



OHIO AUDITOR OF STATE  
**KEITH FABER**





AMES TOWNSHIP  
ATHENS COUNTY

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# OHIO AUDITOR OF STATE KEITH FABER



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## INDEPENDENT AUDITOR'S REPORT

Ames Township  
Athens County  
15900 Henry Road  
Amesville, Ohio 45711

To the Board of Trustees:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the cash balances, receipts and disbursements for each governmental fund type as of and for the years ended December 31, 2020 and 2019, and related notes of Ames Township, Athens County, Ohio (the Township).

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Township's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Township's internal control. Accordingly, we express no such 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 opinions.

### ***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 § 117.38 and Ohio Administrative Code 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

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Efficient • Effective • Transparent

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

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

***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Township, as of December 31, 2020 and 2019, and the respective changes in financial position thereof for the years then ended.

***Opinion on Regulatory Basis of Accounting***

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for each governmental fund type as of and for the years ended December 31, 2020 and 2019, and related notes of the Township, in accordance with the financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code 117-2-03(D) permit, described in Note 2.

***Emphasis of Matter***

As discussed in Note 11 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may 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 our report dated November 2, 2021, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control over financial reporting and compliance.



Keith Faber  
Auditor of State  
Columbus, Ohio

November 2, 2021

**Ames Township**  
Athens County  
Combined Statement of Receipts, Disbursements  
and Changes in Fund Balances (Regulatory Cash Basis)  
All Governmental Fund Types  
For the Year Ended December 31, 2020

	General	Special Revenue	Totals (Memorandum Only)
<b>Cash Receipts</b>			
Property and Other Local Taxes	\$38,013	\$229,887	\$267,900
Intergovernmental	19,296	239,935	259,231
Earnings on Investments	164	0	164
Miscellaneous	4,420	2,447	6,867
<i>Total Cash Receipts</i>	<u>61,893</u>	<u>472,269</u>	<u>534,162</u>
<b>Cash Disbursements</b>			
Current:			
General Government	40,098	8,420	48,518
Public Safety	0	97	97
Public Works	0	378,848	378,848
Health	1,472	38,128	39,600
Capital Outlay	0	103,233	103,233
<i>Total Cash Disbursements</i>	<u>41,570</u>	<u>528,726</u>	<u>570,296</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>20,323</u>	<u>(56,457)</u>	<u>(36,134)</u>
<b>Other Financing Receipts (Disbursements)</b>			
Other Financing Uses	0	(157)	(157)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>0</u>	<u>(157)</u>	<u>(157)</u>
<i>Net Change in Fund Cash Balances</i>	20,323	(56,614)	(36,291)
<i>Fund Cash Balances, January 1</i>	<u>26,786</u>	<u>210,324</u>	<u>237,110</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$47,109</u></u>	<u><u>\$153,710</u></u>	<u><u>\$200,819</u></u>

See accompanying notes to the basic financial statements

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**Ames Township**  
*Athens County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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**Note 1 – Reporting Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of the Ames Township, Athens County, (the Township) as a body corporate and politic. A publicly elected three-member Board of Trustees directs the Township. The Township provides road and bridge maintenance, cemetery maintenance, and fire protection services. The Township contracts with the Ames-Bern Amesville Volunteer Firefighters to provide fire services. The Township has a levy to support this contract.

***Public Entity Risk Pools***

The Township participates in a public entity risk pool. Note 7 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.

**Note 2 – Summary of Significant Accounting Policies**

***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 which are all organized on a fund type basis.

***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*** The Gasoline Tax fund accounts for and reports that portion of the State gasoline tax restricted for maintenance and repair of roads within the Township.

***Road and Bridge Fund*** The Road and Bridge Fund accounts for and reports that portion of inside millage restricted for maintenance and repair of roads within the Township.

***Basis of Accounting***

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

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

**Ames Township**  
*Athens County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*  
*(Continued)*

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***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 or object level of control, and appropriations may not exceed estimated resources. The Board of 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 carried over, and need not be reappropriated.

