

**ADAMS TOWNSHIP
WASHINGTON COUNTY**

AUDIT REPORT

JANUARY 1, 2018 - DECEMBER 31, 2019

OHIO AUDITOR OF STATE
KEITH FABER



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

We have reviewed the *Independent Auditors' Report* of Adams Township, Washington County, prepared by Wilson, Phillips & Agin, CPA's, Inc., for the audit period January 1, 2018 through December 31, 2019. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them. In conjunction with the work performed by the Independent Public Accountant, the Auditor of State is issuing the following:

Finding for Adjustment 1:

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

The Township's Board of Trustees did not unanimously pass a resolution to allow being paid on a salary basis in equal monthly installments or approve to be paid from funds other than the General Fund. During 2019 and 2018, the Board of Trustees were paid on a salary basis without the required approval. In 2019, Trustees were improperly paid \$8,172 from the Motor Vehicle License Tax Fund and \$18,572 from the Gasoline Tax Fund for a total of \$26,744. In 2018, the Trustees were improperly paid \$11,886 from the Motor Vehicle License Tax Fund and \$14,857 from the Gasoline Tax Fund for a total of \$26,743.

Additionally, adjustments were proposed in the previous 2016-2017, 2014-2015, 2012-2013 and 2010-2011 audit reports and the Township declined to make these adjustments totaling \$136,444. The total \$136,444 was against the General Fund, in favor of the Motor Vehicle License Tax Fund totaling \$27,295, in favor of the Gasoline Tax Fund totaling \$101,028 and in favor of the Road and Bridge Fund totaling \$8,121.

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

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Adams Township
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Lowell, Ohio 45744
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The Township has not posted these adjustments to the Township records and, therefore, these adjustments are not reflected in the accompanying financial statements.

In accordance with the foregoing facts, a finding for adjustment is hereby issued against the Adams Township, Washington County General Fund in the amount of \$189,931, and in favor of the Motor Vehicle License Tax Fund, totaling \$47,353, the Gasoline Tax Fund, totaling \$134,457, and the Road and Bridge Fund, totaling \$8,121.

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

Finding for Adjustment 2:

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

During 2019, the Township inappropriately recorded \$7,859 of Homestead and Rollback receipts in the General Fund. Given the source of the revenue, the \$7,859 should have been recorded in the Road and Bridge Fund. During 2018, the Township inappropriately recorded \$7,775 of Homestead and Rollback receipts and \$14,271 of Real Estate Tax receipts in the General Fund. Given the sources of the revenue, the total amount of \$22,046 should have been recorded in the Road and Bridge Fund.

Additionally, adjustments were proposed in the previous 2016-2017, 2014-2015, 2012-2013 and 2010-2011 audit reports and the Township declined to make these adjustments totaling \$138,663. Of this total, \$90,365 was against the General Fund, \$4,556 was against the Motor Vehicle License Tax Fund, \$11,811 was against the Cemetery Fund and \$31,931 was against the Permissive Sales Tax Fund and in favor of the Gasoline Tax Fund for \$13,700, the Road and Bridge Fund for \$124,835 and the Vangelder Permanent Fund for \$128.

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

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

In accordance with the foregoing facts, a finding for adjustment is hereby issued against the Adams Township, Washington County General Fund in the amount of \$120,270, the Motor Vehicle License Tax Fund in the amount of \$4,556, the Cemetery Fund in the amount of \$11,811, the Permissive Sales Tax Fund in the amount of \$31,931 and in favor of, the Gasoline Tax Fund in the amount of \$13,700, the Road and Bridge Fund in the amount of \$154,740 and the Vangelder Permanent Fund in the amount of \$128.

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

A handwritten signature in black ink that reads "Keith Faber". The signature is written in a cursive, flowing style.

Keith Faber
Auditor of State
Columbus, Ohio

December 9, 2020

**ADAMS TOWNSHIP
WASHINGTON COUNTY
JANUARY 1, 2018 - DECEMBER 31, 2019**

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

INDEPENDENT AUDITORS' REPORT

Adams Township
Washington County
PO Box 384
Lowell, Ohio 45744

To the Township Trustees:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type and related notes of the Adams Township, Washington County, as of and for the years ended December 31, 2019 and 2018.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(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 2 of the financial statements, the Township prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States, to satisfy these requirements.

