



Dave Yost • Auditor of State

**ADAMS TOWNSHIP
GUERNSEY COUNTY**

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Adams Township
Guernsey County
4752 College Hill Rd
Cambridge, Ohio 43725

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of Adams Township, Guernsey County, Ohio (the Township), as of and for the years ended December 31, 2014 and 2013.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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

As described in Note 1 of the financial statements, the Township prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy requirements.

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2014 and 2013, or changes in financial position thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of Adams Township, Guernsey County, Ohio, as of December 31, 2014 and 2013, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D) permit, described in Note 1.

Emphasis of Matter

As discussed in Note 2 to the financial statements, during 2013, the Township's 2013 beginning fund balance in the Permissive Motor Vehicle License Tax Fund, a Special Revenue Fund type, was restated by \$500 from the December 31, 2012 ending balance due to a check written on August 31, 2012, being voided in 2013. The voided check was reflected as a fund balance adjustment in the Township's Uniform Account Network accounting system in the year of adjustment since it was written in a preceding year. We did not modify our opinion regarding this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 13, 2016 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 grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance.

That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State
Columbus, Ohio

January 13, 2016

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**ADAMS TOWNSHIP
GUERNSEY COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2014**

	General	Special Revenue	Debt Service	Capital Projects	Permanent	Totals (Memorandum Only)
Cash Receipts						
Property and Other Local Taxes	\$35,620	\$124,442	\$13,597	\$0	\$0	\$173,659
Charges for Services	2,987	0	0	0	0	2,987
Intergovernmental	11,981	119,686	0	14,690	0	146,357
Earnings on Investments	450	15	0	0	63	528
Miscellaneous	1,511	1,651	0	0	0	3,162
<i>Total Cash Receipts</i>	<u>52,549</u>	<u>245,794</u>	<u>13,597</u>	<u>14,690</u>	<u>63</u>	<u>326,693</u>
Cash Disbursements						
Current:						
General Government	80,574	44,042	0	0	0	124,616
Public Safety	3,060	20,750	0	0	0	23,810
Public Works	4,817	164,431	0	0	0	169,248
Health	3,830	0	0	0	0	3,830
Capital Outlay	0	0	0	5,932	0	5,932
Debt Service:						
Principal Retirement	0	0	12,404	0	0	12,404
Interest and Fiscal Charges	0	0	1,193	0	0	1,193
<i>Total Cash Disbursements</i>	<u>92,281</u>	<u>229,223</u>	<u>13,597</u>	<u>5,932</u>	<u>0</u>	<u>341,033</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(39,732)</u>	<u>16,571</u>	<u>0</u>	<u>8,758</u>	<u>63</u>	<u>(14,340)</u>
Other Financing Receipts (Disbursements)						
Other Financing Sources	0	3,399	0	0	0	3,399
<i>Total Other Financing Receipts (Disbursements)</i>	<u>0</u>	<u>3,399</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>3,399</u>
<i>Net Change in Fund Cash Balances</i>	<u>(39,732)</u>	<u>19,970</u>	<u>0</u>	<u>8,758</u>	<u>63</u>	<u>(10,941)</u>
<i>Fund Cash Balances, January 1</i>	<u>193,530</u>	<u>136,822</u>	<u>40</u>	<u>0</u>	<u>5,212</u>	<u>335,604</u>
Fund Cash Balances, December 31						
Nonspendable	0	0	0	0	5,025	5,025
Restricted	0	147,876	40	8,758	250	156,924
Committed	0	8,916	0	0	0	8,916
Assigned	153,798	0	0	0	0	153,798
<i>Fund Cash Balances, December 31</i>	<u>\$153,798</u>	<u>\$156,792</u>	<u>\$40</u>	<u>\$8,758</u>	<u>\$5,275</u>	<u>\$324,663</u>

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

ADAMS TOWNSHIP
GUERNSEY COUNTY

STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCE (CASH BASIS)
AGENCY FUND
FOR THE YEAR ENDED DECEMBER 31, 2014

	<u>Agency</u>
<i>Fund Cash Balances, January 1</i>	<u>\$11,550</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$11,550</u></u>

