



**AMES TOWNSHIP  
ATHENS COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 2000 - 1999**



**JIM PETRO**  
**AUDITOR OF STATE**  

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**STATE OF OHIO**



AMES TOWNSHIP  
ATHENS COUNTY

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## REPORT OF INDEPENDENT ACCOUNTANTS

Ames Township  
Athens County  
16171 E. Kasler Creek  
P.O. Box 158  
Amesville, Ohio 45711

To the Board of Trustees:

We have audited the accompanying financial statements of Ames Township, Athens 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 audit.

We conducted our audit in accordance with generally accepted auditing standards accepted in the United States of America 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 audit provides 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 accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of Ames Township, Athens County, 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 18, 2001 on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

**Jim Petro**  
Auditor of State

June 18, 2001

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**AMES TOWNSHIP  
ATHENS COUNTY**

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

	<u>Governmental Fund Types</u>			<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Nonexpendable Trust</u>	
<b>Cash Receipts:</b>					
Local Taxes	\$ 14,349	\$ 73,238	\$	\$	\$ 87,587
Intergovernmental	27,509	73,308			100,817
Earnings on Investments	768	2,055		536	3,359
Other Revenue		800		1,498	2,298
Total Cash Receipts	<u>42,626</u>	<u>149,401</u>	<u>0</u>	<u>2,034</u>	<u>194,061</u>
<b>Cash Disbursements:</b>					
Current:					
General Government	30,122	1,684			31,806
Public Safety		10,606			10,606
Public Works		124,281			124,281
Health	954	15,498			16,452
Capital Outlay	26,628	48,518			75,146
Interest and Fiscal Charges			635		635
Total Cash Disbursements	<u>57,704</u>	<u>200,587</u>	<u>635</u>	<u>0</u>	<u>258,926</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>(15,078)</u>	<u>(51,186)</u>	<u>(635)</u>	<u>2,034</u>	<u>(64,866)</u>
<b>Other Financing Receipts/(Disbursements):</b>					
Proceeds of Notes	12,226	45,000			57,226
Sale of Fixed Assets	13,661	7,539			21,200
Transfers In			1,351		1,351
Transfers Out	(241)	(1,110)			(1,351)
Total Other Financing Receipts/(Disbursements)	<u>25,646</u>	<u>51,429</u>	<u>1,351</u>	<u>0</u>	<u>78,426</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	10,568	243	716	2,034	13,561
Fund Cash Balances, January 1	<u>27,472</u>	<u>58,959</u>	<u>1,628</u>	<u>9,300</u>	<u>97,359</u>
<b>Fund Cash Balances, December 31</b>	<b><u>\$ 38,040</u></b>	<b><u>\$ 59,202</u></b>	<b><u>\$ 2,344</u></b>	<b><u>\$ 11,334</u></b>	<b><u>\$ 110,920</u></b>

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

**AMES TOWNSHIP  
ATHENS COUNTY**

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

	<u>Governmental Fund Types</u>			<u>Fiduciary Fund Type</u>	<u>Totals</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Nonexpendable (Memorandum Trust)</u>	<u>(Memorandum Only)</u>
<b>Cash Receipts:</b>					
Local Taxes	\$ 13,612	\$ 72,188	\$	\$	\$ 85,800
Intergovernmental	18,098	84,056			102,154
Earnings on Investments	662	1,984		499	3,145
Other Revenue		720			720
	<u>32,372</u>	<u>158,948</u>	<u>0</u>	<u>499</u>	<u>191,819</u>
<b>Cash Disbursements:</b>					
Current:					
General Government	30,253	4,607			34,860
Public Safety		3,761			3,761
Public Works		117,495			117,495
Health	982	14,960			15,942
Capital Outlay	4,750	5,128			9,878
Note Principal Payment			4,837		4,837
Interest and Fiscal Charges			223		223
	<u>35,985</u>	<u>145,951</u>	<u>5,060</u>		<u>186,996</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>(3,613)</u>	<u>12,997</u>	<u>(5,060)</u>	<u>499</u>	<u>4,823</u>
<b>Other Financing Receipts/(Disbursements):</b>					
Proceeds of Notes					
Transfers In			6,688		6,688
Transfers Out		(6,688)			(6,688)
Other Financing Sources	4,260	7,332			11,592
Other Financing Uses		(11,592)			(11,592)
	<u>4,260</u>	<u>(10,948)</u>	<u>6,688</u>		<u>0</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	647	2,049	1,628	499	4,823
Fund Cash Balances, January 1	<u>26,825</u>	<u>56,910</u>	<u>0</u>	<u>8,801</u>	<u>92,536</u>
<b>Fund Cash Balances, December 31</b>	<b><u>\$ 27,472</u></b>	<b><u>\$ 58,959</u></b>	<b><u>\$ 1,628</u></b>	<b><u>\$ 9,300</u></b>	<b><u>\$ 97,359</u></b>

