laws of Ohio.

Fire District Fund – The fund receives property tax money. Fund balance is available to the Township for fire and emergency contracts, fire hydrant maintenance, purchases/recharging fire extinguishers, and sometimes equipment.

Note 2 - Summary of Significant Accounting Policies - continued

Fiduciary Funds

Fiduciary funds include pension trust funds, investment trust funds, private purpose trust funds, and agency funds. Trust funds are used to 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 accounts for the principal of a bequest, the earnings from which are restricted to cemetery maintenance and upkeep. Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Township's agency fund accounts for road bonds. The Township requires a road bond from companies/organizations using the township road for transporting equipment for logging, oil rigs, etc., as this equipment can often damage the roads. If the company returns the road to its prior condition, all money is returned. If not, the Township uses these funds to repair damage.

C. Basis of Accounting

The Township's financial statements are prepared using the cash basis of accounting. Receipts are recorded in the Township's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred. Any such modifications made by the Township are described in the appropriate section in this note.

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

D. Budgetary Process

All funds are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations ordinance, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources, certified by the County Budget Commission, establishes a limit on the amount the Township may appropriate.

The appropriations ordinance, certified by the County Auditor, is the Township's authorization to spend resources and sets limits on disbursements plus encumbrances at the level of control selected by the Township. The legal level of control has been established at the fund, department, and object level for all funds.

Note 2 - Summary of Significant Accounting Policies - continued

The certificate of estimated resources may be amended during the year if projected increases or decreases in receipts are identified by the Township Clerk. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificate of estimated resources in effect at the time final appropriations were passed by the Township.

The appropriations ordinance is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation ordinance for the fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Township during the year.

E. Cash and Investments

To improve cash management, cash received by the Township is pooled. Individual fund integrity is maintained through Township records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents".

Investments of the cash management pool and investments with an original maturity of three months or less at the time of purchase are presented on the financial statements as cash equivalents. The Township's only investment was a bank certificate of deposit.

Interest earnings are allocated to Township funds according to State statutes, grant requirements, or debt related restrictions. Interest receipts credit to the General Fund was \$9,426 during 2006 and \$5,853 during 2005.

F. Restricted Assets

Cash, cash equivalents and investments are reported as restricted when limitations on their use change the nature or normal understanding of their use. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments, or imposed by law through constitutional provisions or enabling legislation. Restricted assets represent monies from levies voted by the residents of the Township and laws or other legislation.

G. Inventory and Prepaid Items

The Township reports disbursements for inventories and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

Note 2 - Summary of Significant Accounting Policies - continued

H. Capital Assets

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets in the accompanying financial statements.

I. Interfund Receivables/Payables

The Township reports advances-in and advances-out for inter-fund loans. These items are not reflected as assets or liabilities in the accompanying financial statements.

J. Accumulated Leave

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

K. Employer Contributions to Cost-Sharing Pension Plans

The Township recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 9 and 10, the employer contributions include portions for pension benefits and for postretirement health care benefits.

L. Long-Term Obligations

The Township's cash basis financial statements do not report liabilities for bonds or other long-term obligations. Proceeds of debt are reported when the cash is received and principal and interest payments are reported when paid. Since recording a capital asset when entering into a capital lease is not the result of a cash transaction, neither an other financing source nor a capital outlay expenditure are reported at inception. Lease payments are reported when paid.

M. Net Assets

Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net assets restricted for other purposes include resources restricted for road maintenance, fire protection, garbage removal, and capital projects.

The Township's policy is to first apply restricted resources when an obligation is incurred for purposes for which both restricted and unrestricted net assets are available.

Note 2 - Summary of Significant Accounting Policies - continued

N. Fund Balance Reserves

The Township reserves any portion of fund balances which is not available for appropriation or which is legally segregated for a specific future use. Unreserved fund balance indicates that portion of fund balance which is available for appropriation in future periods.

O. Interfund Transactions

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Subsidies from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular disbursements to the funds that initially paid for them are presented in the financial statements.