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

ADAMS TOWNSHIP
GUERNSEY COUNTY

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2013**

	General	Special Revenue	Debt Service	Capital Projects	Permanent	Totals (Memorandum Only)
Cash Receipts						
Property and Other Local Taxes	\$38,300	\$134,341	\$13,708	\$0	\$0	\$186,349
Charges for Services	2,987	0	0	0	0	2,987
Intergovernmental	12,086	109,387	13,597	23,250	0	158,320
Earnings on Investments	474	34	0	0	72	580
Miscellaneous	1,710	1,348	0	0	0	3,058
<i>Total Cash Receipts</i>	<u>55,557</u>	<u>245,110</u>	<u>27,305</u>	<u>23,250</u>	<u>72</u>	<u>351,294</u>
Cash Disbursements						
Current:						
General Government	38,264	45,138	0	0	0	83,402
Public Safety	2,987	49,130	0	0	0	52,117
Public Works	2,899	181,882	0	0	0	184,781
Health	4,435	0	0	0	0	4,435
Capital Outlay	0	0	0	24,691	0	24,691
Debt Service:						
Principal Retirement	0	0	25,196	0	0	25,196
Interest and Fiscal Charges	0	0	2,069	0	0	2,069
<i>Total Cash Disbursements</i>	<u>48,585</u>	<u>276,150</u>	<u>27,265</u>	<u>24,691</u>	<u>0</u>	<u>376,691</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>6,972</u>	<u>(31,040)</u>	<u>40</u>	<u>(1,441)</u>	<u>72</u>	<u>(25,397)</u>
Other Financing Receipts (Disbursements)						
Other Financing Sources	0	3,399	0	0	0	3,399
<i>Total Other Financing Receipts (Disbursements)</i>	<u>0</u>	<u>3,399</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>3,399</u>
<i>Net Change in Fund Cash Balances</i>	6,972	(27,641)	40	(1,441)	72	(21,998)
<i>Fund Cash Balances, January 1, restated (see Note 2)</i>	<u>186,558</u>	<u>164,463</u>	<u>0</u>	<u>1,441</u>	<u>5,140</u>	<u>357,602</u>
Fund Cash Balances, December 31						
Nonspendable	0	0	0	0	5,025	5,025
Restricted	0	122,404	40	0	187	122,631
Committed	0	14,418	0	0	0	14,418
Assigned	193,530	0	0	0	0	193,530
<i>Fund Cash Balances, December 31</i>	<u>\$193,530</u>	<u>\$136,822</u>	<u>\$40</u>	<u>\$0</u>	<u>\$5,212</u>	<u>\$335,604</u>

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

ADAMS TOWNSHIP
GUERNSEY COUNTY

STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
AGENCY FUND
FOR THE YEAR ENDED DECEMBER 31, 2013

	<u>Agency</u>
<i>Fund Cash Balances, January 1</i>	<u>\$11,550</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$11,550</u></u>

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

**ADAMS TOWNSHIP
GUERNSEY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of Adams Township, Guernsey County (the Township), as a body corporate and politic. A publicly-elected three-member Board of Trustees directs the Township. The Township provides road and bridge maintenance, cemetery maintenance, fire protection and emergency medical services. The Township contracts with the Cassell Station Volunteer Fire Department, Inc., to provide fire protection services and contracts with the Village of New Concord to provide fire protection and ambulance services.

The Township participates in the Ohio Plan Risk Management, Inc. (OPRM), a public entity risk pool. Note 8 to the financial statements provides additional information for this entity.

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

B. Accounting Basis

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

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

C. Deposits

The Township had interest-bearing checking accounts and a certificate of deposit.

D. Fund Accounting

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

1. General Fund

The General Fund accounts for and reports all financial resources not accounted for and reported in another fund.

2. Special Revenue Funds

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

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

**ADAMS TOWNSHIP
GUERNSEY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

2. Special Revenue Funds (Continued)

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

3. Debt Service Fund

These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. The Township had the following significant Debt Service Fund:

Debt Service Fund - This fund receives property tax monies and cents per gallon monies to pay principal and interest payments for the purchase of a road grader and a backhoe.

4. Capital Project Fund

These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Township had the following significant Capital Projects Fund:

Public Works Commission Projects Fund - The Township received Issue II monies to repair Township roads.

5. Permanent Fund

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

Permanent 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.

6. Fiduciary Fund

Fiduciary funds include private purpose trust funds and agency 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.

Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Township disburses these funds as directed by the individual, organization or other government. The township has an agency fund that accounts for road bonds from companies that transport equipment on Township roads as they can damage Township roads. If the company returns its road to its prior condition, all money is returned. If not, the Township uses this money to repair the roads.

**ADAMS TOWNSHIP
GUERNSEY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. 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 object level of control, and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. Appropriations lapse at year end.

