



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

---

**STATE OF OHIO**



HAMILTON TOWNSHIP  
LAWRENCE COUNTY

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STATE OF OHIO  
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## REPORT OF INDEPENDENT ACCOUNTANTS

Hamilton Township  
Lawrence County  
2414 North Second Street  
Ironton, Ohio 45638

To the Board of Trustees:

We have audited the accompanying financial statements of Hamilton Township, Lawrence County, Ohio (the Township), as of and for the years ended December 31, 2001 and 2000. 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 and reserves for encumbrances of Hamilton Township, Lawrence County, as of December 31, 2001 and 2000, 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 1, 2002 on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

A handwritten signature in black ink, appearing to read "Jim Petro". The signature is fluid and cursive, with a large loop at the end.

**Jim Petro**  
Auditor of State

August 1, 2002

**HAMILTON TOWNSHIP  
LAWRENCE COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2001**

|   | <u>Governmental Fund Types</u> |                            | <u>Totals<br/>(Memorandum<br/>Only)</u> |
|---|--------------------------------|----------------------------|---|
|   | <u>General</u>                 | <u>Special<br/>Revenue</u> |   |
| <b>Cash Receipts:</b>                               |                                |                            |   |
| Local Taxes   | \$ 5,227                       | \$ 43,548                  | \$ 48,775                               |
| Intergovernmental                                   | 17,124                         | 53,963                     | 71,087                                  |
| Earnings on Investments                             | 532                            | 479                        | 1,011                                   |
| Other Revenue                                       | 763                            | 55                         | 818                                     |
|   | <hr/>                          | <hr/>                      | <hr/>                                   |
| Total Cash Receipts                                 | 23,646                         | 98,045                     | 121,691                                 |
|   | <hr/>                          | <hr/>                      | <hr/>                                   |
| <b>Cash Disbursements:</b>                          |                                |                            |   |
| Current:  |                                |                            |   |
| General Government                                  | 23,552                         |                            | 23,552                                  |
| Public Safety                                       |                                | 9,116                      | 9,116                                   |
| Public Works  |                                | 61,668                     | 61,668                                  |
| Debt Service:                                       |                                |                            |   |
| Redemption of Principal                             | 6,106                          | 6,569                      | 12,675                                  |
| Interest and Fiscal Charges                         | 1,426                          | 931                        | 2,357                                   |
| Capital Outlay                                      |                                | 5,999                      | 5,999                                   |
|   | <hr/>                          | <hr/>                      | <hr/>                                   |
| Total Cash Disbursements                            | 31,084                         | 84,283                     | 115,367                                 |
|   | <hr/>                          | <hr/>                      | <hr/>                                   |
| Total Cash Receipts Over/(Under) Cash Disbursements | (7,438)                        | 13,762                     | 6,324                                   |
|   | <hr/>                          | <hr/>                      | <hr/>                                   |
| Fund Cash Balances, January 1                       | 15,477                         | 111,348                    | 126,825                                 |
|   | <hr/>                          | <hr/>                      | <hr/>                                   |
| <b>Fund Cash Balances, December 31</b>              | <b><u>\$ 8,039</u></b>         | <b><u>\$ 125,110</u></b>   | <b><u>\$ 133,149</u></b>                |
|   | <hr/>                          | <hr/>                      | <hr/>                                   |
| Reserve for Encumbrances, December 31               | \$                             | \$ 4,256                   | \$ 4,256                                |
|   | <hr/>                          | <hr/>                      | <hr/>                                   |

