



Dave Yost • Auditor of State

AMES TOWNSHIP
ATHENS COUNTY
DECEMBER 31, 2016 AND 2015

TABLE OF CONTENTS

TITLE	PAGE
Independent Accountants' Report on Applying Agreed-Upon Procedures.....	1

This page intentionally left blank.



Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

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

We have performed the procedures enumerated below, which were agreed to by the Board of Trustees and the management of Ames Township, Athens County, Ohio (the Township), on the receipts, disbursements and balances recorded in the Townships cash basis accounting records for the years ended December 31, 2016 and 2015 and certain compliance requirements related to those transactions and balances, included in the information provided to us by the management of the Township. The Township is responsible for the receipts, disbursements and balances recorded in the cash basis accounting records for the years ended December 31, 2016 and 2015 and certain compliance requirements related to these transactions and balances included in the information provided to us by the Township. The sufficiency of the procedures is solely the responsibility of the parties specified in this report.

Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

This report only describes exceptions exceeding \$10.

Cash and Investments

1. We recalculated the mathematical accuracy of the December 31, 2016 and December 31, 2015 bank reconciliations. We found no exceptions.
2. We agreed the January 1, 2015 beginning fund balances recorded in the Fund Status Report to the December 31, 2014 balances documented in the prior year Agreed-Upon Procedures working papers. We found no exceptions. We also agreed the January 1, 2016 beginning fund balances recorded in the Fund Status Report to the December 31, 2015 balances in the Fund Status Report. We found no exceptions.
3. We agreed the totals per the bank reconciliations to the total of the December 31, 2016 and 2015 fund cash balances reported in the Fund Status Reports. The amounts agreed.
4. We confirmed the December 31, 2016 bank account balances with the Township's financial institutions. We found no exceptions. We also agreed the confirmed balances to the amounts appearing in the December 31, 2016 bank reconciliation without exception.
5. We selected five reconciling debits (such as outstanding checks) haphazardly from the December 31, 2016 bank reconciliation:
 - a. We traced each debit to the subsequent January and bank statements. We found no exceptions.

Cash and Investments (Continued)

- b. We traced the amounts and dates to the check register, to determine the debits were dated prior to December 31. There were no exceptions.
6. We inspected investments held at December 31, 2016 and December 31, 2015 to determine that they:
 - a. Were of a type authorized by Ohio Rev. Code §§ 135.13, 135.14 or 135.144. We found no exceptions
 - b. Mature within the prescribed time limits noted in Ohio Rev. Code §§ 135.13 or 135.14. We noted no exceptions.

Property Taxes, Intergovernmental and Other Confirmable Cash Receipts

1. We haphazardly selected a property tax receipt from one *Statement of Semiannual Apportionment of Taxes* (the Statement) for 2016 and one from 2015:
 - a. We traced the gross receipts from the *Statement* to the amount recorded in the Receipt Export Report. The amounts agreed.
 - b. We inspected the Receipt Export Report to confirm the receipt was allocated to the proper funds as required by Ohio Rev. Code §§ 5705.05-.06 and 5705.10. We noted no exceptions in 2015. The Fiscal Officer incorrectly posted 2016 property tax receipts to the General Bond/Note Retirement Fund rather than allocating to the General, Road and Bridge and Road Maintenance Levy Funds. We expanded our review to include all property tax receipts in 2016 to determine the entire misposted amount. As a result, \$11,000 in property tax receipts were incorrectly posted to the General Bond/Note Retirement Fund rather than allocating \$5,000 to the General Fund, \$4,000 to the Road and Bridge Fund and \$2,000 to the Road Maintenance Levy Funds in accordance with the *Statements of Semiannual Apportionment of Taxes*. We inspected the Receipt Export Report to confirm whether the receipt was recorded in the proper year. The receipt was recorded in the proper year.
2. We inspected the Receipt Export Report to determine whether it included two real estate tax receipts for 2016 and 2015. The Receipts Export Report included the proper number of tax receipts for each year.
3. We selected all receipts from the State Distribution Transaction Lists (DTL) from 2016 and all from 2015.
 - a. We compared the amount from the above report to the amount recorded in the Receipt Export Report. The amounts agreed.
 - b. We inspected the Receipt Export Report to determine that these receipts were allocated to the proper funds. We found no exceptions.
 - c. We inspected the Receipts Export Report to determine whether the receipts were recorded in the proper year. We found no exceptions.
4. We haphazardly selected five receipts from the County Auditor's DTL from 2016 and five from 2015.
 - a. We compared the amount from the above reports to the amount recorded in the Receipt Export Report. The amounts agreed.

