



**ADAMS TOWNSHIP
COSHOCTON COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2000-1999



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**ADAMS TOWNSHIP
COSHOCOTON COUNTY**

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STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

111 Second Street, NW
Fourth Floor
Canton, Ohio 44702
Telephone 330-438-0617
800-443-9272
Facsimile 330-471-0001
www.auditor.state.oh.us

REPORT OF INDEPENDENT ACCOUNTANTS

Adams Township
Coshocton County
58180 TR 248
Newcomerstown, Ohio 43832

To the Board of Trustees:

We have audited the accompanying financial statements of Adams Township, Coshocton County, Ohio, (the Township) as of and for the years ended December 31, 2000 and 1999. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Township as of December 31, 2000 and 1999, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 19, 2001 on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audits.

This report is intended solely for the information and use of management, the Board of Trustees and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

Jim Petro
Auditor of State

April 19, 2001

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**ADAMS TOWNSHIP
COSHOCOTON COUNTY**

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

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	
Cash Receipts:				
Local Taxes	\$12,395	\$31,851	\$0	\$44,246
Intergovernmental	22,376	66,732		89,108
Fines, Forfeitures, and Penalties	160			160
Interest	611	422		1,033
Total Cash Receipts	<u>35,542</u>	<u>99,005</u>	<u>0</u>	<u>134,547</u>
Cash Disbursements:				
Current:				
General Government	19,366			19,366
Public Safety	2,000			2,000
Public Works	1,276	79,853		81,129
Health	1,845			1,845
Debt Service:				
Redemption of Principal			9,679	9,679
Interest and Fiscal Charges			860	860
Capital Outlay		17,424		17,424
Total Cash Disbursements	<u>24,487</u>	<u>97,277</u>	<u>10,539</u>	<u>132,303</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>11,055</u>	<u>1,728</u>	<u>(10,539)</u>	<u>2,244</u>
Other Financing Receipts/(Disbursements):				
Transfers-In			4,981	4,981
Transfers-Out	(4,981)			(4,981)
Total Other Financing Receipts/(Disbursements)	<u>(4,981)</u>	<u>0</u>	<u>4,981</u>	<u>0</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>6,074</u>	<u>1,728</u>	<u>(5,558)</u>	<u>2,244</u>
Fund Cash Balances, January 1	<u>18,635</u>	<u>34,933</u>	<u>8,436</u>	<u>62,004</u>
Fund Cash Balances, December 31	<u>\$24,709</u>	<u>\$36,661</u>	<u>\$2,878</u>	<u>\$64,248</u>
Reserves for Encumbrances, December 31	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

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

**ADAMS TOWNSHIP
COSHOCOTON COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1999**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	
Cash Receipts:				
Local Taxes	\$13,279	\$23,570	\$10,696	\$47,545
Intergovernmental	19,244	68,254	1,693	89,191
Licenses, Permits, and Fees	15			15
Interest	335	569		904
	<u>32,873</u>	<u>92,393</u>	<u>12,389</u>	<u>137,655</u>
Total Cash Receipts				
	<u>32,873</u>	<u>92,393</u>	<u>12,389</u>	<u>137,655</u>
Cash Disbursements:				
Current:				
General Government	17,404			17,404
Public Safety	2,000			2,000
Public Works	1,126	77,363		78,489
Health	1,240			1,240
Debt Service:				
Redemption of Principal	7,415		17,251	24,666
Interest and Fiscal Charges			1,199	1,199
Capital Outlay		17,600		17,600
	<u>29,185</u>	<u>94,963</u>	<u>18,450</u>	<u>142,598</u>
Total Cash Disbursements				
	<u>29,185</u>	<u>94,963</u>	<u>18,450</u>	<u>142,598</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>3,688</u>	<u>(2,570)</u>	<u>(6,061)</u>	<u>(4,943)</u>
Other Financing Receipts/(Disbursements):				
Transfers-In			3,222	3,222
Transfers-Out	(3,222)			(3,222)
	<u>(3,222)</u>		<u>3,222</u>	<u>0</u>
Total Other Financing Receipts/(Disbursements)				
	<u>(3,222)</u>		<u>3,222</u>	<u>0</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	466	(2,570)	(2,839)	(4,943)
Fund Cash Balances, January 1	18,169	37,503	11,275	66,947
Fund Cash Balances, December 31	<u>\$18,635</u>	<u>\$34,933</u>	<u>\$8,436</u>	<u>\$62,004</u>
Reserves for Encumbrances, December 31	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