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

**HAMILTON TOWNSHIP  
LAWRENCE COUNTY**

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

|   | <u>Governmental Fund Types</u> |                            | <u>Totals<br/>(Memorandum<br/>Only)</u> |
|---|--------------------------------|----------------------------|---|
|   | <u>General</u>                 | <u>Special<br/>Revenue</u> |   |
| <b>Cash Receipts:</b>                               |                                |                            |   |
| Local Taxes   | \$ 4,694                       | \$ 38,091                  | \$ 42,785                               |
| Intergovernmental                                   | 18,705                         | 52,272                     | 70,977                                  |
| Earnings on Investments                             | 263                            | 1,050                      | 1,313                                   |
| Other Revenue                                       | 985                            | 899                        | 1,884                                   |
|   | <u>24,647</u>                  | <u>92,312</u>              | <u>116,959</u>                          |
| Total Cash Receipts                                 |                                |                            |   |
| <b>Cash Disbursements:</b>                          |                                |                            |   |
| Current:  |                                |                            |   |
| General Government                                  | 24,472                         |                            | 24,472                                  |
| Public Safety                                       |                                | 21,757                     | 21,757                                  |
| Public Works  |                                | 64,841                     | 64,841                                  |
| Debt Service:                                       |                                |                            |   |
| Redemption of Principal                             | 2,745                          | 9,967                      | 12,712                                  |
| Interest and Fiscal Charges                         | 1,205                          | 1,083                      | 2,288                                   |
|   | <u>28,422</u>                  | <u>97,648</u>              | <u>126,070</u>                          |
| Total Cash Disbursements                            |                                |                            |   |
| Total Cash Receipts Over/(Under) Cash Disbursements | <u>(3,775)</u>                 | <u>(5,336)</u>             | <u>(9,111)</u>                          |
| Fund Cash Balances, January 1                       | <u>19,252</u>                  | <u>116,684</u>             | <u>135,936</u>                          |
| <b>Fund Cash Balances, December 31</b>              | <b><u>\$ 15,477</u></b>        | <b><u>\$ 111,348</u></b>   | <b><u>\$ 126,825</u></b>                |
| Reserve for Encumbrances, December 31               | <u>\$</u>                      | <u>\$ 3,369</u>            | <u>\$ 3,369</u>                         |

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



**HAMILTON TOWNSHIP  
LAWRENCE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

Hamilton Township, Lawrence 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, and road and bridge maintenance and fire protection.

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

**B. Basis of Accounting**

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

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

**C. Cash and Investments**

All cash assets are maintained in an interest-bearing checking account.

**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 that are restricted to expenditure for specific purposes. The Township had the following significant Special Revenue Funds:

*Motor Vehicle License Tax Fund* - This fund receives motor vehicle license tax money for constructing, maintaining, and repairing Township roads.

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

**HAMILTON TOWNSHIP  
LAWRENCE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000  
(Continued)**

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

**D. Fund Accounting (Continued)**

**2. Special Revenue Funds (Continued)**

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

*Fire District Fund* - This fund receives property tax monies for fire protection services of Township residents.

**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. Unencumbered appropriations lapse at year end.

**2. Estimated Resources**

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

**3. Encumbrances**

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated. The Township did not encumber all commitments required by Ohio law. The budgetary presentations have been adjusted to include material items that should have been encumbered.

A summary of 2001 and 2000 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.

**HAMILTON TOWNSHIP  
LAWRENCE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000  
(Continued)**

**2. EQUITY IN POOLED CASH AND INVESTMENTS**

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

|                 |            |            |
|-----------------|------------|------------|
|                 | 2001       | 2000       |
| Demand deposits | \$ 133,149 | \$ 126,825 |

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

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2001 and 2000 follows:

2001 Budgeted vs. Actual Receipts

| Fund Type       | Budgeted<br>Receipts | Actual<br>Receipts | Variance   |
|-----------------|----------------------|--------------------|------------|
| General         | \$ 33,059            | \$ 23,646          | \$ (9,413) |
| Special Revenue | 97,661               | 98,045             | 384        |
| Total           | \$ 130,720           | \$ 121,691         | \$ (9,029) |

2001 Budgeted vs. Actual Budgetary Basis Expenditures

| Fund Type       | Appropriation<br>Authority | Budgetary<br>Expenditures | Variance   |
|-----------------|----------------------------|---------------------------|------------|
| General         | \$ 48,534                  | \$ 31,084                 | \$ 17,450  |
| Special Revenue | 212,405                    | 88,539                    | 123,866    |
| Total           | \$ 260,939                 | \$ 119,623                | \$ 141,316 |

2000 Budgeted vs. Actual Receipts

| Fund Type       | Budgeted<br>Receipts | Actual<br>Receipts | Variance   |
|-----------------|----------------------|--------------------|------------|
| General         | \$ 22,281            | \$ 24,647          | \$ 2,366   |
| Special Revenue | 96,805               | 92,312             | (4,493)    |
| Total           | \$ 119,086           | \$ 116,959         | \$ (2,127) |

2000 Budgeted vs. Actual Budgetary Basis Expenditures

| Fund Type       | Appropriation<br>Authority | Budgetary<br>Expenditures | Variance   |
|-----------------|----------------------------|---------------------------|------------|
| General         | \$ 41,532                  | \$ 28,422                 | \$ 13,110  |
| Special Revenue | 213,489                    | 101,017                   | 112,472    |
| Total           | \$ 255,021                 | \$ 129,439                | \$ 125,582 |

**HAMILTON TOWNSHIP  
LAWRENCE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000  
(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. DEBT**

Debt outstanding at December 31, 2001 was as follows:

|                                | <u>Principal</u> | <u>Interest Rate</u> |
|--------------------------------|------------------|----------------------|
| Fire Station Improvement Note  | \$ 7,500         | 5.85%                |
| Fire Truck Acquisition Note    | 20,663           | 7.60%                |
| Total General Obligation Notes | <u>\$ 28,163</u> |                      |

The fire station improvement note was issued to make improvements to the Township's fire station. The original note was for \$45,000, with an annual principal payment due of \$7,500. The fire truck acquisition note was for the purchase of a fire truck. The original note was for \$41,400, with an annual payment due of \$5,175. Both of these notes are backed by the full faith and credit of the Township for repayment.

