

**ADAMS TOWNSHIP
CHAMPAIGN COUNTY, OHIO**

*Financial Statements
(Audited)*

For The Years Ended
December 31, 2010 and 2009

MARY JO KIES, FISCAL OFFICER



Dave Yost • Auditor of State

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

We have reviewed the *Independent Auditor's Report* of Adams Township, Champaign County, prepared by Julian & Grube, Inc., for the audit period January 1, 2009 through December 31, 2010. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

July 14, 2011

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**ADAMS TOWNSHIP
CHAMPAIGN COUNTY, OHIO**

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Julian & Grube, Inc.
Serving Ohio Local Governments

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Independent Auditor's Report

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

To the Board of Trustees:

We have audited the accompanying financial statements of Adams Township, Champaign County, Ohio, as of and for the years ended December 31, 2010 and 2009. These financial statements are the responsibility of Adams Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

As described more fully in Note 2, Adams Township prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Instead of combined funds the accompanying financial statements present, GAAP require presenting entity wide statements and also presenting Adams Township's larger (i.e. major) funds separately. While Adams Township does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require Adams Township to reformat their statements. Adams Township has elected not to follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2010 and 2009 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of Adams Township, Champaign County, Ohio, as of December 31, 2010 and 2009, or its changes in financial position for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash fund balances of Adams Township, Champaign County, Ohio, as of December 31, 2010 and 2009 and its combined cash receipts and cash disbursements and its combined budgeted and actual receipts and budgeted and actual disbursements for the years then ended on the accounting basis Note 2 describes.

Adams Township has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 22, 2011, on our consideration of Adams Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.



Julian & Grube, Inc.
June 22, 2011

**ADAMS TOWNSHIP
CHAMPAIGN COUNTY, OHIO**

COMBINED STATEMENT OF CASH FUND BALANCES
ALL FUND TYPES
DECEMBER 31, 2010 AND 2009

<u>Cash and Cash Equivalents</u>	<u>2010</u>	<u>2009</u>
Cash and Cash Equivalents	\$ 575,685	\$ 512,881
Total Cash and Cash Equivalents	<u>\$ 575,685</u>	<u>\$ 512,881</u>
 <u>Fund Balances</u>		
<u>Governmental Fund Types:</u>		
General Fund	\$ 73,011	\$ 98,453
Special Revenue Funds	475,691	385,942
Permanent Fund	<u>26,429</u>	<u>27,941</u>
Total Governmental Fund Types	<u>575,131</u>	<u>512,336</u>
 <u>Fiduciary Fund Type:</u>		
Private Purpose Trust Fund	<u>554</u>	<u>545</u>
Total Fund Balances	<u>\$ 575,685</u>	<u>\$ 512,881</u>

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

**ADAMS TOWNSHIP
CHAMPAIGN COUNTY, OHIO**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN CASH FUND BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2010

	Governmental Fund Types			Total (Memorandum Only)
	General	Special Revenue	Permanent	
Cash receipts:				
Property and other local taxes	\$ 25,177	\$ 73,275	\$ -	\$ 98,452
Charges for Services	-	8,400	-	8,400
License, permits, and fees	860	7,575	-	8,435
Intergovernmental	12,164	177,563	-	189,727
Special Assessments	-	3,262	-	3,262
Interest	2,209	969	888	4,066
Miscellaneous	940	6,900	-	7,840
Total cash receipts	41,350	277,944	888	320,182
Cash disbursements:				
Current:				
General government	47,654	26,290	-	73,944
Public Safety	4,120	11,195	-	15,315
Public works	-	66,251	-	66,251
Health	5,251	14,187	-	19,438
Capital outlay	-	70,272	2,400	72,672
Debt service:				
Principal Retirement	9,767	-	-	9,767
Total cash disbursements	66,792	188,195	2,400	257,387
Total cash receipts over/(under) cash disbursements	(25,442)	89,749	(1,512)	62,795
Cash fund balances, January 1, 2010	98,453	385,942	27,941	512,336
Cash fund balances, December 31, 2010	\$ 73,011	\$ 475,691	\$ 26,429	\$ 575,131