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of Adams Township, Washington County as of December 31, 2019 and 2018, or changes in financial position thereof for the years then ended.

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

Ohio Revised Code Section 505.24(C) and Ohio Attorney General Opinion No. 2004-036 requires trustees to document the proportionate amount of salaries chargeable to other Township Funds based on the kinds of services rendered. Without this documentation, the Township must charge salaries to the General Fund. During 2010-2019, the Township charged Trustees' salaries as well as fringe benefits to the Motor Vehicle License Tax Fund, Gasoline Tax Fund and Road & Bridge Fund without the required supporting documentation. Additionally, Ohio Revised Code Section 5705.10(A) states that all revenue derived from the general levy for current expenses within the ten-mill limitation, from any general levy for current expense authorized by vote in excess of the ten-mill limitation, and from sources other than the general property tax, unless its use for a particular purpose is prescribed by law, shall be paid into the General Fund. Ohio Revised Code Section 5705.10(C) states that all revenue derived from a special levy shall be credited to a special levy for the purpose for which the levy was made. Ohio Revised Code Section 5705.10(D) requires all revenue derived from a source other than the general property tax and which the law prescribes shall be used for a particular purpose, shall be paid into a special fund for such purpose. Ohio Revised Code Section 5705.10(I) states that money paid into a fund must be used for the purposes for which such fund has been established. During 2010 through 2019, the Township posted receipts and disbursements to improper funds. Findings for adjustments issued for noncompliance with these requirements have not been posted by the Township. Had the adjustments been posted, the result would have been a decrease in the fund balance of the General Fund of \$275,598 as of December 31, 2018 and a decrease of the fund balance in the General Fund of \$310,201 as of December 31, 2019, an increase in the Special Revenue Fund Type fund balance of \$275,470 as of December 31, 2018 and an increase in Special Revenue Type fund balance of \$310,073 as of December 31, 2019, an increase in the Permanent Fund Type fund balance of \$128 as of December 31, 2018 and 2019.

Adverse Opinion on the General Fund and Special Revenue Fund Type

In our opinion, because of the effects of the matter described in the *Basis for Adverse Opinion on the General and Special Revenue Fund Type* paragraph the financial statements referred to above do not present fairly, in all material respects, the cash balances, receipts and disbursements of the General Fund and Special Revenue Fund Type and related notes of Adams Township, Washington County as of December 31, 2019 and 2018, for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 2.

Basis for Additional Opinion Qualification on the Permanent Fund

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

Additional Opinion Qualification on the Permanent Fund Type

In our opinion, except for the possible effects of the matter described in the *Basis for Additional Opinion Qualification on the Permanent Fund Type* paragraph, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements of the Permanent Fund Type, and related notes of Adams Township, Washington County as of December 31, 2019 and 2018, for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, as described in Note 2.

Emphasis of Matter

As discussed in Note 13 to the financial statements, the Township has suffered recurring losses and if the adjustments noted in the Basis for Adverse Opinion on the General Fund and Special Revenue Fund Type paragraph were made, the General Fund would have a negative \$299,971 fund balance at December 31, 2019 and a negative \$270,124 fund balance at December 31, 2018. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. This matter does not affect our opinion on the financial statements.

As discussed in Note 15 to the 2019 financial statements, during 2020, the impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Township. We did not modify our opinion regarding this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated June 22, 2020, on our consideration of Adams Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control over financial reporting and compliance.