A summary of 2020 budgetary activity appears in Note 4.

***Deposits and Investments***

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

***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.

***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.

***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. For regulatory purposes, nonspendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the Township and the nonspendable portion of the corpus in permanent funds.

***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.

**Ames Township**  
Athens County  
Notes to the Financial Statements  
For the Year Ended December 31, 2020  
(Continued)

**Assigned** Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end.

**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.

For regulatory purposes, limited disclosure related to fund balance is included in Note 13.

**Note 3 – Compliance**

Contrary to Ohio law, the Township made unallowable transfers from the FEMA Special Revenue Fund to repay expenditures made by the Gasoline Tax Fund and Road and Bridge Fund for Federal Emergency Management Agency (FEMA) projects for the year ended December 31, 2020.

**Note 4 – Budgetary Activity**

Budgetary activity for the year ending December 31, 2020 follows:

2020 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$59,616	\$61,893	\$2,277
Special Revenue	498,768	472,269	(26,499)
Total	\$558,384	\$534,162	(\$24,222)

2020 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$78,325	\$41,741	\$36,584
Special Revenue	656,866	565,236	91,630
Total	\$735,191	\$606,977	\$128,214

**Note 5 – Deposits and Investments**

To improve cash management, cash received by the Township is pooled. Monies for all fund are maintained in this pool. The Ohio Revised Code prescribes allowable deposits and investments. A summary of the Township's deposit and investment accounts are as follows:

**Ames Township**  
Athens County  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*  
(Continued)

	2020
<b>Cash Management Pool:</b>	
Demand Deposits	\$190,519
Certificates of Deposit	10,300
Total Deposits	\$200,819

The Township does not use a separate payroll clearing account. The expenditures included in the accompanying financial statements reflect net payroll plus all remitted payroll withholdings. At December 31, 2020, the Township is holding no unremitted employee payroll withholdings.

**Deposits**

Deposits are insured by the Federal Deposit Insurance Corporation; or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

**Note 6 – Property Taxes**

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

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

**Note 7 – 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 (local entity'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:

	2020
Cash and investments	\$36,348,066
Actuarial liabilities	\$10,894,146

**Ames Township**  
Athens County  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*  
(Continued)

**Workers' Compensation**

Workers' Compensation coverage is provided by the State of Ohio. The Township pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

**Note 8 – Defined Benefit Pension Plans**

**Ohio Public Employees Retirement System**

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

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the Township contributed an amount equaling 14 percent of participants' gross salaries. The Township has paid all contributions required through December 31, 2020.

**Note 9 – 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 2020. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0 percent during calendar year 2020.

**Note 10 – Debt**

Debt outstanding at December 31, 2020, was as follows:

	Principal	Interest Rate
Lease	\$152,367	2.95%

The Township signed a lease contract for the purchase of a tractor and mower for Township road maintenance. The Township disbursed no payments of lease costs for the year ended December 31, 2020.

**Amortization**

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

Year Ending December 31:	Leases
2021	\$33,260
2022	33,260
2023	33,260
2024	33,260
2025	33,260
Total	\$166,300

**Ames Township**  
Athens County  
*Notes to the Financial Statements*  
For the Year Ended December 31, 2020  
(Continued)

**Note 11 – COVID-19**

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

During 2020, the Township received CARES Act funding. Of the amounts received, \$3,900 was sub-granted to other governments and organization. These amounts are reflected as general government expenditures in the Coronavirus Relief Special Revenue Fund on the accompanying financial statements.

**Note 12 – Contingent Liabilities**

Amounts grantor agencies pay to the township are subject to audit and adjustment by the grantor, principally the federal government. 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.