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

|                          | <u>General<br/>Obligation<br/>Notes</u> |
|--------------------------|---|
| Year ending December 31: |   |
| 2002                     | \$ 13,068                               |
| 2003                     | 5,469                                   |
| 2004                     | 5,371                                   |
| 2005                     | 5,236                                   |
| Total                    | <u>\$ 29,144</u>                        |

**HAMILTON TOWNSHIP  
LAWRENCE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000  
(Continued)**

**6. RETIREMENT SYSTEM**

The Board of Trustees and Township Clerk belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including postretirement 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 2001 and 2000, PERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries for 2001 and from January 1, 2000 through June 30, 2000. PERS temporarily reduced the employer contribution rate to 8.13%, effective July 1, 2000 through December 31, 2000. In 2001, however, the Township continued to contribute the employer's share of PERS at the temporarily reduced rate, resulting in an underpayment of \$1,732. This underpayment was corrected in March 2002.

**7. RISK MANAGEMENT**

**Commercial Insurance**

The Township has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- General liability and casualty;
- Public officials' liability; and
- Vehicles.

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OFFICE OF THE AUDITOR**

**JIM PETRO, AUDITOR OF STATE**

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

Hamilton Township  
Lawrence County  
2414 North Second Street  
Ironton, Ohio 45638

To the Board of Trustees:

We have audited the accompanying financial statements of Hamilton Township, Lawrence County, Ohio (the Township), as of and for the years ended December 31, 2001 and 2000, and have issued our report thereon dated August 1, 2002. 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 2001-40744-001 and 2001-40744-002. We also noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated August 1, 2002.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Township's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. 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 2001-40744-003 and 2001-40744-004.

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 item 2001-40744-004 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 12, 2002.

This report is intended solely 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.

A handwritten signature in black ink, appearing to read "Jim Petro", written in a cursive style.

**Jim Petro**  
Auditor of State

August 1, 2002



**HAMILTON TOWNSHIP  
LAWRENCE COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2001 AND 2000**

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

**FINDING NUMBER 2001-40744-001**

**Noncompliance Citation**

Ohio Rev. Code Section 5705.41(D) states that no subdivision or taxing unit shall make any contract or order any expenditure of money unless there is attached thereto a certificate of the fiscal officer of the subdivision that the amount required to meet the same has been lawfully appropriated for such purpose and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrance. Every such contract made without such a certificate shall be null and void and no warrant shall be issued in payment of any amount due thereon.

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

- ▶ “Then and Now Certificate”: This exception provides that, if the fiscal officer can certify that both at the time that the contract or order was made and at the time that he is completing his certification, sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the taxing authority can authorize the drawing of a warrant. The taxing authority has 30 days from the receipt of such certificate to approve payment by resolution or ordinance. If approval is not made within 30 days, there is no legal liability on the part of the subdivision or taxing district.
- ▶ Amounts of less than \$1,000 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.

In 2000, 35% of the expenditures tested did not have the prior certification of the Township Clerk. In 2001, 21% of the expenditures tested did not have the prior certification of the Township Clerk. For 2000 and 2001, “then and now” certificates were not obtained. This could result in the Township spending more than what is available.

We recommend the Township obtain the prior certification of the Township Clerk before an obligation is incurred.

**FINDING NUMBER 2001-40744-002**

**Finding for Adjustment**

Ohio Rev. Code Section 505.24 states that the Township Trustees shall be paid from the Township's General Fund or from such other Township funds in such proportions as the Board may specify by resolution. The salary resolution must allocate the salary distribution from various funds in the same proportion as the Board of Trustees' service bears to the activities supported by such funds, as determined by the Board of Trustees.

During our audit, we noted that the Board of Trustees were paid a combined total of \$21,636 in 2001 and \$21,005 in 2000. All of the Board of Trustees' salaries were paid from the Gasoline Tax Fund during 2000 and 2001. There was no resolution in effect which indicated that Board of Trustees' salaries should be paid from any fund other than the General Fund.