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

**ADAMS TOWNSHIP
CHAMPAIGN COUNTY, OHIO**

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN CASH
FUND BALANCE - FIDUCIARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2010

	<u>Fiduciary Fund Type</u>
	<u>Private Purpose Trust</u>
Nonoperating cash receipts:	
Interest receipts	\$ 9
Total nonoperating cash receipts	<u>9</u>
Net cash receipts over disbursements	<u>9</u>
Cash fund balances, January 1, 2010	<u>545</u>
Cash fund balances, December 31, 2010	<u>\$ 554</u>

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

**ADAMS TOWNSHIP
CHAMPAIGN COUNTY**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS
AND ENCUMBRANCES COMPARED WITH EXPENDITURE
AUTHORITY - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2010

Fund Types	Receipts					Disbursements						
	County Certified Unencumbered Cash	Budget	Total Estimated Resources	Actual 2010 Receipts	Variance Favorable (Unfavorable)	Prior Year Carryover Appropriations	2010 Appropriations	Total	Actual 2010 Disbursements	Encumbrances Outstanding at 12/31/10	Total	Variance Favorable (Unfavorable)
Governmental:												
General	\$ 98,453	\$ 47,705	\$ 146,158	\$ 41,350	\$ (6,355)	\$ -	\$ 88,977	\$ 88,977	\$ 66,792	\$ -	\$ 66,792	\$ 22,185
Special Revenue	385,942	257,152	643,094	277,944	20,792	-	546,012	546,012	188,195	-	188,195	357,817
Permanent	27,941	1,167	29,108	888	(279)	-	3,700	3,700	2,400	-	2,400	1,300
Fiduciary:												
Private Purpose Trust	545	22	567	9	(13)	-	40	40	-	-	-	40
Total												
(Memorandum Only)	<u>\$ 512,881</u>	<u>\$ 306,046</u>	<u>\$ 818,927</u>	<u>\$ 320,191</u>	<u>\$ 14,145</u>	<u>\$ -</u>	<u>\$ 638,729</u>	<u>\$ 638,729</u>	<u>\$ 257,387</u>	<u>\$ -</u>	<u>\$ 257,387</u>	<u>\$ 381,342</u>

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

**ADAMS TOWNSHIP
CHAMPAIGN COUNTY, OHIO**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN CASH FUND BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2009

	Governmental Fund Types			Total (Memorandum Only)
	General	Special Revenue	Permanent	
Cash receipts:				
Property and other local taxes	\$ 25,087	\$ 72,701	\$ -	\$ 97,788
Charges for Services	-	10,700	-	10,700
License, permits, and fees	1,320	6,500	-	7,820
Intergovernmental	12,270	97,775	-	110,045
Special Assessments	-	3,511	-	3,511
Interest	3,601	2,059	1,499	7,159
Miscellaneous	991	5,400	-	6,391
Total cash receipts	43,269	198,646	1,499	243,414
Cash disbursements:				
Current:				
General government	58,591	23,270	-	81,861
Public safety	4,120	12,090	-	16,210
Public works	-	148,048	-	148,048
Health	5,266	11,346	-	16,612
Capital outlay	60	895	-	955
Debt service:				
Principal Retirement	9,767	-	-	9,767
Total cash disbursements	77,804	195,649	-	273,453
Total cash receipts over/(under) cash disbursements	(34,535)	2,997	1,499	(30,039)
Other financing receipts/(disbursements):				
Proceeds from sale of fixed assets	3,100	350	-	3,450
Advances in	1,000	1,000	-	2,000
Advances out	(1,000)	(1,000)	-	(2,000)
Other sources	87	706	-	793
Total other financing receipts/(disbursements)	3,187	1,056	-	4,243
Excess of cash receipts and other financing receipts over/(under) cash disbursements and other financing disbursements	(31,348)	4,053	1,499	(25,796)
Cash fund balances, January 1, 2009	129,801	381,889	26,442	538,132
Cash fund balances, December 31, 2009	\$ 98,453	\$ 385,942	\$ 27,941	\$ 512,336