**Note 13 – Fund Balances**

Included in fund balance are amounts the Township cannot spend, including the balance of unclaimed monies, which cannot be spent for five years and the unexpendable corpus of the permanent funds. Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilities effective cash planning and control. At year end the balances of these amounts were as follows:

Fund Balances	General	Special Revenue	Total
Nonspendable:			
Unclaimed Monies	\$0	\$0	\$0
Corpus	0	0	0
Outstanding Encumbrances	171	36,353	36,524
Total	<u>\$171</u>	<u>\$36,353</u>	<u>\$36,524</u>

The fund balance of special revenue funds is either restricted or committed. These restricted and committed amounts in the special revenue funds would including the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

**Note 14 – Change in Accounting Principle**

For 2020, the Township has made changes to their cash basis reporting model. These changes include removing the fund balance classifications from the combined statement of receipts, disbursements, and changes in fund balances (regulatory cash basis) – all governmental fund types. The effect of this change did not include restated beginning cash balance.

**Ames Township**  
Athens County  
Combined Statement of Receipts, Disbursements  
and Changes in Fund Balances (Regulatory Cash Basis)  
All Governmental Fund Types  
For the Year Ended December 31, 2019

	General	Special Revenue	Totals (Memorandum Only)
<b>Cash Receipts</b>			
Property and Other Local Taxes	\$36,853	\$227,271	\$264,124
Intergovernmental	18,021	277,548	295,569
Earnings on Investments	164	0	164
Miscellaneous	500	44,117	44,617
<i>Total Cash Receipts</i>	<u>55,538</u>	<u>548,936</u>	<u>604,474</u>
<b>Cash Disbursements</b>			
Current:			
General Government	47,877	4,653	52,530
Public Safety	0	17,091	17,091
Public Works	0	413,899	413,899
Health	1,534	42,020	43,554
Capital Outlay	0	3,360	3,360
Debt Service:			
Principal Retirement	5,000	4,094	9,094
Interest and Fiscal Charges	0	317	317
<i>Total Cash Disbursements</i>	<u>54,411</u>	<u>485,434</u>	<u>539,845</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>1,127</u>	<u>63,502</u>	<u>64,629</u>
<b>Other Financing Receipts (Disbursements)</b>			
Sale of Capital Assets	220	0	220
<i>Total Other Financing Receipts (Disbursements)</i>	<u>220</u>	<u>0</u>	<u>220</u>
<i>Net Change in Fund Cash Balances</i>	1,347	63,502	64,849
<i>Fund Cash Balances, January 1</i>	<u>25,439</u>	<u>146,822</u>	<u>172,261</u>
<b>Fund Cash Balances, December 31</b>			
Restricted	0	182,957	182,957
Committed	0	49,547	49,547
Assigned	20,350	0	20,350
Unassigned (Deficit)	6,436	(22,180)	(15,744)
<i>Fund Cash Balances, December 31</i>	<u>\$26,786</u>	<u>\$210,324</u>	<u>\$237,110</u>

See accompanying notes to the basic financial statements

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**Ames Township**  
*Athens County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

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**Note 1 – Reporting Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of the Ames Township, Athens County, (the Township) as a body corporate and politic. A publicly elected three-member Board of Trustees directs the Township. The Township provides road and bridge maintenance, cemetery maintenance, and fire protection services. The Township contracts with the Ames-Bern Amesville Volunteer Firefighters to provide fire services. The Township has a levy to support this contract.

***Public Entity Risk Pools***

The Township participates in a public entity risk pool. Note 7 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.

**Note 2 – Summary of Significant Accounting Policies**

***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 which are all organized on a fund type basis.

***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*** The Gasoline Tax fund accounts for and reports that portion of the State gasoline tax restricted for maintenance and repair of roads within the Township.

***FEMA Special Revenue Fund*** The FEMA Special Revenue Fund accounts for and reports Federal Emergency Management Agency (FEMA) grant funding restricted for approved FEMA projects.

***Basis of Accounting***

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

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

**Ames Township**  
*Athens County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*  
*(Continued)*

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

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

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

A summary of 2019 budgetary activity appears in Note 4.

