



**ADAMS TOWNSHIP
CLINTON COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2000-1999



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

ADAMS TOWNSHIP
CLINTON COUNTY

TABLE OF CONTENTS

TITLE	PAGE
Independent Accountants' Report	1
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types - For the Year Ended December 31, 2000	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types - For the Year Ended December 31, 1999	4
Notes to the Financial Statements	5
Report on Compliance and on Internal Control Required by <i>Government Auditing Standards</i>	11
Schedule of Findings	13

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INDEPENDENT ACCOUNTANTS' REPORT

Adams Township
Clinton County
1417 Beechgrove Road
Wilmington, OH 45177

To the Board of Trustees:

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

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated June 15, 2001 on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* and should be read in conjunction with this report in considering the results of our audits.

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

Jim Petro
Auditor of State

June 15, 2001

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**ADAMS TOWNSHIP
CLINTON COUNTY**

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

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts:			
Local Taxes	\$24,116	\$78,893	\$103,009
Intergovernmental	41,833	66,359	108,192
Earnings on Investments	7,347	1,809	9,156
Other Revenue	5,134	1,500	6,634
Total Cash Receipts	78,430	148,561	226,991
Cash Disbursements:			
Current:			
General Government	56,721	46,983	103,704
Public Works	30,503	59,246	89,749
Redemption of Principal	0	9,711	9,711
Interest and Fiscal Charges	0	1,084	1,084
Capital Outlay	5,846	1,278	7,124
Total Cash Disbursements	93,070	118,302	211,372
Total Receipts Over/(Under) Disbursements	(14,640)	30,259	15,619
Fund Cash Balances, January 1	121,129	123,363	244,492
Fund Cash Balances, December 31	\$106,489	\$153,622	\$260,111

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

**ADAMS TOWNSHIP
CLINTON COUNTY**

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

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts:			
Local Taxes	\$18,718	\$59,671	\$78,389
Intergovernmental	25,538	57,243	82,781
Earnings on Investments	7,036	1,435	8,471
Other Revenue	8,070	0	8,070
 Total Cash Receipts	 59,362	 118,349	 177,711
Cash Disbursements:			
Current:			
General Government	48,448	32,712	81,160
Public Works	34,579	48,975	83,554
Redemption of Principal	0	9,711	9,711
Interest and Fiscal Charges	0	1,575	1,575
Capital Outlay	11,345	730	12,075
 Total Cash Disbursements	 94,372	 93,703	 188,075
 Total Receipts Over/(Under) Disbursements	 (35,010)	 24,646	 (10,364)
 Fund Cash Balances, January 1	 156,139	 98,717	 254,856
 Fund Cash Balances, December 31	 \$121,129	 \$123,363	 \$244,492

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

**ADAMS TOWNSHIP
CLINTON COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

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

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

B. Basis of Accounting

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

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

C. Cash and Deposits

The Township maintains a checking account which is valued at cost.

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

2. Special Revenue Funds

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

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

Fire Emergency Levy - This fund receives proceeds from the property tax fire levy for providing fire protection to Township residents.

**ADAMS TOWNSHIP
CLINTON COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Permissive Motor Vehicle License Fund - This fund receives intergovernmental revenue for construction, maintaining and repairing Township roads.

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 fund, function or object level of control, and appropriations may not exceed estimated resources. The Trustees must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year-end.

2. Estimated Resources

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

3. Encumbrances

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

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

F. Property, Plant and Equipment

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

2. EQUITY IN POOLED CASH AND DEPOSITS

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

	<u>2000</u>	<u>1999</u>
Demand Deposits	<u>\$260,111</u>	<u>\$244,492</u>
Total deposits	260,111	244,492

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

**ADAMS TOWNSHIP
CLINTON COUNTY**

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

3. BUDGETARY ACTIVITY

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

2000 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$35,972	\$78,430	\$42,458
Special Revenue	111,225	148,561	37,336
Total	\$147,197	\$226,991	\$79,794

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$133,500	\$93,070	\$40,430
Special Revenue	150,500	118,302	32,198
Total	\$284,000	\$211,372	\$72,628

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$35,972	\$59,362	\$23,390
Special Revenue	106,850	118,349	11,499
Total	\$142,822	\$177,711	\$34,889

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$50,373	\$94,372	(\$43,999)
Special Revenue	142,065	93,703	48,362
Total	\$192,438	\$188,075	\$4,363

Contrary to Ohio law, during 1999, disbursements exceeded appropriations in the General Fund by \$43,999 and in 2000, the Fire Emergency Levy Fund's appropriations were over-expended by \$10,662.

**ADAMS TOWNSHIP
CLINTON COUNTY**

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

4. PROPERTY TAX

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

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

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

5. DEBT

Debt outstanding at December 31, 2000 was as follows:

	Principal	Interest Rate
Dump Truck Note	\$9,711	6%
Total	\$9,711	

The Township signed a note with a financial institution to finance the purchase of a new dump truck to be used for Township road maintenance. The note is not secured by any assets of the Township.

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

Year ending December 31:	Dump Truck Note
2001	\$10,264
Total	\$10,264

6. RETIREMENT SYSTEMS

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

**ADAMS TOWNSHIP
CLINTON COUNTY**

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

6. RETIREMENT SYSTEMS (Continued)

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

7. RISK MANAGEMENT

The Township has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Vehicles
- Errors and omissions

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

Adams Township
Clinton County
1417 Beechgrove Road
Wilmington, OH 45177

To the Board of Trustees:

We have audited the accompanying financial statements of Adams Township, Clinton County, Ohio (the Township), as of and for the years ended December 31, 2000 and 1999, and have issued our report thereon dated June 15, 2001. We conducted our audits in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audits and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards*, which is described in the accompanying Schedule of Findings as item 2000-40414-001. We also noted immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated June 15, 2001.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Township's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Township in a separate letter dated June 15, 2001.

Adams Township
Clinton County
Report on Compliance and on Internal Control Required by
Government Auditing Standards
Page 2

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

Jim Petro
Auditor of State

June 15, 2001

**ADAMS TOWNSHIP
CLINTON COUNTY**

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

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

FINDING NUMBER 2000-40414-001

Expenditures Exceeding Appropriations - Material Non-compliance

Ohio Rev. Code, Section 5705.41(B), prohibits a subdivision or taxing unit from making an expenditure unless it has been properly appropriated.

During 1999, General Fund expenditures of \$94,372 exceeded appropriations of \$50,373 by \$43,999.

During 2000, Fire Fund expenditures of \$46,662 exceeded appropriations of \$36,000 by \$10,662.

Failure to limit expenditures to the amount appropriated could result in expenditure commitments exceeding resources available.



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ADAMS TOWNSHIP

CLINTON COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JULY 24, 2001**