**HAMILTON TOWNSHIP  
LAWRENCE COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2001 AND 2000  
(Continued)**

|  |
|--|
| <b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS<br/>REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b> |
|--|

**FINDING NUMBER 2001-40744-002 (Continued)**

**Finding for Adjustment (Continued)**

The Board of Trustees adopted a retroactive resolution on July 2, 2002, to allocate the Board of Trustees' salaries at 2% from the General Fund and 98% from the Gasoline Tax Fund, based upon the estimated level of service provided by the Board of Trustees for the purpose of each fund:

| <u>Fund</u>  | <u>2001</u>             | <u>2000</u>             | <u>Total</u>            |
|--------------|-------------------------|-------------------------|-------------------------|
| General      | \$ 433                  | \$ 420                  | \$ 853                  |
| Gasoline Tax | <u>21,203</u>           | <u>20,585</u>           | <u>41,788</u>           |
|              | <u><u>\$ 21,636</u></u> | <u><u>\$ 21,005</u></u> | <u><u>\$ 42,641</u></u> |

In accordance with the foregoing facts, and pursuant to Ohio Rev. Code Section 505.24, a Finding for Adjustment is hereby issued against the General Fund in the amount of \$433 in 2001, and \$420 in 2000 for a total of \$853, and in favor of the Gasoline Tax Fund as of December 31, 2001.

Although these adjustments are reflected in the accompanying financial statements, the Township has not recorded them in their books and records until after the audit period.

**FINDING NUMBER 2001-40744-003**

**Reportable Condition – Timely Deposits**

Receipts of the Township were not deposited timely. Per review of the bank statements, deposits were made approximately once per month during the audit period. For example, the Township received \$31,728 in December 2000. Although these receipts were dated December 1 and December 17, they were not deposited until January 16, 2001. Additionally, the Township received \$35,905 in December 2001. Although these receipts were dated December 5 and December 30, they were not deposited until January 18, 2002. As a result of the lapse of time between the receipt and deposit of monies, the Township is not maximizing its investment earning potential. Further, holding receipts increases the susceptibility of the loss of the receipts.

We recommend the Township Clerk deposit all monies on the next business day following the day of receipt. If this is not practical, we recommend the Township Clerk deposit all monies in a timely manner. Additionally, provisions should be made to safeguard receipts until they are deposited.

**HAMILTON TOWNSHIP  
LAWRENCE COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2001 AND 2000  
(Continued)**

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

**FINDING NUMBER 2001-40744-004**

**Material Weakness – Transaction Posting**

During the audit period, transactions were not always posted accurately or timely. Receipts were not posted to the system as they were received. The receipts posted to the system were dated the same date for all of the receipts of the month. This is indicated that receipts were held for a period of time before being receipted in. This could result in errors in posting the receipts as well as the loss of interest income if receipts are held for an extended period of time before being deposited. Additionally, the receipts were not signed by the Township Clerk. This could result in unauthorized/incorrect receipts being posted to the system and remaining undetected for a period of time.

Our testing also revealed that approximately 35% of the checks issued during 2000 and approximately 15% of the checks issued during 2001 were manual checks. Like the computer-generated checks, the manual checks were signed by the Township Clerk and at least two Board of Trustees. However, the amounts, dates, and check numbers were not always posted to the system accurately. For instance, in 24% of the disbursements tested from year 2000 and 23% of the disbursements tested from year 2001, the date printed on the check did not agree to the date recorded in the UAN system. Also, for 31% of the disbursements tested from year 2000, the check number recorded in the system did not agree to the check number recorded on the check. We also noted that some manual checks were issued but not posted to the system until months later. This resulted in errors going undetected for long periods of time and cumbersome reconciliations.

The monthly bank reconciliations were not always timely performed. The January, February, March, April, and May 2001 reconciliations were not completed until July, 2001. This could result in errors going undetected for long periods of time and cumbersome reconciliations.

We recommend the Township Clerk make a concentrated effort to post transactions accurately and timely. Also, as much as possible, checks should be prepared utilizing the UAN system rather than being issued manually. Finally, the ledgers should be reconciled to the bank statement as soon as possible once the bank statement has been received from the bank each month.

**HAMILTON TOWNSHIP  
LAWRENCE COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2001 AND 2000**

| Finding Number | Finding Summary  | Fully Corrected? | Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid;<br><b><i>Explain:</i></b> |
|----------------|--|------------------|--|
| 1999-40744-001 | A reportable condition was issued for failing to deposit timely. | No               | Not Corrected:<br><br>Repeated in the current audit as finding 2001-40744-003.   |



STATE OF OHIO  
OFFICE OF THE AUDITOR  

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JIM PETRO, AUDITOR OF STATE

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**HAMILTON TOWNSHIP**

**LAWRENCE 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  
OCTOBER 8, 2002**