2. Estimated Resources

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

3. Encumbrances

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

A summary of 2014 and 2013 budgetary activity appears in Note 4.

F. Fund Balance

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

1. Nonspendable

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

2. Restricted

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

3. Committed

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

**ADAMS TOWNSHIP
GUERNSEY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Fund Balance (Continued)

4. Assigned

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

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

G. Property, Plant, and Equipment

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

H. Accumulated Leave

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

2. RESTATEMENT OF FUND BALANCE

The beginning 2013 fund balance for the Permissive Motor Vehicle License Tax Fund, a Special Revenue Fund type, was restated by \$500 for a check that was written on August 31, 2012, and was voided on April 2, 2013. When a check is voided in a subsequent year the Uniform Accounting Network system posts it as a fund balance adjustment since the prior year has already been closed.

	Special Revenue
Fund Balance December 31, 2012	\$163,963
Restatement - Voided Check	500
<i>Adjusted Fund Balance</i> <i>December 31, 2012</i>	\$164,463

3. EQUITY IN POOLED DEPOSITS

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

**ADAMS TOWNSHIP
GUERNSEY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(Continued)**

3. EQUITY IN POOLED DEPOSITS (Continued)

	2014	2013
Demand deposits	\$331,213	\$342,154
Certificates of deposit	5,000	5,000
Total deposits	\$336,213	\$347,154

Deposits: Deposits are insured by the Federal Deposit Insurance Corporation or collateralized by the financial institution's public entity deposit pool.

4. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2014 and 2013 follows:

2014 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$49,303	\$52,549	\$3,246
Special Revenue	241,388	249,193	7,805
Debt Service	13,597	13,597	0
Capital Projects	14,690	14,690	0
Permanent	68	63	(5)
Total	\$319,046	\$330,092	\$11,046

2014 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$242,833	\$92,281	\$150,552
Special Revenue	378,210	229,223	148,987
Debt Service	13,637	13,597	40
Capital Projects	14,690	5,932	8,758
Permanent	280	0	280
Agency	11,550	0	11,550
Total	\$661,200	\$341,033	\$320,167

2013 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$48,713	\$55,557	\$6,844
Special Revenue	223,727	248,509	24,782
Debt Service	27,305	27,305	0
Capital Projects	23,250	23,250	0
Permanent	69	72	3
Total	\$323,064	\$354,693	\$31,629

**ADAMS TOWNSHIP
GUERNSEY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(Continued)**

4. BUDGETARY ACTIVITY (Continued)

2013 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$235,271	\$48,585	\$186,686
Special Revenue	387,690	276,150	111,540
Debt Service	27,305	27,265	40
Capital Projects	24,690	24,691	(1)
Permanent	209	0	209
Agency	11,550	0	11,550
Total	\$686,715	\$376,691	\$310,024

5. PROPERTY TAX

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

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

6. DEBT

Debt outstanding at December 31, 2014 was as follows:

	Principal	Interest Rate
Single Payment Note - U.S. Bank	\$38,967	2.29%

The Township entered into a debt agreement to finance the purchase of a John Deere backhoe loader. The Township's taxing authority collateralized the backhoe loader to secure the note.

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

Year ending December 31:	Single Payment Note
2015	\$13,597
2016	13,597
2017	13,597
Total	\$40,791

7. RETIREMENT SYSTEM

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

**ADAMS TOWNSHIP
GUERNSEY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(Continued)**

7. RETIREMENT SYSTEM (Continued)

The Ohio Revised Code also prescribes contribution rates. For 2014 and 2013, OPERS members contributed 10% of their gross salaries and the Township contributed an amount equaling 14% of participants' gross salaries. The Township has paid all contributions required through December 31, 2014.

8. RISK MANAGEMENT

The Township belongs to the Ohio Plan Risk Management, Inc. (OPRM) - formerly known as the Ohio Government Risk Management Plan, (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments ("Members"). The Plan is legally separate from its member governments.

Pursuant to § 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio.

OPRM coverage programs are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss, except OPRM retains 41.5% (effective November 1, 2011) of the premium and losses on the first \$250,000 casualty treaty and 10% of the first \$1,000,000 property treaty. Effective November 1, 2012 (and through October 2014) the plan increased its retention to 50% of the first \$250,000 casualty treaty. The Plan's property retention remained unchanged from prior years. This change was made to balance the reinsurance market conditions. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 774 and 783 members as of December 31, 2013 and 2014 respectively.