***Deposits and Investments***

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

***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.

***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.

***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.

**Ames Township**  
Athens County  
Notes to the Financial Statements  
For the Year Ended December 31, 2019  
(Continued)

**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.

**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.

**Note 3 – Compliance**

Contrary to Ohio law, budgetary appropriation authority exceeded estimated resources General Fund, Gasoline Tax Fund, and FEMA Special Revenue Fund by \$6,781, \$4,531, and \$144,000, respectively, for the year ended December 31, 2019. Also, contrary to Ohio law, the Township made unallowable transfers from the FEMA Special Revenue Fund to repay expenditures made by the Special Revenue-Road Maintenance Fund, General Fund, Gasoline Tax Fund, and Road and Bridge Fund for Federal Emergency Management Agency (FEMA) projects for the year ended December 31, 2019.

**Note 4 – Budgetary Activity**

Budgetary activity for the year ending December 31, 2019 follows:

2019 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$55,000	\$55,758	\$758
Special Revenue	475,200	548,936	73,736
Total	\$530,200	\$604,694	\$74,494

2019 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$71,920	\$54,411	\$17,509
Special Revenue	592,698	485,434	107,264
Total	\$664,618	\$539,845	\$124,773

**Note 5 – Deposits and Investments**

To improve cash management, cash received by the Township is pooled. Monies for all fund are maintained in this pool. The Ohio Revised Code prescribes allowable deposits and investments. A summary of the Township's deposit and investment accounts are as follows:

**Ames Township**  
Athens County  
*Notes to the Financial Statements*  
For the Year Ended December 31, 2019  
(Continued)

	2019
<b>Cash Management Pool:</b>	
Demand Deposits	\$226,810
Certificates of Deposit	10,300
Total Deposits	\$237,110

The Township does not use a separate payroll clearing account. The expenditures included in the accompanying financial statements reflect net payroll plus all remitted payroll withholdings. At December 31, 2019, the Township is holding no unremitted employee payroll withholdings.

**Deposits**

Deposits are insured by the Federal Deposit Insurance Corporation; or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

**Note 6 – Property Taxes**

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

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

**Note 7 – 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 (local entity'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:

	2019
Cash and investments	\$35,207,320
Actuarial liabilities	\$10,519,942

**Ames Township**  
*Athens County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*  
*(Continued)*

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***Workers' Compensation***

Workers' Compensation coverage is provided by the State of Ohio. The Township pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

**Note 8 – Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

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

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the Township contributed an amount equaling 14 percent of participants' gross salaries. The Township has paid all contributions required through December 31, 2019.

**Note 9 – 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.

**Note 10 – Contingent Liabilities**

Amounts grantor agencies pay to the township are subject to audit and adjustment by the grantor, principally the federal government. 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.

**Note 11 – COVID-19**

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

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# OHIO AUDITOR OF STATE KEITH FABER



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(740) 594-3300 or (800) 441-1389  
SoutheastRegion@ohioauditor.gov

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

Ames Township  
Athens County  
15900 Henry Road  
Amesville, Ohio 45711

To the Board of Trustees:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements for each governmental fund type as of and for the years ended December 31, 2020 and 2019, and related notes of Ames Township, Athens County, Ohio (the Township), and have issued our report thereon dated November 2, 2021, wherein we noted the Township followed financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code 117-2-03(D) permit. We also noted the financial impact of COVID-19 and the continuing emergency measures, which may impact subsequent periods of the Township

### ***Internal Control Over Financial Reporting***

As part of our financial statement audit, we considered the Township's internal control over financial reporting (internal control) as a basis for designing 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 combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Township's financial statements. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings that we consider material weaknesses. We consider findings 2020-002 through 2020-004 to be material weaknesses.

***Compliance and Other Matters***

As part of reasonably assuring whether the Township's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the financial statement. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters we must report under *Government Auditing Standards*, which are described in the accompanying Schedule of Findings as items 2020-001 and 2020-002.