Property Taxes, Intergovernmental and Other Confirmable Cash Receipts (Continued)

- b. We inspected the Receipt Export Report to determine that these receipts were allocated to the proper funds. We found two exceptions in 2016. We therefore expanded our comparison of the Receipt Export Report to all County DTL receipts. During 2016, the Fiscal Officer incorrectly posted receipts received from Athens County understating Motor Vehicle License Tax Fund receipts \$7,338, overstating Gasoline Tax Fund receipts \$256, and overstating Permissive Motor Vehicle License Tax Fund receipts \$7,082. We found two exceptions in 2015.
We therefore expanded our comparison of the Receipt Export Report to all County DTL receipts. During 2015, the Fiscal Officer incorrectly posted receipts received from Athens County understating Motor Vehicle License Tax Fund receipts \$7,512 and overstating Permissive Motor Vehicle License Tax Fund receipts \$7,512.
- c. We inspected the Receipts Export Report to determine whether the receipts were recorded in the proper year. We found no exceptions.

Debt

1. The prior Agreed-Upon Procedures documentation disclosed no debt outstanding as of December 31, 2014.
2. We inquired of management and inspected the Receipt Export Report and Payment Register Detail Report for evidence of debt issued during 2016 or 2015 or debt payment activity during 2016 or 2015. All debt noted agreed to the summary we used in step 3. However, the Township obtained a bank loan during 2016 which is not an allowable debt type for townships per Ohio Rev. Code Chapter 133.
3. We obtained a summary of debt activity for 2016. We compared principal and interest payments from the related debt amortization schedule to the General, Gasoline Tax, Road Maintenance Levy and General Bond/Note Retirement Funds to the payments reported in the Payment Export Report. The Fiscal Officer incorrectly posted interest and fiscal charges of \$26 as principal retirement in the General Bond/Note Retirement Fund. The Fiscal Officer also posted \$5,000 to General Fund - Capital Outlay, \$974 to Gasoline Tax Fund - Capital Outlay and \$5,000 to Road Maintenance Levy - Public Works expenditures rather than as principal and interest payments of \$9,761 and \$1,212, respectively, in the General Bond/Note Retirement Fund. The Fiscal Officer has posted all required adjustments to fund balance. We also compared the date the debt service payments were due to the date the Township made the payments. We found no exceptions.
4. We compared the amount of debt proceeds from the debt documents to amounts recorded in the Receipt Export Report. The Township issued obtained a loan in the amount of \$50,300 for the purchase of equipment in 2016 and did not record the proceeds in any fund.
5. For new debt issued during 2016, we inspected the debt legislation, noting the Township must use the proceeds to purchase a road grader. In January 2016, the lender, KS State Bank, paid \$50,300 directly to Southeastern Equipment for the purchase of a road grader. We inspected the Payment Export Report and noted the Township did not record the expenditure for this transaction.

Payroll Cash Disbursements

1. We haphazardly selected one payroll check for five employees from 2016 and one payroll check for five employees from 2015 from the Wage Detail Report and:
 - a. We compared the hours and pay rate, or salary recorded in the Wage Detail Report to supporting documentation (timecard, legislatively or statutorily-approved rate or salary). We found no exceptions.
 - b. We inspected the fund and account codes to which the check was posted to determine the posting was reasonable based on the employees' duties as documented in the timesheets or as required by statute. We also confirmed the payment was posted to the proper year. We found no exceptions.

2. For any new employees selected in step 1 we inspected the employees' personnel files for the following information and compared it with the information used to compute gross and net pay related to this check:
 - a. Name.
 - b. Authorized salary or pay rate.
 - c. Department(s) and fund(s) to which the check should be charged.
 - d. Retirement system participation and payroll withholding.
 - e. Federal, State & Local income tax withholding authorization and withholding.
 - f. Any other deduction authorizations (deferred compensation, etc.).

We found no exceptions related to steps a. – f. above.

3. We inspected the last remittance of tax and retirement withholdings for the year ended December 31, 2016 to confirm remittances were timely paid, and if the amounts paid agreed to the amounts withheld, plus the employer's share where applicable, during the final withholding period of 2016. We noted the following:

Withholding (plus employer share, where applicable)	Date Due	Date Paid	Amount Due	Amount Paid
Federal income taxes & Medicare	01/31/2017	01/03/2017	\$2,979	\$2,979
State income taxes	01/15/2017	01/24/2017	570	570
OPERS retirement	01/30/2017	01/24/2017	3,059	3,059

4. For the pay periods ended October 31, 2016 and April 30, 2015, we recomputed the allocation of the Boards' salaries to the General, Gasoline Tax, and Cemetery Funds per the Wage Detail Report. We found no exceptions.