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

**ADAMS TOWNSHIP
COSHOCTON COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Adams Township, Coshocton County, (the Township) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Township is directed by a publicly-elected three-member Board of Trustees. The Township provides general governmental services, including road and bridge maintenance, cemetery maintenance, and fire protection. The Township contracts with the Village of Bakersville to provide fire services.

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

B. Basis of Accounting

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an expenditure is made).

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

C. Fund Accounting

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

1. General Fund

The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

2. Special Revenue Funds

These funds are used to account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. The Township had the following significant Special Revenue Funds:

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

Motor Vehicle License Tax Fund - This fund receives motor vehicle license tax money to pay for constructing, maintaining and repairing Township roads.

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

**ADAMS TOWNSHIP
COSHOCOTON COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Fund Accounting (Continued)

2. Special Revenue Funds (Continued)

Fire District Fund - This fund receives property tax money for costs associated with the fire protection contract with the Village of Bakersville.

Road and Equipment Fund - This fund receives property tax money for constructing, maintaining and repairing Township roads and bridges and purchasing equipment to perform these services.

Permissive Motor Vehicle License Tax Fund - This fund receives motor vehicle license tax money to pay for constructing, maintaining and repairing Township roads.

3. Debt Service Fund

The debt service fund is used to accumulate resources for the payment of bonds and note indebtedness. The General Note Retirement Fund is used to accumulate resources for the payment of principal and interest on general long term debt.

D. Budgetary Process

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

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund or function level of control, and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Appropriations lapse at year end.

2. Estimated Resources

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

3. Encumbrances

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. The Township did not use the encumbrance method of accounting as required by the Ohio Administrative Code. No material unrecorded purchase commitments existed at either year-end.

**ADAMS TOWNSHIP
COSHOCTON COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Budgetary Process (Continued)

4. Interfund Activity

Interfund transfers have been eliminated for reporting purposes.

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

E. Property, Plant and Equipment

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

2. EQUITY IN POOLED CASH

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

	<u>2000</u>	<u>1999</u>
Demand deposits	<u>\$64,248</u>	<u>\$62,004</u>

Deposits: Deposits are insured by the Federal Depository Insurance Corporation.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ended December 31, 2000 and 1999 follows:

2000 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$28,005	\$35,542	\$7,537
Special Revenue	104,448	99,005	(5,443)
Debt Service	4,981	4,981	0
Total	<u>\$137,434</u>	<u>\$139,528</u>	<u>\$2,094</u>

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$46,641	\$29,468	\$17,173
Special Revenue	139,382	97,277	42,105
Debt Service	13,417	10,539	2,878
Total	<u>\$199,440</u>	<u>\$137,284</u>	<u>\$62,156</u>

**ADAMS TOWNSHIP
COSHOCTON COUNTY**

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

3. BUDGETARY ACTIVITY (Continued)

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$27,119	\$32,873	\$5,754
Special Revenue	91,893	92,393	500
Debt Service	9,802	15,611	5,809
Total	\$128,814	\$140,877	\$12,063

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$41,288	\$32,407	\$8,881
Special Revenue	127,912	94,963	32,949
Debt Service	22,560	18,450	4,110
Total	\$191,760	\$145,820	\$45,940

For both 2000 and 1999, the Township did not use the encumbrance method of accounting as required by Ohio Admin. Code Section 117-3-11 (C). In addition, during 2000 and 1999, certain expenditures were not certified by the Clerk prior to incurring the obligation, contrary to Ohio Rev. Code Section 5705.41(D).