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



**AMES TOWNSHIP  
ATHENS COUNTY**

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

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

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

**B. Basis of Accounting**

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred.

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

**C. Cash and Investments**

The Township Clerk maintains all available funds of the Township in an interest-bearing checking account and certificates of deposit. Certificates of deposit are valued at cost. Interest earned is recognized and recorded when received.

**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 for constructing, maintaining and repairing Township roads.

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

**AMES TOWNSHIP  
ATHENS COUNTY**

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Fund Accounting (Continued)**

**3. Debt Service Funds**

The debt service fund is used to accumulate resources for the payment of bonds and note indebtedness. The Township has the following Debt Service Fund:

*General Note Retirement* - This fund receives a portion of tax receipts allocated to the Cemetery and Road District - Dust Control Funds for the repayment of a five-year note on a Township truck.

**4. Fiduciary Funds (Trust Funds)**

Trust funds are used to account for resources restricted by legally binding trust agreements. If the agreement requires the Township to maintain the corpus of the trust, the fund is classified as a nonexpendable trust fund. Other trust funds are classified as expendable. The Township had the following significant Nonexpendable Trust Fund:

*Cemetery Bequest Fund*: This fund receives donated funds that are held in the form of certificates of deposit. The interest from the CDs can be used for maintenance of cemeteries.

**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 level of control, and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Appropriations lapse at year end.

**2. Estimated Resources**

Estimated resources include estimates of cash to be received (budgeted receipts) plus 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 cancelled, and reappropriated in the subsequent year. The Township did not encumber all commitments as required by Ohio law.

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

**AMES TOWNSHIP  
ATHENS COUNTY**

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**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.

**G. Unpaid Vacation and Sick Leave**

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the basis of accounting used by the Township.

**2. EQUITY IN POOLED CASH**

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

	<u>1999</u>	<u>2000</u>
Demand deposits	\$88,559	\$100,620
Certificate of deposit	8,800	10,300
Total	\$97,359	\$110,920

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

**3. BUDGETARY ACTIVITY**

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

2000 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 69,990	\$ 68,513	\$ (1,477)
Special Revenue	226,008	201,940	(24,068)
Debt Service	0	1,351	1,351
Nonexpendable Trust	396	2,034	1,638
Total	\$ 296,394	\$ 273,838	\$ (22,556)

**AMES TOWNSHIP  
ATHENS COUNTY**

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

**3. BUDGETARY ACTIVITY (Continued)**

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 63,829	\$ 57,945	\$ 5,884
Special Revenue	232,517	201,697	30,820
Debt Service	1,627	635	992
Nonexpendable Trust	10,696	0	10,696
Total	\$ 308,669	\$ 260,277	\$ 48,392

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 34,322	\$ 36,632	\$ 2,310
Special Revenue	146,394	166,280	19,886
Debt Service	6,688	6,688	0
Nonexpendable Trust	561	499	(62)
Total	\$ 187,965	\$ 210,099	\$ 22,134