P. Extraordinary and Special Items

The Township receives an annual contribution of \$3,399 from the Southeast Ohio Joint Solid Waste Management District. This money is to be used for roads impacted by Kimble Transfer Station, maintaining other public facilities, providing emergency services, and providing other public services associated with the location of Kimble Transfer Station in Adams Township. The Township gives this money to the Cassell Station Volunteer Fire Department.

Note 3 – Change in Basis of Accounting and Restatement of Fund Equity

During 2004, the Township reported fund financial statements by fund type using the regulatory basis of accounting as prescribed by the State Auditor's Office. Effective January 1, 2005, the Township has implemented the cash basis of accounting described in Note 2. The fund financial statements now present each major fund in a separate column with non-major funds aggregated and presented in a single column, rather than a column for each fund type.

Also as described in Note 2, the Township has not elected to report inventory, prepaid items, inter-fund receivable (payable), capital assets, and long-term debt as part of the cash basis of accounting. The transition from the regulatory basis of accounting to the cash basis of accounting generated no changes to fund balance/or net assets as previously reported at December 31, 2004.

Note 4 – Budgetary Basis of Accounting

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the general fund and the following major special revenue funds, Gasoline Tax Fund, Road and Bridge Fund and Fire District Fund are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget.

Note 5 – Equity in Pooled Cash

To improve cash management, cash received by the Township is pooled and invested. Individual fund integrity is maintained through Township records. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash at December 31 was as follows:

	<u>2006</u>	<u>2005</u>
Demand deposits	\$ 185,920	\$ 269,407
Total	<u>\$ 185,920</u>	<u>\$ 269,407</u>

Deposits are either (1) insured by the Federal Deposit Insurance Corporation, or (2) collateralized by the financial institution’s public entity deposit pool. Interest earnings are allocated to Township funds according to State statutes, grant requirements, or debt related restrictions.

The Township’s only investment was a bank certificate of deposit of \$5,000 held in the fiduciary funds.

Note 6 – Property Tax

Property taxes include amounts levied against all real property, public utility property, and tangible personal property located in the Township. Real property tax receipts received in a year represent the collection of the prior year’s taxes. Real property taxes received in 2006 were levied after October 1, 2005, on the assessed values as of January 1, 2005, the lien date. Assessed values for real property taxes are established by State statute at 35% of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Note 6 – Property Tax – continued

Public utility property tax receipts received in a year represent the collection of the prior year’s taxes. Public utility real and tangible personal property taxes received in 2006 became a lien on December 31, 2005, were levied after October 1, 2005, and are collected with real property taxes. Public utility real property is assessed at 35% of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

Tangible personal property tax receipts received in a year (other than public utility property) represent the collection of that year’s taxes. Tangible personal property taxes received in 2006 were levied after October 1, 2005, on the true value as of December 31, 2005. During 2006 tangible personal property was currently assessed at 18.75% of true value for capital assets and inventory. 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 April 30, with the remainder payable by September 20.

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

Note 7 - Debt

On January 7, 1999, the Township borrowed \$78,500 on a commercial loan with Century National Bank. The debt was used to finance the purchase of a road grader. The note was collateralized solely by the Township’s tax authority. This debt carried an interest rate of 4.48%.

The Township’s long-term debt activity for the year ended December 31, 2006, was as follows:

<u>Governmental Activities</u>	<u>Interest Rate</u>	<u>Balance 12/31/2004</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 12/31/2006</u>	<u>Due Within One Year</u>
Note Debt	4.48%	\$ 34,889	\$0	\$ 17,445	\$ 17,444	\$ 8,722

The general obligation bonds are supported by the full faith and credit of the Township and are payable from unvoted property tax receipts to the extent that other resources are not available to meet annual principal and interest payments.

