



**HAMILTON TOWNSHIP
JACKSON COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2000 - 1999



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

HAMILTON TOWNSHIP
JACKSON COUNTY

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REPORT OF INDEPENDENT ACCOUNTANTS

Hamilton Township
Jackson County
5705 State Route 139
Jackson, Ohio 45640

To the Board of Trustees:

We have audited the accompanying financial statements of Hamilton Township, Jackson 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 auditing standards generally 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 generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of Hamilton Township, Jackson 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 August 27, 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 the 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

August 27, 2001

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**HAMILTON TOWNSHIP
JACKSON 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>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Fiduciary Funds</u>	
Cash Receipts:				
Local Taxes	\$9,787	\$11,224	\$	\$21,011
Intergovernmental	19,539	99,997		119,536
Earnings on Investments	5	1,411		1,416
	<u>29,331</u>	<u>112,632</u>	<u>0</u>	<u>141,963</u>
Total Cash Receipts				
Cash Disbursements:				
Current:				
General Government	41,045	796		41,841
Public Safety		19,216		19,216
Public Works		101,547		101,547
Health	1,092			1,092
	<u>42,137</u>	<u>121,559</u>	<u>0</u>	<u>163,696</u>
Total Cash Disbursements				
Total Cash Receipts Over/(Under) Cash Disbursements	<u>(12,806)</u>	<u>(8,927)</u>	<u>0</u>	<u>(21,733)</u>
Other Financing Receipts/(Disbursements):				
Sale of Fixed Assets	2,604			2,604
Other Financing Sources	941			941
	<u>3,545</u>	<u>0</u>	<u>0</u>	<u>3,545</u>
Total Other Financing Receipts/(Disbursements)				
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(9,261)	(8,927)	0	(18,188)
Fund Cash Balances, January 1	<u>(6,486)</u>	<u>62,072</u>	<u>100</u>	<u>55,686</u>
Fund Cash Balances, December 31	<u>(\$15,747)</u>	<u>\$53,145</u>	<u>\$100</u>	<u>\$37,498</u>

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

**HAMILTON TOWNSHIP
JACKSON 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>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Fiduciary Funds</u>	
Cash Receipts:				
Local Taxes	\$8,209	\$11,816	\$	\$20,025
Intergovernmental	16,873	98,387		115,260
Earnings on Investments	121	1,864	6	1,991
Total Cash Receipts	<u>25,203</u>	<u>112,067</u>	<u>6</u>	<u>137,276</u>
Cash Disbursements:				
Current:				
General Government	37,895			37,895
Public Safety		16,072		16,072
Public Works		92,149		92,149
Health	2,140		6	2,146
Total Cash Disbursements	<u>40,035</u>	<u>108,221</u>	<u>6</u>	<u>148,262</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>(14,832)</u>	<u>3,846</u>	<u>0</u>	<u>(10,986)</u>
Other Financing Receipts/(Disbursements):				
Transfers-In		4,252		4,252
Transfers-Out		(4,252)		(4,252)
Total Other Financing Receipts/(Disbursements)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>(14,832)</u>	<u>3,846</u>	<u>0</u>	<u>(10,986)</u>
Fund Cash Balances, January 1	<u>8,346</u>	<u>58,226</u>	<u>100</u>	<u>66,672</u>
Fund Cash Balances, December 31	<u>(\$6,486)</u>	<u>\$62,072</u>	<u>\$100</u>	<u>\$55,686</u>

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

**HAMILTON TOWNSHIP
JACKSON COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Hamilton Township, Jackson 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 and cemetery maintenance. The Township contracts with the Hamilton Township Volunteer Fire Department 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

The Township had one primary checking account during our audit period.

D. Fund Accounting

The Township uses fund accounting to segregate cash and investments that are restricted as to use. The Township classifies its funds into the following types:

1. General Fund

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

2. Special Revenue Funds

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

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

Permissive Sales Tax Fund - This fund received monies from permissive sales tax proceeds for permanent improvement projects within the Township.

**HAMILTON TOWNSHIP
JACKSON COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

3. Fiduciary Funds (Trust Funds)

These funds are used to account for resources restricted by legally binding trust agreements and funds for which the Township is acting in an agency capacity. The Township had the following significant Fiduciary Fund:

Cemetery Bequest Fund - This fund received a donation for the upkeep of the cemetery.