Wilson, Phillips & Agin, CPA's, Inc.
Zanesville, Ohio
June 22, 2020

ADAMS TOWNSHIP
WASHINGTON COUNTY

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2019

	Governmental Fund Types			Totals (Memorandum Only)
	General	Special Revenue	Permanent	
Cash Receipts:				
Property and Other Local Taxes	\$ 18,662	\$ 163,220	\$ -	\$ 181,882
Licenses, Permits and Fees	-	13,000	-	13,000
Intergovernmental	29,346	338,924	-	368,270
Earnings on Investments	96	90	4	190
Miscellaneous	-	4,050	-	4,050
Total Cash Receipts	<u>48,104</u>	<u>519,284</u>	<u>4</u>	<u>567,392</u>
Cash Disbursements:				
Current:				
General Government	37,170	-	-	37,170
Public Works	-	315,640	-	315,640
Health	6,378	13,522	-	19,900
Capital Outlay	-	104,776	-	104,776
Debt Service:				
Principal Retirement	-	21,944	-	21,944
Interest and Fiscal Charges	-	906	-	906
Total Cash Disbursements	<u>43,548</u>	<u>456,788</u>	<u>-</u>	<u>500,336</u>
Excess of Receipts Over/(Under) Disbursements	4,556	62,496	4	67,056
Other Financing Receipts (Disbursements)				
Other Debt Proceeds	-	104,776	-	104,776
Total Other Financing Receipts (Disbursements)	-	104,776	-	104,776
Net Change in Fund Cash Balance	4,556	167,272	4	171,832
Fund Cash Balances, January 1, restated	<u>5,674</u>	<u>275,127</u>	<u>20,922</u>	<u>301,723</u>
Fund Cash Balances, December 31				
Nonspendable	-	-	8,946	8,946
Committed	-	62,742	-	62,742
Restricted	-	379,657	11,980	391,637
Unassigned (Deficit)	10,230	-	-	10,230
Fund Cash Balances, December 31	<u>\$ 10,230</u>	<u>\$ 442,399</u>	<u>\$ 20,926</u>	<u>\$ 473,555</u>

See notes to financial statements.

**ADAMS TOWNSHIP
WASHINGTON COUNTY**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

1. REPORTING ENTITY

Description of the Entity

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

The Township participates in the Ohio Township Association Risk Management Authority (OTARMA) public entity risk pool. Note 6 to the financial statements provides additional information for this entity.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

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

B. Fund Accounting

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

General Fund

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

Special Revenue Funds

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

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

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

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

**ADAMS TOWNSHIP
WASHINGTON COUNTY**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Permanent Funds

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

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

C. Basis of Accounting

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

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

D. Budgetary Process

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

Appropriations

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

Estimated Resources

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

Encumbrances

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

A summary of 2019 budgetary activity appears in Note 3.

**ADAMS TOWNSHIP
WASHINGTON COUNTY**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Deposits and Investments

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

F. Capital Assets

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

G. Accumulated Leave

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

H. Fund Balance

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

Nonspendable

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

Restricted

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

Committed

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

Assigned

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

**ADAMS TOWNSHIP
WASHINGTON COUNTY**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Unassigned

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

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

3. BUDGETARY ACTIVITY

Budgetary activity for the year ended December 31, 2019 is as follows:

2019 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 45,500	\$ 48,104	\$ 2,604
Special Revenue	268,500	624,060	355,560
Permanent	100	4	(96)
Total	\$ 314,100	\$ 672,168	\$ 358,068

2019 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 50,625	\$ 43,548	\$ 7,077
Special Revenue	477,000	456,788	20,212
Total	\$ 527,625	\$ 500,336	\$ 27,289

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

4. EQUITY IN POOLED CASH

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:

	2019
Demand Deposits	\$ 473,555
Total Deposits	\$ 473,555

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

**ADAMS TOWNSHIP
WASHINGTON COUNTY**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

5. PROPERTY TAX

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

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

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

6. RISK MANAGEMENT

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

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

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

	<u>2019</u>
Cash and investments	\$35,207,320
Actuarial liabilities	10,519,942

7. DEFINED BENEFIT PENSION PLANS

Ohio Public Employees Retirement System

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

The Ohio Revised Code also prescribes contribution rates. For 2019, OPERS members contributed 10.0% of their gross wages and the Township contributed an amount equal to 14.0% of participant's gross salaries. The Township has paid all contributions required through December 31, 2019.

**ADAMS TOWNSHIP
WASHINGTON COUNTY**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

8. POSTEMPLOYMENT BENEFITS

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the traditional pension plan and combined plan was 0 percent during calendar year 2019. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0 percent during calendar year 2019.

9. DEBT

Debt outstanding at December 31, 2019 was as follows:

	Principal	Interest rate
KS State Bank	\$ 104,776	3.12%
Total	\$ 104,776	

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

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

Year Ended December 31	KS State Bank
2020	\$ 28,269
2021	28,269
2022	28,269
2023	28,269
Total	\$ 113,076

10. PUBLIC ENTITY RISK POOL

The Township belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio local governments. OTARMA provides property and casualty coverage for its members. OTARMA is a member of the American Public Entity Excess Pool (APEEP). Member governments pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims exceeding the member’s deductible.