Note 7 – Debt – continued

The following is a summary of the Township’s future annual debt service requirements:

<u>Year</u>	<u>G. O. Bonds</u>	
	<u>Principal</u>	<u>Interest</u>
2007	\$ 8,722	\$ 782
2008	8,722	391
Totals	<u>\$ 17,444</u>	<u>\$ 1,173</u>

The Ohio Revised Code provides that net general obligation debt of the Township, exclusive of certain exempt debt, issued without a vote of the electors shall never exceed 5.5 percent of the tax valuation of the Township. The Revised Code further provides that total voted and unvoted net debt of the township less the same exempt debt shall never exceed amount equal to 10.5 percent of its tax valuation. The effects of the debt limitations at December 31, 2006 were an overall debt margin of \$1,468,098 and an unvoted debt margin of \$2,818,591.

Note 8 – Risk Management

Risk Pool Membership

The Township belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risk sharing pool available to Ohio townships. OTARMA provides property and casualty insurance 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 member’s 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.

Note 8 – Risk Management - continued

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 reinsures 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. APEEP reinsures members for specific losses exceeding \$100,000 up to \$250,000 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, Travelers will reinsure specific losses exceeding \$100,000 up to their \$600 million per occurrence limit. The aggregate stop-loss limit for 2006 was \$1,901,127.

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 Township.

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

Note 8 – Risk Management - continued

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, 2006 and 2005:

<u>Casualty Coverage</u>	<u>2006</u>	<u>2005</u>
Assets	\$ 32,031,312	\$ 30,485,638
Liabilities	<u>(11,443,952)</u>	<u>(12,344,576)</u>
Retained Earnings	<u>\$ 20,587,360</u>	<u>\$ 18,141,062</u>
 <u>Property Coverage</u>		
Assets	\$ 10,010,963	\$ 9,177,796
Liabilities	<u>(676,709)</u>	<u>(1,406,031)</u>
Retained Earnings	<u>\$ 9,334,254</u>	<u>\$ 7,771,765</u>

Workers' Compensation Insurance

The Township pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is variable based on accident history and administrative costs.

Note 9 – Retirement Plan

The Township participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the member directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings.

The combined plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member directed plan.

Note 9 – Retirement Plan – continued

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the traditional and combined plans. Members of the member directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642 or by calling (614) 222-6705 or (800) 222-7377.

For the year ended December 31, 2006, the members were required to contribute 9.0 percent of their annual covered salaries. The Township's contribution rate for pension benefits for 2006 was 9.2 percent. The Ohio Revised Code provides statutory authority for member and employer contributions.

For the year ended December 31, 2005, the members were required to contribute 8.5 percent of their annual covered salaries. The Township's contribution rate for pension benefits for 2005 was 9.55 percent.

The Township's required contributions for pension obligations to the traditional and combined plans for the years ended December 2006, 2005, and 2004 were \$7,533, \$6,904, and \$6,648 respectively. The full amount has been contributed for 2006, 2005 and 2004.

Note 10 – Postemployment Benefits

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Health care coverage for disability recipients and primary survivor recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. The health care coverage provided by the retirement system is considered an Other Postemployment Benefits as described in *GASB Statements No. 12*. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postretirement health care based on authority granted by State statute. The 2006 local government employer contribution rate was 13.70 percent of covered payroll; 4.50 percent of covered payroll was the portion that was used to fund health care. The 2005 local government employee contribution rate was 13.55 percent of covered payroll; 4.00 percent of covered payroll was the portion that was used to fund health care.

Benefits are advance-funded using the entry age normal actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2005, include a rate of return on investments of 6.50 percent, an annual increase in active employee total payroll of 4.00 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .50 percent and 6.30 percent based on additional annual pay increases. Health care premiums were assumed to increase between 0.50 and 6.00 percent annually for the next eight years and 4.00 percent annually after nine years.

All investments are carried at market. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investment assets annually not to exceed a 12 percent corridor.

Note 10 – Postemployment Benefits - continued

The number of active contributing participants in the traditional and combined plans was 369,214. Actual employer contributions for 2006 and 2005 which were used to fund post-employment benefits were \$3,685 and \$2,892 respectively. The actual contribution and the actuarially required contribution amounts are the same. The actuarial value of OPERS's net assets available for payment of benefits at December 31, 2005, (the latest information available) was \$11.1 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$31.3 billion and \$20.2 billion, respectively.