***Township's Response to Findings***

The Township's responses to the findings identified in our audit are described in the accompanying Schedule of Findings. We did not subject the Township's responses to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

***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 report is not suitable for any other purpose.



Keith Faber  
Auditor of State  
Columbus, Ohio

November 2, 2021



**AMES TOWNSHIP  
ATHENS COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2020 AND 2019**

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

**FINDING NUMBER 2020-001**

**Noncompliance**

Ohio Rev. Code § 5705.14 provides that no transfer can be made from one fund of a subdivision to any other fund, by order of the court or otherwise, with certain exceptions.

The Fiscal Officer posted transfers from the FEMA Special Revenue Fund to the Gasoline Tax Fund, Road and Bridge Fund, Special Levy- Road Maintenance Fund, and General Fund to repay expenditures made from those funds once Federal Emergency Management Agency (FEMA) grant funding became available relating to these projects. These transfers were not allowable resulting in adjustments to reverse the transfers and properly account for the expenditures. Further, the Board did not approve these specific transfers in the minute record but merely approved the Fiscal Officer make any necessary transfers. The improper transfers were due to a lack of clarity by the Fiscal Officer on accounting treatment of FEMA grant reimbursements.

The Fiscal Officer and Board should review AOS Bulletin 1998-013 and the Ohio Revised Code for proper FEMA accounting treatments. In addition, transfers should only be used as specifically authorized under Ohio Revised Code and AOS Bulletin 1998-013. The Board should approve specific transfers in the minutes, including fund name and amount.

**Officials' Response:** The Fiscal Officer will make sure to get Board approval and note in the minutes the fund name and amount of approval.

**FINDING NUMBER 2020-002**

**Noncompliance and Material Weakness**

Ohio Rev. Code § 5705.39 provides that total appropriations from each fund shall not exceed the total of the estimated revenue available for expenditure there-from, as certified by the county budget commission. No appropriation measure shall become effective until the county auditor files a certificate that the total appropriations from each fund, taken together with all other outstanding appropriations, do not exceed such official estimate or amended official estimate. For purposes of this section of the Ohio Revised Code, estimated revenue is commonly referred to as "estimated resources" because it includes unencumbered fund balances.

At December 31, 2019 the Township's appropriations exceeded the amount certified as available by the budget commission in the General Fund, Gasoline Tax Fund, and FEMA Special Revenue Fund by \$6,781, \$4,531, and \$144,000, respectively, due to an oversight by the Fiscal Officer. Failure to limit appropriations to the amount certified by the budget commission due to deficiencies in the Township's compliance monitoring policies and procedures could result in overspending and negative cash fund balances.

The Township should draft, approve, and implement procedures to compare appropriations to estimated resources and, if adequate resources are available for additional appropriations, the Township should submit an amended certificate of estimated resources to the budget commission for certification. If the resources are not available to cover the appropriations, an amendment to the appropriation resolution should be passed by the Board of Trustees to reduce the appropriations.

**Officials' Response:** Ames Township will draft, approve, and implement procedures to make sure out available resources aren't overspent and, if so, the appropriate amended certificate will be done.

**AMES TOWNSHIP  
ATHENS COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2020 AND 2019  
(Continued)**

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

**FINDING NUMBER 2020-003**

**Material Weakness- Budgetary Amounts in the Accounting System**

Sound accounting practices require accurately posting estimated receipts and appropriations to the ledgers to provide information for budget versus actual comparison and to allow the Board to make informed decisions regarding budgetary matters.

The Appropriation resolution and subsequent amendments establish the legal spending authority of the Township and the appropriation ledger provides the process by which the Township controls spending. It is therefore necessary the amounts appropriated by the Board are precisely stated and accurately posted to the appropriation ledger.

The original certificate and amendments establish the amounts available for expenditures for the Township and the receipts ledger provides the process by which the Township controls what is available, it is therefore necessary the amounts estimated by the County Budget Commission are posted accurately to the receipts ledger.