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

**ADAMS TOWNSHIP
CHAMPAIGN COUNTY, OHIO**

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN CASH
FUND BALANCE - FIDUCIARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2009

	Fiduciary Fund Type
	Private Purpose Trust
Nonoperating cash receipts:	
Interest receipts	\$ 10
Total nonoperating cash receipts	10
Net cash receipts over disbursements	10
Cash fund balance, January 1, 2009	535
Cash fund balance, December 31, 2009	\$ 545

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

**ADAMS TOWNSHIP
CHAMPAIGN COUNTY**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS
AND ENCUMBRANCES COMPARED WITH EXPENDITURE
AUTHORITY - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2009

Fund Types	Receipts					Disbursements						
	County Certified Unencumbered Cash	Budget	Total Estimated Resources	Actual 2009 Receipts	Variance Favorable (Unfavorable)	Prior Year Carryover Appropriations	2009 Appropriations	Total	Actual 2009 Disbursements	Encumbrances Outstanding at 12/31/09	Total	Variance Favorable (Unfavorable)
Governmental:												
General	\$ 129,801	\$ 53,800	\$ 183,601	\$ 47,456	\$ (6,344)	\$ -	\$ 139,054	\$ 139,054	\$ 78,804	\$ -	\$ 78,804	\$ 60,250
Special Revenue	381,889	198,210	580,099	200,702	2,492	-	534,871	534,871	196,649	-	196,649	338,222
Permanent	26,442	1,167	27,609	1,499	332	-	3,426	-	-	-	-	-
Fiduciary:												
Private Purpose Trust	535	22	557	10	(12)	-	58	-	-	-	-	-
Total (Memorandum Only)	<u>\$ 538,667</u>	<u>\$ 253,199</u>	<u>\$ 791,866</u>	<u>\$ 249,667</u>	<u>\$ (3,532)</u>	<u>\$ -</u>	<u>\$ 677,409</u>	<u>\$ 673,925</u>	<u>\$ 275,453</u>	<u>\$ -</u>	<u>\$ 275,453</u>	<u>\$ 398,472</u>

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

**ADAMS TOWNSHIP
CHAMPAIGN COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

NOTE 1 - DESCRIPTION OF THE ENTITY

Adams Township, Champaign County, Ohio, (the “Township”) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Township is directed by a publicly-elected three-member Board of Trustees. The Township provides general governmental services, including road and bridge maintenance, fire services, ambulance services (contracted through Riverside EMS) and cemetery maintenance.

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. BASIS OF PRESENTATION - FUND ACCOUNTING

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

Governmental Fund Types

General Fund

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

Special Revenue Fund Type

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

The Township had the following significant special revenue funds:

Road Levy Fund - This fund receives property tax money for operations associated with maintaining and repairing Township roads (2010 and 2009).

FEMA Grant Fund - This fund received grant money from the Department of Homeland Security for fire protection equipment and an industrial washing machine (2010).

Gasoline Tax Fund - This fund receives gasoline tax money to pay for constructing, maintaining and repairing Township roads (2009).

**ADAMS TOWNSHIP
CHAMPAIGN COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

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

Permanent Funds

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

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

Fiduciary Funds

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

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

B. BASIS OF ACCOUNTING

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

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

C. BUDGETARY PROCESS

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriations resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. The primary level of budgetary control is at the object level within a department and fund. Any budgetary modifications at this level may only be made by resolution of the Township's Board of Trustees. The Township had several budget modifications throughout the years ended December 31, 2010 and 2009.

**ADAMS TOWNSHIP
CHAMPAIGN COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

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

Tax Budget:

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

Estimated Resources:

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

Appropriations:

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

Encumbrances:

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be re-appropriated. The Township did not have any outstanding encumbrances at December 31, 2010 or 2009.

D. CASH AND CASH EQUIVALENTS AND INVESTMENTS

For reporting purposes, the Township considers "Cash and Cash Equivalents" to be cash on hand, demand deposits, and all investments held by the Township with a maturity date less than or equal to three months from the date of purchase. Interest income earned and received by the Township totaled \$4,075 and \$7,169 for the years ended December 31, 2010 and 2009, respectively.