12. CONTINGENT LIABILITIES

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

13. FINANCIAL DIFFICULTIES

At December 31, 2019 the Township’s General Fund had a fund cash balance of \$10,230. However, the Township has unposted findings for adjustment from prior and current audits totaling \$310,201 against the General Fund and in favor of restricted funds. If the Township posted the findings for adjustment, the General Fund would have a deficit fund cash balance of \$299,971. Township management currently does not have a plan in place to address this matter.

**ADAMS TOWNSHIP
WASHINGTON COUNTY**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

14. RESTATEMENT OF FUND BALANCE

Fund balance in the General and Special Revenue Funds have been restated for the year beginning January 1, 2019 as voided checks were added back:

	<u>General</u>	<u>Special Revenue</u>
Fund Balance at December 31, 2018	\$ 5,474	\$ 273,152
Adjustments	200	1,975
Fund Balance at January 1, 2019	<u>\$ 5,674</u>	<u>275,127</u>

15. SUBSEQUENT EVENTS

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

ADAMS TOWNSHIP
WASHINGTON COUNTY

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2018**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Permanent</u>	
Cash Receipts:				
Property and Other Local Taxes	\$ 21,951	\$ 176,440	\$ -	\$ 198,391
Licenses, Permits and Fees	-	13,596	-	13,596
Intergovernmental	27,228	114,129	-	141,357
Earnings on Investments	75	64	4	143
Miscellaneous	-	1,050	-	1,050
Total Cash Receipts	<u>49,254</u>	<u>305,279</u>	<u>4</u>	<u>354,537</u>
Cash Disbursements:				
Current:				
General Government	40,658	-	-	40,658
Public Works	-	183,703	-	183,703
Health	11,545	8,581	-	20,126
Debt Service:				
Principal Retirement	-	28,628	-	28,628
Interest and Fiscal Charges	-	3,515	-	3,515
Total Cash Disbursements	<u>52,203</u>	<u>224,427</u>	<u>-</u>	<u>276,630</u>
Net Change in Fund Cash Balance	(2,949)	80,852	4	77,907
Fund Cash Balances, January 1	<u>8,423</u>	<u>192,300</u>	<u>20,918</u>	<u>221,641</u>
Fund Cash Balances, December 31				
Nonspendable	-	-	8,946	8,946
Committed	-	46,038	-	46,038
Restricted	-	227,114	11,976	239,090
Unassigned (Deficit)	5,474	-	-	5,474
Fund Cash Balances, December 31	<u>\$ 5,474</u>	<u>\$ 273,152</u>	<u>\$ 20,922</u>	<u>\$ 299,548</u>

See notes to financial statements.

**ADAMS TOWNSHIP
WASHINGTON COUNTY**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018**

1. REPORTING ENTITY

Description of the Entity

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

The Township participates in the Ohio Township Association Risk Management Authority (OTARMA) public entity risk pool. Note 6 to the financial statements provides additional information for this entity.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

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

B. Fund Accounting

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

General Fund

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

Special Revenue Funds

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

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

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

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

**ADAMS TOWNSHIP
WASHINGTON COUNTY**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Permanent Funds

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

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

C. Basis of Accounting

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

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

D. Budgetary Process

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

Appropriations

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

Estimated Resources

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

Encumbrances

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

A summary of 2018 budgetary activity appears in Note 3.

**ADAMS TOWNSHIP
WASHINGTON COUNTY**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Deposits and Investments

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

F. Capital Assets

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

G. Accumulated Leave

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

H. Fund Balance

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

Nonspendable

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

Restricted

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

Committed

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

Assigned

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

**ADAMS TOWNSHIP
WASHINGTON COUNTY**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Unassigned

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

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

3. BUDGETARY ACTIVITY

Budgetary activity for the year ended December 31, 2018 is as follows:

2018 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 47,000	\$ 49,254	\$ 2,254
Special Revenue	303,000	305,279	2,279
Permanent	100	4	(96)
Total	\$ 350,100	\$ 354,537	\$ 4,437

2018 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 55,350	\$ 52,203	\$ 3,147
Special Revenue	382,000	224,427	157,573
Total	\$ 437,350	\$ 276,630	\$ 160,720