At December 31, 2019, estimated receipts posted to the system varied materially from those approved by the Board of Trustees as follows:

Fund	Estimated Receipts as Approved	Estimated Receipts posted to the Accounting System	Variance
General Fund	\$55,000	\$58,375	\$3,375
Gasoline Tax Fund	92,000	97,500	5,500
Road and Bridge Fund	55,000	56,600	1,600
Cemetery Fund	56,500	58,000	1,500
FEMA Special Revenue	120,000	134,000	14,000

At December 31, 2020, appropriations posted to the system varied materially from those approved by the Board of Trustees as follows:

Fund	Appropriations as Approved	Appropriations posted to the Accounting System	Variance
General Fund	\$78,325	\$64,276	-\$14,049
Cemetery Fund	80,375	84,930	4,555
Special Levy- Fire Fund	21,383	23,540	21,837

The Township did not have procedures in place to accurately post authorized budgetary measures to the accounting system. The appropriations and/or amendments thereof approved by Board were not properly posted to the accounting system for 2020. Additionally, the approved Certificate of Estimated Resources and/or amendments thereof was not posted to the accounting system for 2019.

Failure to accurately post the appropriations and estimated resources to the ledgers could result in overspending and negative cash balances. In addition, this could lead to inaccurate reporting of the budgetary information in the financial statements.

AMES TOWNSHIP  
ATHENS COUNTY

SCHEDULE OF FINDINGS  
DECEMBER 31, 2020 AND 2019  
(Continued)

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

FINDING NUMBER 2020-003  
(Continued)

**Material Weakness- Budgetary Amounts in the Accounting System (Continued)**

To effectively control the budgetary cycle and to maintain accountability over receipts and expenditures, the Township should post to the ledgers, on a timely basis, estimated resources as certified by the budget commission and appropriations approved by the Board. The Board should then monitor budget versus actual reports to help ensure amended certificates of resources and appropriations have been properly posted to the ledgers.

**Officials' Response:** Receipts and expenditures will be posted in a timely manner so our system is up to date and accurate.

FINDING NUMBER 2020-004

**Material Weakness- Financial reporting**

In our audit engagement letter, as required by AU-C Section 210, *Terms of Engagement*, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; 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 as discussed in AU-C Section 210 paragraphs .A14 & .A16.

The Fiscal Officer classified certain transactions incorrectly resulting in material reclassifications and adjustments.

For the year ended December 31, 2020:

- In the General Fund, certain reimbursements were posted as Intergovernmental receipts when they should have been posted as miscellaneous receipts resulting in a decrease Intergovernmental Receipts and increase in Miscellaneous receipts of \$4,420.
- The Fiscal Officer improperly paid disbursements relating to road maintenance to the Special Levy – Fire Fund resulting in a reduction in Public Safety in the Special Levy- Fire Fund and increase in Public Works in the Gasoline Tax Fund totaling \$19,679.
- The Fiscal Officer incorrectly posted reimbursements to Township funds once funding became available from the Federal Emergency Management Agency (FEMA) relating to projects paid from these other funds resulting in:
  - FEMA Special Revenue Fund- a decrease in Transfers out of \$22,137, a decrease in Fund Cash Balances, January 1 of \$24,498, a decrease in Public Works of \$43, and a decrease to Fund Cash Balances, December 31 of \$2,318.
  - Gasoline Tax Fund- a decrease in Transfers In of \$2,492, an increase in Fund Cash Balances, January 1 of \$2,408, and a decrease to Fund Cash Balances, December 31 of \$84.
  - Road and Bridge Fund- a decrease in Transfers In of \$19,646, an increase in Fund Cash Balances, January 1 of \$14,823, and a decrease to Fund Cash Balances, December 31 of \$4,823.
  - Special Levy- Road Maintenance Fund- an increase in Fund Cash Balances, January 1 of \$7,382, an increase in Public Works of \$42, and an increase to Fund Cash Balances, December 31 of \$7,340.