**ADAMS TOWNSHIP
CHAMPAIGN COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

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

E. PROPERTY, PLANT AND EQUIPMENT

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

F. INTERGOVERNMENTAL REVENUES

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

G. TOTAL COLUMNS ON FINANCIAL STATEMENTS

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

H. INTERFUND TRANSACTIONS

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

NOTE 3 - CASH, CASH EQUIVALENTS AND INVESTMENTS

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

	<u>2010</u>	<u>2009</u>
Demand deposits	\$392,072	\$300,470
Certificates of deposit	<u>183,613</u>	<u>212,411</u>
 Total deposits	 <u>\$575,685</u>	 <u>\$512,881</u>

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

**ADAMS TOWNSHIP
CHAMPAIGN COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

NOTE 4 - INTERFUND TRANSACTIONS

The Township had the following interfund transactions for the year ended December 31, 2009:

<u>Fund Type/Fund</u>	<u>Advances In</u>	<u>Advances Out</u>
<u>2009:</u>		
General	\$ 1,000	\$ 1,000
<u>Special Revenue Fund Type:</u>		
Street Lights	1,000	1,000
Total	\$ 2,000	\$ 2,000

NOTE 5 - PROPERTY TAX

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

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

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

**ADAMS TOWNSHIP
CHAMPAIGN COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

NOTE 6 - DEBT OBLIGATIONS

At December 31, 2010 and 2009, debt obligations consisted of the following issuances:

<u>Description</u>	<u>Balance at 12/31/10</u>	<u>Balance at 12/31/09</u>
2006 Ohio Public Works Commission (OPWC) East Rosewood Storm Sewer Replacement Project, due in semi-annual installments of \$2,650 through 2027, bearing no interest.	\$ 87,467	\$ 92,767
2005 OPWC West Rosewood Storm Sewer Replacement Project, due in semi-annual installments of \$2,233.50 through 2025, bearing no interest.	<u>64,753</u>	<u>69,220</u>
Total	<u>\$ 152,220</u>	<u>\$ 161,987</u>

Transactions for the years-ended December 31, 2010 and 2009 are summarized as follows:

	<u>Balance at 01/01/10</u>	<u>Proceeds</u>	<u>Retirements</u>	<u>Balance at 12/31/10</u>
OPWC Loan (2006)	\$ 92,767	\$ -	\$ (5,300)	\$ 87,467
OPWC Loan (2005)	<u>69,220</u>	<u>-</u>	<u>(4,467)</u>	<u>64,753</u>
Total	<u>\$ 161,987</u>	<u>\$ -</u>	<u>\$ (9,767)</u>	<u>\$ 152,220</u>

	<u>Balance at 01/01/09</u>	<u>Proceeds</u>	<u>Retirements</u>	<u>Balance at 12/31/09</u>
OPWC Loan (2006)	\$ 98,067	\$ -	\$ (5,300)	\$ 92,767
OPWC Loan (2005)	<u>73,687</u>	<u>-</u>	<u>(4,467)</u>	<u>69,220</u>
Total	<u>\$ 171,754</u>	<u>\$ -</u>	<u>\$ (9,767)</u>	<u>\$ 161,987</u>

**ADAMS TOWNSHIP
CHAMPAIGN COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

NOTE 6 - DEBT OBLIGATIONS - (Continued)

Amortization for the above debt is scheduled as follows:

Year Ending <u>December 31</u>	<u>OPWC (2006)</u>	<u>OPWC (2005)</u>
2011	\$ 5,300	\$ 4,467
2012	5,300	4,467
2013	5,300	4,467
2014	5,300	4,467
2015	5,300	4,467
2016 - 2020	26,500	22,335
2021 - 2025	26,500	20,083
2026 - 2027	<u>7,967</u>	<u>-</u>
Total	<u>\$ 87,467</u>	<u>\$ 64,753</u>

NOTE 7 - RETIREMENT SYSTEM

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

Contribution rates are also prescribed by the Ohio Revised Code. For 2010 and 2009, members of OPERS participants contributed 10% of their wages, respectively. For 2010 and 2009, the Township contributed an amount equal to 14% of their wages to OPERS, respectively. The Township has paid all contributions required through December 31, 2010 and 2009.