Plan members are responsible to notify the Plan of their intent to renew coverage by their renewal date. If a member chooses not to renew with the Plan, they have no other financial obligation to the Plan, but still need to promptly notify the Plan of any potential claims occurring during their membership period. The former member's covered claims, which occurred during their membership period, remain the responsibility of the Plan.

Settlement amounts did not exceed insurance coverage for the past three fiscal years.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2013 and 2014.

	<u>2013</u>	<u>2014</u>
Assets	\$13,774,304	\$14,830,185
Liabilities	(7,968,395)	(8,942,504)
Members' Equity	<u>\$5,805,909</u>	<u>\$5,887,681</u>

You can read the complete audited financial statements for OPRM at the Plan's website, www.ohioplan.org.

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY GOVERNMENT AUDITING STANDARDS

Adams Township
Guernsey County
4752 College Hill Rd
Cambridge, Ohio 43725

To the Board of Trustees:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements by fund type of Adams Township, Guernsey County, Ohio (the Township) as of and for the years ended December 31, 2014 and 2013, and the related notes to the financial statements and have issued our report thereon dated January 13, 2016 wherein we noted the Township followed financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D) permit. Also, the Permissive Motor Vehicle License Tax, Special Revenue fund type's January 1, 2013 beginning balance was restated.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Township's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the Township's internal control. Accordingly, we have not opined on it.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings that we consider material weaknesses. We consider findings 2014-001 and 2014-002 to be material weaknesses.

Compliance and Other Matters

As part of reasonably assuring whether the 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 directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matters we must report under *Government Auditing Standards*, which is described in the accompanying Schedule of Findings as item 2014-001.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Township's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Township's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State
Columbus, Ohio

January 13, 2016

**ADAMS TOWNSHIP
GUERNSEY COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2014 AND 2013**

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

FINDING NUMBER 2014-001

Noncompliance and Material Weakness

Ohio Admin. Code § 117-2-02(A) states that all local public offices shall maintain an accounting system and accounting records sufficient to enable the public office to identify, assemble, analyze, classify, record and report its transactions, maintain accountability for the related assets (and liabilities, if generally accepted accounting principles apply), document compliance with finance-related legal and contractual requirements and prepare financial statements required by Ohio Admin. Code § 117-2-03.

During 2013, the Fiscal Officer posted certain transactions incorrectly as follows:

- A homestead and rollback receipt in the General Fund, Road and Bridge Fund, Fire District Fund and Road Maintenance and Improvement Fund in the amounts of \$2,674, \$4,278, \$3,101 and \$2,885, respectively, was posted to taxes instead of intergovernmental; and
- A portion of cents per gallon receipts were allocated to the Debt Service Fund by the County Auditor; however, these receipts were posted to taxes instead of intergovernmental in the amount of \$13,597.

These errors were due to a lack of management oversight. As a result, these reclassifications, with which the Township's management agrees, were made to the financial statement.

The Fiscal Officer should refer to the Ohio Township Handbook for proper classification and take additional care in posting transactions to the Township's ledgers in order to ensure the Township's year-end financial statements reflect the appropriate sources of the Township's receipts.

FINDING NUMBER 2014-002

Material Weakness

Auditor of State Bulletin 2011-004 mandated Governmental Accounting Standard Board Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions for financial statements for periods beginning after June 15, 2010.

This Bulletin required entities to formally adopt a fund balance policy. The policy should specify the following:

- The policy should define whether the auditee considers restricted or unrestricted amounts to have been spent when an expenditure is incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) amounts are available.
- For unrestricted fund balances, the classification should be based on the government's accounting policies regarding whether it considers committed, assigned, or unassigned amounts to have been spent when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.
- If a government does not establish a policy for its use of unrestricted fund balance amounts, it should consider that committed amounts would be reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

**ADAMS TOWNSHIP
GUERNSEY COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2014 AND 2013
(Continued)**

<p>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</p>

FINDING NUMBER 2014-002 (Continued)

Material Weakness (Continued)

The Township improperly reported appropriations in excess of estimated receipts in the General Fund as unassigned instead of reporting the excess as assigned, in the amounts of \$153,798 and \$193,530 during 2014 and 2013, respectively. The General Fund cash fund balance has been reclassified on the 2014 and 2013 financial statements. Also, the Board of Trustees have not established a fund balance policy for the Township.

The Board of Trustees should establish a fund balance policy. Also, the Township should review AOS Bulletin 2011-004 for proper reporting of cash fund balances.

Officials' Response: We did not receive a response from Officials to these findings.



Dave Yost • 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
JANUARY 26, 2016**