E. Budgetary Process

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

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The 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. The Township did not use the encumbrance method of accounting.

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

F. Property, Plant and Equipment

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

2. EQUITY IN POOLED CASH

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>2000</u>	<u>1999</u>
Demand deposits	\$37,498	\$55,686

Deposits are insured by the Federal Deposit Insurance Corporation.

**HAMILTON TOWNSHIP
JACKSON COUNTY**

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

3. BUDGETARY ACTIVITY

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

2000 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$32,000	\$32,876	\$876
Special Revenue	116,900	112,632	(4,268)
Fiduciary	6	0	(6)
Total	\$148,906	\$145,508	(\$3,398)

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$45,035	\$42,137	\$2,898
Special Revenue	136,880	121,559	15,321
Fiduciary	6	0	6
Total	\$181,921	\$163,696	\$18,225

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$28,500	\$25,203	(\$3,297)
Special Revenue	109,400	116,319	6,919
Fiduciary	0	6	6
Total	\$137,900	\$141,528	\$3,628

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$37,375	\$40,035	(\$2,660)
Special Revenue	151,600	112,473	39,127
Fiduciary	6	6	0
Total	\$188,981	\$152,514	\$36,467

**HAMILTON TOWNSHIP
JACKSON COUNTY**

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

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by 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.

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

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

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

5. RETIREMENT SYSTEMS

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

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. Effective July 1, 2000 the employer's contribution rate decreased to 8.13% of the participant's gross salaries. The Township has paid all contributions required through December 31, 2000.

6. RISK MANAGEMENT

The Township has obtained commercial insurance for the following risks:

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



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

Hamilton Township
Jackson County
5705 State Route 139
Jackson, Ohio 45640

To the Board of Trustees:

We have audited the accompanying financial statements of Hamilton Township, Jackson County, Ohio (the Township), as of and for the years ended December 31, 2000 and 1999, and have issued our report thereon dated August 27, 2001. We conducted our audit in accordance with auditing standards generally 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 2000-40740-001, 2000-40740-002, 2000-40740-003, 2000-40740-004, 2000-40740-007, 2000-40740-008 and 2000-40740-009. We also noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated August 27, 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. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Township's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying Schedule of Findings as items 2000-40740-005, and 2000-40740-006.

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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe none of the reportable conditions described above is a material weakness. We also 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 August 27, 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

August 27, 2001

HAMILTON TOWNSHIP
JACKSON 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 2000-40740-001

Finding for Recovery

Kristin A. Miller, Township Clerk, was compensated \$8,272.88 in 2000, which exceeds the \$7,876.75 calculated maximum for 2000 compensation allowable per Ohio Rev. Code Section 507.09 by \$396.13.

	<u>2000</u>
Budget	\$205,386.14
Salary Allowed	7,876.75
Amount Paid	<u>8,272.88</u>
Over(Under)Payment	<u>\$396.13</u>

In accordance with the foregoing facts, and pursuant to Ohio Rev. Code Section 117.28, a finding for recovery for money illegally expended is hereby issued against Kristin A. Miller, Township Clerk, and the Ohio Township Association Risk Management Authority, her bonding company, jointly and severally, in the amount of three hundred ninety-six dollars and thirteen cents (\$396.13), in favor of the Hamilton Township General Fund. This finding was repaid on August 9, 2001.

FINDING NUMBER 2000-40740-002

Noncompliance Citation

Ohio Rev. Code §5705.39 states that the total appropriation from each fund should not exceed the total estimated resources. No appropriation measure is to become effective until the County Auditor files a certificate that the total appropriations from each fund do not exceed the total official estimate or amended official estimate.

During 1999 appropriations exceeded estimated resources in the Permissive Sales Tax Fund by \$5,813 (10.73%). Additionally, during 2000, appropriations exceeded estimated resources in the General Fund by \$13,027 (40.7%); the Motor Vehicle License Tax Fund by \$2,496 (17.21%); and the Fire Fund by \$2,467 (25.35%). Such instances have resulted in expenditures exceeding available resources which has resulted in fund balance deficits in both the General Fund and the Fire Fund of the Township.

We recommend that the appropriations of the Township not exceed the estimated resources per the certificate of estimated resources.