NOTE 8 - RISK MANAGEMENT

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During 2009, the Township contracted with the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio townships. OTARMA provides property and casualty coverage for its members. OTARMA is a member of the American Public Entity Excess Pool (APEEP.) Member governments pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

**ADAMS TOWNSHIP
CHAMPAIGN COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

NOTE 8 - RISK MANAGEMENT - (Continued)

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 \$13,000,000 in additional coverage with the General Reinsurance Corporation, through contracts with OTARMA.

If losses exhaust OTARMA's retained earnings, APEEP provides excess of funds available coverage up to \$5,000,000 per year, subject to the annual aggregate limit of \$10,000,000.

Property Coverage

The Travelers Indemnity Company reinsures specific losses exceeding \$500,000 up to \$600 million per occurrence. APEEP reinsures members for specific losses exceeding \$150,000 up to \$500,000 per occurrence, subject to an annual aggregate loss payment. Travelers provides property aggregate stop loss coverage to APEEP based upon the combined Members' Total Insurable Value (TIV). If the stop loss is reached by payment of the Pools retained losses, Travelers will then reinsure property specific losses in excess of the retention up to their \$600,000,000 per occurrence limit. Additionally, effective January 1, 2009, APEEP provides an additional aggregate for the \$50,000 excess \$100,000 layer, with the aggregate limit tied to TIV, for the insurance coverage's to the Pools.

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.

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, 2010 and 2009:

	<u>2010</u>	<u>2009</u>
Assets	\$35,855,252	\$38,982,088
Liabilities	<u>(10,664,724)</u>	<u>(12,880,766)</u>
Net Assets	<u>\$25,190,528</u>	<u>\$26,101,322</u>

**ADAMS TOWNSHIP
CHAMPAIGN COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

NOTE 8 - RISK MANAGEMENT - (Continued)

At December 31, 2010 and 2009, respectively, liabilities noted above include approximately \$9.9 million and \$12.0 million of estimated incurred claims payable. The assets and retained earnings above also include approximately \$9.5 million and \$11.5 million of unpaid claims to be billed to 940 member governments in the future, as of December 31, 2010 and 2009, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. The Township's share of these unpaid claims is approximately \$10,410.

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

Contributions to OTARMA

2010	\$ 5,205
2009	5,556
2008	5,462

After completing one year of membership, members may withdraw on each anniversary of the date they joined OTARMA provided they provide written notice to OTARMA 60 days in advance of the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's budgetary contribution. Withdrawing members have no other future obligation to the pool. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

NOTE 9 - CONTINGENT LIABILITIES

The Township is not currently involved in litigation.



Julian & Grube, Inc.

Serving Ohio Local Governments

333 County Line Rd. West, Westerville, OH 43082 Phone: 614.846.1899 Fax: 614.846.2799

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

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

To the Board of Trustees:

We have audited the financial statements of Adams Township, Champaign County, Ohio, as of and for the years ended December 31, 2010 and 2009, and have issued our report thereon dated June 22, 2011, wherein we noted Adams Township followed accounting practices the Auditor of State prescribes or permits rather than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of Adams Township's financial statements will not be prevented, or detected and timely corrected.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

Board of Trustees
Adams Township

Compliance and Other Matters

As part of reasonably assuring whether Adams Township's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

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

A handwritten signature in cursive script that reads "Julian & Grube, Inc.".

Julian & Grube, Inc.
June 22, 2011

**ADAMS TOWNSHIP
CHAMPAIGN COUNTY, OHIO**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2010 AND 2009**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2008-AT-001	<u>Significant Deficiency/Material Weakness</u> - The Township restated its beginning debt obligation balance at January 1, 2007. In addition, the Township had audit adjustments to properly record activity in 2008 and 2007.	Yes	N/A

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Dave Yost • Auditor of State

ADAMS TOWNSHIP

CHAMPAIGN COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
JULY 26, 2011