On September 9, 2004, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. The HCPP restructures OPERS' health care coverage to improve the financial solvency of the fund in response to increasing health care costs. Members and employer contribution rates will be increased over a five year period, which will allow additional funds to be allocated to the health care plan.

Note 11 – Fund Transfers

During 2006, the following transfers were made:

From Other Governmental Funds	<u>\$ 413</u>
Total Transfer to Gas Tax Fund	<u><u>\$ 413</u></u>

During 2005, the following transfers were made:

From Other Governmental Funds	<u>\$ 2,513</u>
Total Transfer to Gas Tax Fund	<u><u>\$ 2,513</u></u>

The transfers were made from FEMA Special Revenue Funds to the Gas Tax Fund in accordance with Auditor of State regulations.

Note 12 – Contingent Liabilities

Amounts grantor agencies pay to the Township are subject to audit and adjustments by the grantor, principally the federal government. Grantors 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.

Note 13 – Subsequent Event

The Township placed a 1.5 mil levy on the ballot in 2006 for the purpose of road maintenance and road improvement. This is a five year levy and was voted in by the residents. This levy should bolster the Township's annual receipts by \$35,000 to \$40,000.

**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
Guernsey County, Ohio
4821 Glenn Highway Road
Cambridge, Ohio 43725

To the Board of Trustees:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Adams Township, Guernsey County, Ohio (the Township), as of and for the years ended December 31, 2006 and 2005, which collectively comprise the Township's basic financial statements and have issued our report thereon dated January 22, 2008. 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 the Township's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the 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 certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

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 affects the 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 the Township's financial statements that is more than inconsequential will not be prevented or detected by the Township's internal control. We consider the deficiencies described in the accompanying schedule of findings to be significant deficiencies in internal control over financial reporting. See findings 2006-1 and 2006-2.

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 the Township's internal control.

Our consideration of the 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 considered to be material weaknesses. However, we believe that none of the significant deficiencies described above is a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and 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 instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, which are described in the accompanying schedule of findings as item 2006-2.

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

This report is intended solely for the information and use of management, and the Board of Trustees, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Tucker & Tucker

Cambridge, Ohio
January 22, 2008

ADAMS TOWNSHIP, GUERNSEY COUNTY
Schedule of Findings
December 31, 2006 and 2005

Finding Number 2006-1 – Lack of Timesheet Signatures

Significant Deficiency

Statement of Condition: During our audit fieldwork, we noted that the Employer Daily Time Reports (timesheets) were not signed by the employees. Also, no Township official signed the timesheets to note their approval. Such signatures would greatly enhance controls in payroll to adequately document hours worked so that all employees are paid for the correct number of hours worked in the pay period.

Recommendation: We recommend that all Employer Daily Time Reports be signed by the employee and by a Township official.

Response: We agree with the Auditor's recommendation and will implement it.

Significant Deficiency and Compliance Finding

Finding Number 2006-2 – Incorrect Cash Disbursement Posting

Statement of Condition: During our audit fieldwork, we noted an instance of a cash disbursement during 2006 being charged to the incorrect function within a fund. The item was a general fund expenditure for road maintenance and repair that was charged to general government instead of public works. Budgeted disbursements were also incorrectly allocated. Adjustments with which Township management agrees have been made to the 2006 financial statements to properly reflect the activity in the general fund.

Recommendation: We recommend that the Township follow the State of Ohio guidelines when posting cash disbursements among the various functions of government.

Response: We agree with the Auditor's recommendation and will review cash disbursements as to proper function allocation.

ADAMS TOWNSHIP, GUERNSEY COUNTY
Schedule of Prior Audit Findings
December 31, 2006 and 2005

Finding Number 2004-01

Finding Summary – There were appropriations in excess of available funds.

Finding Status – Corrected.

Finding Number 2004-02

Finding Summary – Estimate receipted not updated as necessary with amended certificates.

Finding Status – Corrected.



Mary Taylor, CPA
Auditor of State

ADAMS TOWNSHIP

GUERNSEY 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
APRIL 10, 2008