HAMILTON TOWNSHIP
JACKSON COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2000 AND 1999
(Continued)

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

FINDING NUMBER 2000-40740-003

Noncompliance Citation

Ohio Rev. Code §5705.41(D) states 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 has 30 days from the receipt of such certificate to approve payment by resolution. 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 \$1,000 for townships, 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 Township Clerk did not certify funds as available on a Then and Now certificate or on purchase orders.

We recommend that the Clerk certify expenditures prior to them being made and if that is not possible the Township should utilize the Then and Now certifications and have payments over \$1,000 approved by individual resolutions of the Board of Trustees, within 30 days from the receipt of such certification or that the Clerk certify that unencumbered funds are available prior to making the commitment by utilizing purchase orders.

FINDING NUMBER 2000-40740-004

Noncompliance Citation

Ohio Rev. Code §5705.41(B) states that no subdivision or taxing unit is to expend money unless it has been appropriated.

During 2000, expenditures exceeded appropriations in the Fire Fund and the Permissive Sales Tax Fund by \$7,413 (60.76%) and \$14,107(37.12%) respectively. During 1999, expenditures exceeded appropriations in the General Fund, Fire Fund, and the FEMA Fund by \$2,660 (7.12%), \$4,072 (33.94%) and \$4,252 (100%) respectively. This was a contributing factor to the negative fund balances in the General Fund and the Fire Fund of the Township.

We recommend that the Township's expenditures not exceed the appropriations as approved by the Board of Trustees.

HAMILTON TOWNSHIP
JACKSON COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2000 AND 1999
(Continued)

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

FINDING NUMBER 2000-40740-005

Reportable Condition

The small size of the Township's staff did not allow for an adequate segregation of duties. The Clerk performed all accounting functions. It is, therefore, important that the Board of Trustees monitor financial activity closely. While the Board did approve all payment vouchers, there was no documentation of the extent to which the Board used other financial information to monitor financial activity. The Clerk provided the Board with a list of disbursements however the Trustees did not receive monthly financial reports which could result in the Trustees not monitoring the financial and budgetary activity of the Township.

We recommend the Clerk prepare monthly bank reconciliations and provide the Board a copy of the monthly bank reconciliations for at least a signature approval. Also we recommend the Clerk provide the Trustees with a monthly financial report which includes month and year to date receipts and disbursements, prior year to date receipts and disbursements and the budgetary information. The Board should carefully review this information and make appropriate inquiries to help determine the continued integrity of financial information. This information also provides important data necessary to manage the Township.

This information can help answer questions such as the following:

Inquiries Relevant to Overall Township Operations:

- * are current receipts sufficient to cover expenditures;
- * are expenditures in line with prior year costs;
- * if unusual fluctuations in receipts or expenditures occur, is the reason understood, and has it been appropriately budgeted;
- * are anticipated receipts being timely received; and
- * is the Township maximizing its return on invested cash balances?

Trustees should approve the reports with their signatures and utilize the information provided to monitor budget vs. actual receipts and disbursements and compare current financial information with prior year financial information.

FINDING NUMBER 2000-40740-006

Reportable Condition

Adequate documentation was not maintained to support 30% of the disbursements tested. Proper supporting documentation is necessary to support the amounts recorded as well as to support the allowability of the disbursements.

Failure to maintain sufficient supporting documentation could result in questions regarding the validity of the disbursements.

We recommend that the Clerk maintain sufficient supporting documentation such as invoices, bills, receipts, etc., to substantiate all disbursements of the Township.

HAMILTON TOWNSHIP
JACKSON COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2000 AND 1999
(Continued)

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

FINDING NUMBER 2000-40740-007

Noncompliance Citation

Ohio Rev. Code §5705.14, §5705.15 and §5705.16 state that no transfer can be made from one fund of a subdivision to any other fund, except as follows:

- The unexpended balance in a bond fund that is no longer needed for the purpose for which such fund was created shall be transferred to the sinking fund or bond retirement fund from which such bonds are payable.
- The unexpended balance in any specific permanent improvement fund, other than a bond fund, after the payment of all obligations incurred in the acquisition of such improvement, shall be transferred to the sinking fund or bond retirement fund of the subdivision. However, if such money is not required to meet the obligations payable from such funds, it may be transferred to a special fund for the acquisition of permanent improvements, or, with the approval of the court of common pleas of the county in which such subdivision is located, to the general fund of the subdivision.
- The unexpended balance in the sinking fund or bond retirement fund of a subdivision, after all indebtedness, interest, and other obligations for the payment of which such fund exists have been paid and retired, shall be transferred, in the case of the sinking fund, to the bond retirement fund, and in the case of the bond retirement fund, to the sinking fund. However, if the transfer is impossible by reason of the nonexistence of the fund to receive the transfer, the unexpended balance may be transferred to any other fund of the subdivision with the approval of the court of common pleas of the county in which such division is located.
- The unexpended balance in any special fund, other than an improvement fund, may be transferred to the general fund or to the sinking fund or bond retirement fund after the termination of the activity, service, or other undertaking for which such special fund existed, but only after the payment of all obligations incurred and payable from such special fund.
- Money may be transferred from the General Fund to any other fund of the subdivision by resolution of the taxing authority.

Except in the case of transfers from the General Fund, transfers can be made only by resolution of the taxing authority passed with the affirmative vote of two thirds of the members.

In addition to the transfers listed above, which are authorized in Ohio Rev. Code Section 5705.14, the taxing authority of any political subdivision, with the approval of the Tax Commissioner and of the Court of Common Pleas, may transfer from one fund to another any public funds under its supervision, except

- the proceeds or balances of: loans, bond issues, special levies for the payment of loans or bond issues,
- the proceeds or balances of funds derived from any excise tax levied by law for a specified purpose, and
- the proceeds or balances of any license fees imposed by law for a specified purpose.

During our test of transfers, it was noted that a \$5,000 transfer was made from the Gasoline Tax Fund to the General Fund without the approval of the Board of Trustees or the Court of Common Pleas. An audit adjustment, has been agreed to by management of the Township and is reflected in the accompanying financial statements. This adjustment was made on the Townships records on August 27, 2001.

We recommend that the Township Trustees and Clerk review the requirements of Ohio Rev. Code §5705.14, §5705.15 and §5705.16 and only make transfers according to the requirements of these sections.

**HAMILTON TOWNSHIP
JACKSON COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2000 AND 1999
(Continued)**

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

FINDING NUMBER 2000-40740-008

Noncompliance Citation - Finding for Adjustment

Ohio Rev. Code §505.24 requires Trustee's salaries to be paid from the General Fund or from other Township funds in such proportions as the Board specifies by resolution. The resolution should allocate the salaries based on the types of services provided by the Trustees.

During both 2000 and 1999, the salaries of the Trustees were charged entirely to the Gasoline Tax Fund. A resolution had not been adopted by the Board specifying how Trustee salaries would be allocated. However, activities of an administrative nature, such as monthly meetings, should be charged to the General Fund. On August 6, 2001, the Board of Trustees adopted a retroactive resolution authorizing 20% of each Trustee's salary to be charged to the General Fund for 1999 and 2000.

In accordance with the foregoing facts, a finding for adjustment is hereby issued against the General Fund, in favor of the Gasoline Tax Fund, in the amount of \$1,822.12. The adjustment, representing 20% of each Trustee's salary and fringe benefits, has been agreed to by management of the Township and is reflected in the accompanying financial statements. This adjustment was made on the Townships records on August 27, 2001.

FINDING NUMBER 2000-40740-009

Noncompliance Citation

Ohio Rev. Code §5705.10 provides that monies paid into a fund must be used only for the purpose for which such fund has been established. As a result, a negative fund balance indicates that money from one fund was used to cover the expenses of another fund.

A review of fund balances indicated that the General Fund and the Fire Fund had negative fund balances of \$6,486 and \$2,767 in 1999 respectively and \$15,747 and \$10,424 in 2000 respectively.

We recommend that Board of Trustees and Clerk review the types of expenditures being made from the General Fund to determine if some of those items should be paid from other funds. Also we recommend that the Township refrain from making unnecessary purchases from the General Fund until the balance is no longer negative. Further more we recommend that the Township only pay the amount stated on the fire contract for fire service.



STATE OF OHIO
OFFICE OF THE AUDITOR

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HAMILTON TOWNSHIP

JACKSON 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
SEPTEMBER 18, 2001**