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

4. EQUITY IN POOLED CASH

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:

	2018
Demand Deposits	\$ 299,548
Total Deposits	\$ 299,548

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

**ADAMS TOWNSHIP
WASHINGTON COUNTY**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018**

5. PROPERTY TAX

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

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

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

6. RISK MANAGEMENT

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

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

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

	2018
Cash and investments	<u>\$33,097,416</u>
Actuarial liabilities	7,874,610

7. DEFINED BENEFIT PENSION PLANS

Ohio Public Employees Retirement System

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

The Ohio Revised Code also prescribes contribution rates. For 2018, OPERS members contributed 10.0% of their gross wages and the Township contributed an amount equal to 14.0% of participant's gross salaries. The Township has paid all contributions required through December 31, 2018.

**ADAMS TOWNSHIP
WASHINGTON COUNTY**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018**

8. POSTEMPLOYMENT BENEFITS

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. OPERS contributes 2 percent of the employer contribution to fund these benefits.

9. DEBT

Debt outstanding at December 31, 2018 was as follows:

	Principal	Interest rate
Caterpillar Financial Services	\$ 21,944	2.49%
Total	\$ 21,944	

The Township issued debt to finance the purchase of a Challenger MT455D tractor for use on Township roads during fiscal year 2015. The Township's taxing authority collateralized the debt.

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

Year Ended December 31	Caterpillar Financial
2019	\$ 22,216
Total	\$ 22,216

10. PUBLIC ENTITY RISK POOL

The Township belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio local governments. OTARMA provides property and casualty coverage for its members. OTARMA is a member of the American Public Entity Excess Pool (APEEP). Member governments pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims exceeding the member's deductible.

12. CONTINGENT LIABILITIES

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

13. FINANCIAL DIFFICULTIES

At December 31, 2018 the Township's General Fund had a fund cash balance of \$5,474. However, the Township has unposted findings for adjustment from prior and current audits totaling \$275,598 against the General Fund and in favor of restricted funds. If the Township posted the findings for adjustment, the General Fund would have a deficit fund cash balance of \$270,124. Township management currently does not have a plan in place to address this matter.

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

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

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

To the Township Trustees:

We have audited, in accordance with auditing standards general accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of Adams Township, Washington County as of and for the years ended December 31, 2019 and 2018, and the related notes to the financial statements and have issued our report thereon dated June 22, 2020 where we issued an adverse opinion on the General and Special Revenue Fund and a qualified opinion on the Permanent Fund, wherein we noted the Township followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered Adams 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 opinions 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 a 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 and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. However, as described in the accompanying schedule of findings we identified certain deficiencies in internal control over financial reporting, that we consider to be material weaknesses. We consider Finding 2019-001, 2019-002 and 2019-003 described in the accompanying schedule of findings to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Adams Township's financial statements are free of material misstatement, we 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 was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed two instances of noncompliance or other matters we must report under *Government Auditing Standards* described in the accompanying Schedule of Findings as item 2019-001 and 2019-002.

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.

Wilson, Phillips & Agin, CPA's, Inc.
Zanesville, Ohio
June 22, 2020

**ADAMS TOWNSHIP
WASHINGTON COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2019 AND 2018**

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

FINDING NUMBER 2019-001

Noncompliance and Material Weakness

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

The Township's Board of Trustees did not unanimously pass a resolution to allow being paid on a salary basis in equal monthly installments or approve to be paid from funds other than the General Fund. During 2019 and 2018, the Board of Trustees were paid on a salary basis without the required approval. In 2019, Trustees were improperly paid \$8,172 from the MVL Tax Fund and \$18,572 from the Gasoline Tax Fund for a total of \$26,744. In 2018, the Trustees were improperly paid \$11,886 from the MVL Tax Fund and \$14,857 from the Gasoline Tax Fund for a total of \$26,743.

Additionally, adjustments were proposed in the previous 2016-2017, 2014-2015, 2012-2013 and 2010-2011 audit reports and the Township declined to make these adjustments totaling \$136,444. The total \$136,444 was against the General Fund, in favor of the MVL Tax Fund totaling \$27,295, in favor of the Gasoline Tax Fund totaling \$101,028 and in favor of the Road & Bridge Fund totaling \$8,121.