5. For the pay periods described in the preceding step, we attempted to trace the Boards' salary for time or services performed to supporting certifications the Revised Code requires. Ohio Revised Code § 505.24(C) sets forth the method by which Township Trustee's compensation should be allocated. The Auditor of State issued Bulletin 2013-002 on June 7, 2013 explaining that the allocation of 100 percent of an official's compensation to funds other than the General Fund is not permitted under Ohio law. House Bill 153 modified Ohio Rev. Code § 505.24 to require Township Trustees paid by the annual salary method, that compensate from funds other than the General Fund, to certify the percentage of the time spent working on matters that are to be paid from funds other than the General Fund. Each Township Trustee that is compensated from funds other than the General Fund must complete the certification prior to receiving his/her pay for that pay period. The certification must be done individually, but is not required to be notarized.

Payroll Cash Disbursements (Continued)

The certification is not required to be a time log. Rather, all that is required is a statement detailing the percentage of time that the trustee spent during that pay period providing services related to each fund to be charged. During 2016 and 2015, the Township paid a portion of Trustee salaries and related payroll withholdings from restricted funds (Gasoline Tax and Cemetery Funds) without Trustees certifying hours spent providing these services to the Township. The Trustees maintained time logs to determine the reasonableness of the allocation charged; however, actual certifications were not used as required.

6. We inquired of management and inspected the Payment Listing Report for the years ended December 31, 2016 and 2015 to determine if township employees and/or trustees were reimbursed for out-of-pocket insurance premiums. We noted no such reimbursements.

Non-Payroll Cash Disbursements

We haphazardly selected ten disbursements from the Payment Register Detail Report for the year ended December 31, 2016 and ten from the year ended 2015 and determined whether:

- a. The disbursements were for a proper public purpose. We found no exceptions.
- b. The check number, date, payee name and amount recorded on the returned, canceled check agreed to the check number, date, payee name and amount recorded in the Payment Register Detail Report and to the names and amounts on the supporting invoices. We found no exceptions.
- c. The payment was posted to a fund consistent with the restricted purpose for which the fund's cash can be used. We found no exceptions.
- d. The Fiscal Officer certified disbursements requiring certification or issued a *Then and Now Certificate*, as required by Ohio Rev. Code § 5705.41(D). We found seven instances where the certification date was after the vendor invoice date and there was also no evidence that a *Then and Now Certificate* was issued. Ohio Rev. Code § 5705.41(D) requires certifying at the time of a commitment, which should be on or before the invoice date, unless a *Then and Now Certificate* is used. Because we did not test all disbursements requiring certification, our report provides no assurance whether or not additional similar errors occurred.

Compliance – Budgetary

1. We compared the total estimated receipts from the Amended Official Certificate of Estimated Resources required by Ohio Rev. Code § 5705.36(A)(1), to the amounts recorded in the Revenue Status Report for the General, Gasoline Tax, and Road Maintenance Levy Funds for the years ended December 31, 2016 and 2015. The amounts on the Certificate agreed to the amount recorded in the accounting system with the exception of the General Fund. The 2016 estimated receipts per the final Amended Official Certificate of Estimated Resources was \$60,000 while the budgeted (i.e., certified) resources recorded in the Revenue Status Report was \$61,558. The 2015 estimated receipts per the final Amended Official Certificate of Estimated Resources was \$49,858 while the budgeted (i.e. certified) resources recorded in the Revenue Status Report was \$39,885.
2. We inspected the appropriation measure adopted for 2016 to determine whether, for the General, Road and Bridge, and Cemetery Funds, the Trustees appropriated separately for “each office, department, and division, and within each, the amount appropriated for personal services,” as is required by Ohio Rev. Code § 5705.38(C). We found no exceptions. The Township did not formally adopt appropriation measures for 2015 as is required by Ohio Rev. Code § 5705.38(C).