**AMES TOWNSHIP  
ATHENS COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2020 AND 2019  
(Continued)**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
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**FINDING NUMBER 2020-004  
(Continued)**

**Material Weakness- Financial reporting (Continued)**

- The Fiscal Officer misclassified various disbursements relating to capital outlays resulting in :
  - Road and Bridge Fund- an increase in Capital Outlay and decrease in Public Works of \$741.
  - Special Levy- Road Maintenance Fund- an increase in Capital Outlay and decrease in Public Works of \$26,500.
  - Coronavirus Relief Fund- an increase in Capital Outlay and decrease in Other Financing Uses of \$46,920.

For the year ended December 31, 2019:

- The Fiscal Officer did not classify fund balances in accordance with GASB 54 guidance resulting in an increase in Assigned Fund Cash Balances, December 31 and decrease in Unassigned Fund Cash Balances, December 31 of \$20,350 in the General Fund and an increase in Committed Fund Cash Balances, December 31 and decrease in Restricted Fund Cash Balances, December 31 in the Road and Bridge Fund of \$34,724.
- The Fiscal Officer incorrectly posted reimbursements to Township funds once funding became available from the Federal Emergency Management Agency (FEMA) relating to projects paid from these other funds resulting in:
  - FEMA Special Revenue Fund- a decrease in Transfers out of \$43,945, an increase in Public Works of \$68,443, and a decrease to Fund Cash Balances, December 31 of \$24,498.
  - Gasoline Tax Fund- a decrease in Transfers In of \$11,867, an increase in Miscellaneous receipts of \$11,275, a decrease in Public Works of \$3,000, and an increase to Fund Cash Balances, December 31 of \$2,408.
  - Road and Bridge Fund- a decrease in Transfers In of \$14,693, an increase in Miscellaneous receipts of \$19,280, a decrease in Public Works of \$10,236, and an increase to Fund Cash Balances, December 31 of \$14,823.
  - Special Levy- Road Maintenance Fund- a decrease in Transfers In of \$17,269, an increase in Miscellaneous receipts of \$9,165, a decrease in Public Works of \$15,486, and an increase to Fund Cash Balances, December 31 of \$7,382.

There were also corrections made to the notes to the financial statements based on audit adjustments. These misstatements were caused by confusion over proper posting and disclosures required. As a result, reclassifications, with which the Township's management agrees, were made to the financial statements and ledgers, and are reflected in the accompanying financial statements.

The Fiscal Officer should refer to the Township Handbook and take additional care in posting transactions to the Township's ledgers in order to ensure the financial statements reflect the appropriate classifications.

**Official's Response:** The Fiscal Officer will be more diligent to refer to the Township Handbook and take additional care in handling the Township's transactions for classification.

**AMES TOWNSHIP  
ATHENS COUNTY**

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**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2020 AND 2019**

<b>Finding Number</b>	<b>Finding Summary</b>	<b>Status</b>	<b>Additional Information</b>
2018-001	Noncompliance with Ohio Rev. Code § 505.262(A) for improper debt instrument	Fully Corrected	NA
2018-002	Noncompliance with Ohio Rev. Code §§ 5705.14 and .16 for improperly approved transfers	Not Corrected	The Fiscal Officer will make sure to get Board approval and note in the minutes the fund name and amount of approval.
2018-003	Noncompliance with Ohio Rev. Code § 5705.39 for appropriations exceeded estimated resources	Not Corrected	Ames Township will draft, approve, and implement procedures to make sure out available resources aren't overspent and, if so, the appropriate amended certificate will be done.
2018-004	Material Weakness noted relating to Equity classifications and audit adjustments	Not Corrected	The Fiscal Officer will be more diligent to refer to the Township Handbook and take additional care in handling the Township's transactions for classification.
2018-005	Material Weakness noted for budgetary information posted to accounting system not agreeing to approved budgetary amounts	Not Corrected	Receipts and expenditures will be posted in a timely manner so our system is up to date and accurate.

# OHIO AUDITOR OF STATE KEITH FABER



**AMES TOWNSHIP**

**ATHENS 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 11/18/2021**

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](http://www.ohioauditor.gov)