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

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

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

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

**ADAMS TOWNSHIP
WASHINGTON COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2019 AND 2018**

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

FINDING NUMBER 2019-002

Noncompliance/ Material Weakness – Financial Reporting

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

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

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

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

The following is related to 2019:

- The Township posted Rollback and Homestead monies in the amount of \$7,859 to the General Fund which should have been posted to the Road & Bridge Fund. This is adjustment is not posted by the Township.
- The Township recorded Real Estate Tax at net, resulting in the grossing up of Property and Other Local taxes and General Government by \$5,506 in the General Fund and grossing up Property and Other Local taxes by \$1,081 in the Road & Bridge Fund.
- A reclassification of \$906 was made to decrease Principal Retirement and increase Interest and Other Fiscal Charges.
- An adjustment in the amount of \$104,776 was made to increase Other Debt Proceeds and Capital Outlay in the Special Revenue funds for the purchase of the backhoe.
- A reclassification of fund balance from Assigned to Restricted in the amount of \$11,980 in the Permanent Funds.

**ADAMS TOWNSHIP
WASHINGTON COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2019 AND 2018**

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

FINDING NUMBER 2019-002 (Continued)

The following is related to 2018:

- The Township posted Rollback and Homestead monies in the amount of \$7,775 to the General Fund which should have been posted to the Road & Bridge Fund. This adjustment is not posted by the Township.
- The Township posted Real Estate Tax monies in the amount of \$14,271 to the General Fund which should have been posted to the Road & Bridge Fund. This adjustment is not posted by the Township.
- The Township recorded Real Estate Tax at net, resulting in the grossing up of Property and Other Local taxes and General Government by \$1,876 in the General Fund and grossing up Property and Other Local taxes by \$5,612 in the Road & Bridge Fund.
- A reclassification of \$3,515 was made to decrease Principal Retirement and increase Interest and Other Fiscal Charges.
- A reclassification of fund balance from Assigned to Restricted in the amount of \$11,976 in the Permanent Funds.

Additionally, adjustments were proposed in the previous 2016-2017, 2014-2015, 2012-2013 and 2010-2011 audit reports and the Township declined to make these adjustments totaling \$138,663. Of this total, \$90,365 was against the General Fund, \$4,556 was against the Motor Vehicle License Tax Fund, \$11,811 was against the Cemetery Fund and \$31,931 was against the Permissive Sales Tax Fund and in favor of the Gasoline Tax Fund for \$13,700, the Road and Bridge Fund for \$124,835 and the Vangelder Permanent Fund for \$128.

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

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

Client Response: We received no response from client.

**ADAMS TOWNSHIP
WASHINGTON COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2019 AND 2018**

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

FINDING NUMBER 2019-003

Material Weakness

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

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

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

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

Client Response: We received no response from client.

**ADAMS TOWNSHIP
WASHINGTON COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2019**

Finding Number	Finding Summary	Fully Corrected	Not Corrected, Partially Corrected Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2017-001	Finding for Recovery Repaid under audit	Yes	Finding No Longer Valid
2017-002	Finding for Adjustment Material Weakness Noncompliance Trustees salaries	No	Not Corrected - Refer to Findng 2019-001
2017-003	Finding for Adjustment Material Weakness Noncompliance Improper Postings	No	Not Corrected - Refer to Findng 2019-002
2017-004	Finding for Adjustment Material Weakness Noncompliance Interest in Permanent FD	No	Adjsutment has not been made
2017-005	Material Weakness Noncompliance Voucher packages	Yes	Finding No Longer Valid
2017-006	Noncompliance ORC 5705.41(B) expenditures exceeding appropriations	Yes	Finding No Longer Valid
2017-007	Material Weakness Financial Reporting Fund Balances	No	Not Corrected - Refer to Findng 2019-002
2017-008	Material Weakness Financial Reporting	No	Not Corrected - Refer to Findng 2019-002
2017-009	Material Weakness Budget postings	Yes	Finding No Longer Valid
2017-010	Material Weakness Cemetery Fees	No	Not Corrected - Refer to Findng 2019-003
2017-011	Material Weakness Board Reports	Yes	Finding No Longer Valid

OHIO AUDITOR OF STATE KEITH FABER



ADAMS TOWNSHIP

WASHINGTON COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 12/22/2020

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

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