Compliance – Budgetary (Continued)

3. We compared total appropriations required by Ohio Rev. Code §§ 5705.38 and 5705.40, to the amounts recorded in the Appropriation Status Report for 2016 and 2015 for the following funds: General, Road and Bridge and Cemetery. The amounts on the appropriation resolutions agreed to the amounts recorded in the Appropriation Status report for 2016. For 2015, the Appropriation Status Report reflected appropriations of \$76,819 for the General Fund, \$45,500 for the Road and Bridge and \$55,850 for the Cemetery Fund even though no formal appropriation measure was adopted for 2015 as is required by Ohio Rev. Code § 5705.38(C).
4. Ohio Rev. Code §§ 5705.36(A)(5) and 5705.39 prohibits appropriations from exceeding the certified resources. We compared total appropriations to total certified resources for the General, Fire Levy, and Motor Vehicle License Tax Funds for the years ended December 31, 2016 and 2015. Contrary to Ohio Rev. Code § 5705.39, the 2016 General Fund appropriations exceeded certified resources by \$10,000.
5. Ohio Rev. Code § 5705.41(B) prohibits expenditures (disbursements plus certified commitments) from exceeding appropriations. We compared total expenditures to total appropriations for the years ended December 31, 2016 and 2015 for the General, Permissive Motor Vehicle License Tax and Gasoline Tax Funds, as approved. We noted no funds for which expenditures exceeded appropriations in 2016. Contrary to Ohio Rev. Code § 5705.41(B), the 2015 expenditures in the General, Permissive Motor Vehicle License Tax and Gasoline Tax Fund exceeded total appropriations by \$51,602, \$10,607, and \$90,935, respectively. .
6. Ohio Rev. Code § 5705.09 requires establishing separate funds to segregate externally-restricted resources. We inspected the Receipt Register Report for evidence of new restricted receipts requiring a new fund during December 31, 2016 and 2015. We also inquired of management regarding whether the Township received new restricted receipts. In compliance with Ohio Rev. Code § 5705.09, the General Bond/Note Retirement Fund was established in 2016 to segregate debt payment receipts and disbursements. However, the fund's establishment was not approved by the Board of Trustees.
7. We noted all the required funds were established and no funds for which the statutorily approved purpose was no longer valid were included on the accounting records.
8. We inspected the 2016 and 2015 Combined Statement of Receipts, Disbursements and Changes in Fund Balances Reports for evidence of interfund transfers which Ohio Rev. Code §§ 5705.14 - .16 restrict. We found no evidence of transfers these Sections prohibit, or for which § 5705.16 would require approval by the Tax Commissioner and Court of Common Pleas.
9. We inquired of management and inspected the Appropriation Status Reports to determine whether the Township elected to establish reserve accounts permitted by Ohio Rev. Code § 5705.13. We noted the Township did not establish these reserves
10. We inspected the Cash Summary by Fund Report for the years ended December 31, 2016 and 2015 for negative cash fund balance. Ohio Rev. Code § 5705.10(l) provides that money paid into a fund must be used for the purposes for which such fund is established. As a result, a negative fund cash balance indicates that money from one fund was used to cover the expenses of another. No funds had a negative cash fund balance.

Compliance – Contracts & Expenditures

We inquired of management and inspected the Payment Register Detail Report for the years ended December 31, 2016 and 2015 to determine if the Township proceeded by force account (i.e., used its own employees) to maintain or repair roads (cost of project \$15,000-\$45,000) or to construct or reconstruct Township roads (cost of project \$5,000-\$15,000/per mile) for which Ohio Rev. Code § 5575.01 requires the county engineer to complete a force account project assessment form (i.e., cost estimate). We identified no projects requiring the county engineer to complete a force account cost estimate.

Other Compliance

Ohio Rev. Code § 117.38 requires townships to file their financial information in the HINKLE system within 60 days after the close of the fiscal year. We confirmed the Township filed their complete financial statements, as defined by AOS Bulletin 2016-007, within the allotted timeframe for the years ended December 31, 2016 and 2015 in the Hinkle system. No exceptions noted.

This agreed-upon procedures engagement was conducted in accordance with the American Institute of Certified Public Accountants attestation standards and applicable attestation engagement standards included in the Comptroller General of the United States' *Government Auditing Standards*. We were not engaged to, and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the Township's receipts, disbursements, balances and compliance with certain laws and regulations. Accordingly, we do not express an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is for the use of the Township to assist in evaluating its receipts, disbursements, and balances recorded in their cash-basis accounting records for the years ended December 31, 2016 and 2015, and certain compliance requirements related to these transactions and balances and is not suitable for any other purpose.



Dave Yost
Auditor of State
Columbus, Ohio

May 9, 2017

This page intentionally left blank.



Dave Yost • Auditor of State

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
JUNE 22, 2017**