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 61,146	\$ 35,985	\$ 25,161
Special Revenue	203,304	164,231	39,073
Debt Service	6,688	5,060	1,628
Nonexpendable Trust	561	0	561
Total	\$ 271,699	\$ 205,276	\$ 66,423

**4. PROPERTY TAX**

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

**AMES TOWNSHIP  
ATHENS COUNTY**

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

**4. PROPERTY TAX (Continued)**

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. RETIREMENT SYSTEMS**

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

Contribution rates are also prescribed by the Ohio Revised Code. For 2000 and 1999, PERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries through June 30, 2000. For the period July 1, 2000 through December 31, 2000, PERS temporarily reduced the employer's contribution rate to 8.13% of participants gross salaries. The Township has paid all contributions required through December 31, 2000.

**6. RISK MANAGEMENT**

The Township is insured with Ohio Township Association Risk Management Authority (OTARMA). OTARMA assumes the risk of loss up to the limits of the Township's policies. Coverage is subject to deductibles and scheduled property. The following risks are covered by OTARMA:

- General Liability
- Mathews Insurance
- Vehicles
- Property

The Township has obtained health insurance and public officials liability coverage through private carriers.

**7. CONTINGENT LIABILITIES**

Amounts received from grantor agencies are subject to audit and adjustment by the grantor. Any disallowed costs may require refunding to the grantor. Amounts which may be disallowed, if any, are not presently determinable. However, based on prior experience, management believes such refunds, if any, would not be material.

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

Ames Township  
Athens County  
16171 E. Kasler Creek  
P.O. Box 158  
Amesville, Ohio 45711

To the Board of Trustees:

We have audited the accompanying financial statements of Ames Township, Athens County, Ohio (the Township), as of and for the years ended December 31, 2000 and 1999, and have issued our report thereon dated June 18, 2001. We conducted our audit in accordance with generally accepted auditing standards accepted in the United States of America 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 the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying Schedule of Findings as items 2000-40705-001 and 2000-40757-002. We also noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated June 18, 2001.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered 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 18, 2001.

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

**Jim Petro**  
Auditor of State

June 18, 2001



AMES TOWNSHIP  
ATHENS 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 2000-40705-001

**Noncompliance Citation**

Ohio Rev. Code Section 5705.34 states that each taxing authority is to pass an ordinance or resolution to authorize the necessary tax levies. Each such authority is to certify the levies to the County Auditor before October 1, unless a later date is approved by the tax commissioner.

The 1999 certification was not filed until December 28, 1998 and the 2000 certification was not filed until January 7, 2000.

We recommend that the Township certify the resolution authorizing the necessary tax rates to the County Auditor on or before October 1.

FINDING NUMBER 2000-40705-002

**Noncompliance Citation**

Ohio Revised Code § 5705.41(D) states in part that no orders or contracts involving the expenditure of money are to be made unless there is a certificate of the fiscal officer that the amount required for the order or contract has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances.

The following exceptions to this basic requirement are provided by statute:

Then and Now Certificate: This exception provides that, if the fiscal officer can certify that both at the time that the contract or order was made and at the time that he is completing his certification, sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the taxing authority can authorize the drawing of a warrant. The taxing authority has 30 days from the receipt of such certificate to approve payment by resolution or ordinance. If approval is not made within 30 days, there is no legal liability on the part of the subdivision or taxing district.

Amounts of less than \$100 for counties, or less than \$1,000 for other political subdivisions, may be paid by the fiscal officer without such affirmation of the taxing authority upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the taxing authority.

The prior certification of available funds was not always obtained. Funds were not properly encumbered at the time of commitment for 43% of the disbursements tested in 1999 and 2000.

We recommend the Township obtain the fiscal officer's certification of the availability of funds prior to a commitment being incurred.





STATE OF OHIO  
OFFICE OF THE AUDITOR  

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JIM PETRO, AUDITOR OF STATE

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**AMES TOWNSHIP**

**ATHENS COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
JULY 26, 2001**