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by Board of Trustees. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to make semiannual payments, the first half is due December 31. The second half payment is due the following June 20.

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

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

**ADAMS TOWNSHIP
COSHOCTON COUNTY**

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

5. RETIREMENT SYSTEMS

The Township's employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multi-employer plan. This plan provides retirement benefits, including post retirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2000 and 1999, PERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 10.84% and 13.55% of participants' gross salaries for 2000 and 1999, respectively. The Township has paid all contributions required through December 31, 2000.

6. RISK MANAGEMENT

The Township is a member of the Ohio Township Association Risk Management Authority Insurance Pool (the Pool). The Pool assumes the risk of loss up to the limits of the Township's policy. The Pool may assess supplemental premiums. The following risks are covered by the Pool:

- General liability and casualty
- Public official's liability
- Vehicle
- Property and contents

The Township also provides health insurance coverage to the Township Trustees and Clerk through private carriers.

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STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

111 Second Street, NW
Fourth Floor
Canton, Ohio 44702
Telephone 330-438-0617
800-443-9272
Facsimile 330-471-0001
www.auditor.state.oh.us

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

Adams Township
Coshocton County
58180 TR 248
Newcomerstown, Ohio 43832

To the Board of Trustees:

We have audited the accompanying financial statements of Adams Township, Coshocton County, Ohio, (the Township) as of and for the years ended December 31, 2000 and 1999, and have issued our report thereon dated April 19, 2001. We conducted our audits in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audits and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards*, which are described in the accompanying Schedule of Findings as items 2000-41016-001 and 2000-41016-002.

Internal Control Over Financial Reporting

In planning and performing our audits, we considered the Township's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting.

Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Township in a separate letter dated April 19, 2001.

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

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

Jim Petro
Auditor of State

April 19, 2001

**ADAMS TOWNSHIP
COSHOCTON COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2000 AND 1999**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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**FINDING NUMBER 2000-41016-001
Material Noncompliance**

Ohio Admin. Code Section 117-3-11(C) requires that each encumbrance be charged and posted against an appropriation account reducing the unencumbered balance appropriated for the account.

For both 2000 and 1999, the Township did not use the encumbrance method of accounting as required by this Section. The Clerk should post encumbrances to the Township's ledgers which will enable management to effectively monitor spending and assist the Township with budget management decisions.

**FINDING NUMBER 2000-41016-002
Material Noncompliance**

Ohio Rev. Code Section 5705.41(D) requires that no subdivision or taxing unit shall make any contract or give any order involving expenditures of money unless there is attached thereto a certificate of the fiscal officer of the subdivision that the amount required to meet the obligation has been lawfully appropriated for such purpose and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. This certificate need be signed only by the Township's fiscal officer. Every contract made without such certificate shall be void and no warrant shall be issued in payment of any amount due thereon.

This section also provides for two "exceptions" to the above requirements:

1. Then and Now Certificates - If no certificate is furnished as required, upon receipt of the fiscal officer's certificate that a sufficient sum was, both at the time of the contract or order and at the time of the certificate, appropriated and free of any previous encumbrances, the Board of Trustees may authorize the issuance of a warrant in payment of the amount due upon such contract or order by resolution within 30 days from the receipt of such certificate.
2. If the amount involved is less than \$1,000, the Clerk may authorize payment through a Then and Now Certificate without affirmation of Board of Trustees, if such expenditure is otherwise valid.

During 2000 and 1999, 14% of the expenditures tested were not certified by the Clerk prior to incurring the obligation. It was also found that neither of the two certification exceptions above were utilized for the items found to be in non-compliance. The Township should inform all Township employees of the requirements of Ohio Rev. Code Section 5705.41(D). As deemed appropriate, the Township should implement the use of "Then and Now" Certificates as alternative means of certifying funds.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140
Telephone 614-466-4514
800-282-0370
Facsimile 614-466-4490

ADAMS TOWNSHIP
COSHOCTON 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
MAY 22, 2001**