



**Auditor of State
Betty Montgomery**

HAMILTON TOWNSHIP
LAWRENCE COUNTY

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Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT

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

To the Board of Township 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, 2003 and 2002. 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.

The Township's financial transactions were processed using the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to conduct the audit of the Township because the Auditor of State designed, developed, implemented, and, as requested operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments.

We believe that our audit provides a reasonable basis for our opinion.

As described 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, Lawrence County, as of December 31, 2003 and 2002, 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 November 29, 2004 on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

This report is intended solely for the information and use of management, the Board of Township 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.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

November 29, 2004

**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, 2003**

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Local Taxes	\$ 2,542	\$ 13,473	\$ 16,015
Intergovernmental	15,850	55,748	71,598
Earnings on Investments	161	548	709
Miscellaneous	5,434	46,304	51,738
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	23,987	116,073	140,060
	<hr/>	<hr/>	<hr/>
Cash Disbursements:			
Current:			
General Government	21,412		21,412
Public Safety		27,228	27,228
Public Works		61,811	61,811
Capital Outlay		159,463	159,463
Debt Service:			
Redemption of Principal		15,488	15,488
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	21,412	263,990	285,402
	<hr/>	<hr/>	<hr/>
Total Cash Receipts Over/(Under) Cash Disbursements	2,575	(147,917)	(145,342)
	<hr/>	<hr/>	<hr/>
Other Financing Receipts:			
Proceeds from Sale of Public Debt:			
Sale of Bonds		102,000	102,000
	<hr/>	<hr/>	<hr/>
Total Other Financing Receipts		102,000	102,000
	<hr/>	<hr/>	<hr/>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements	2,575	(45,917)	(43,342)
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, January 1	3,737	168,633	172,370
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, December 31	\$ 6,312	\$ 122,716	\$ 129,028
	<hr/> <hr/>	<hr/> <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, 2002**

	Governmental Fund Types		Totals (Memorandum Only)
	General	Special Revenue	
Cash Receipts:			
Local Taxes	\$ 3,777	\$ 38,142	\$ 41,919
Intergovernmental	17,381	60,733	78,114
Earnings on Investments	323	434	757
Miscellaneous	7,048	42,597	49,645
Total Cash Receipts	28,529	141,906	170,435
Cash Disbursements:			
Current:			
General Government	27,029		27,029
Public Safety		20,228	20,228
Public Works		51,110	51,110
Capital Outlay		9,242	9,242
Debt Service:			
Redemption of Principal		12,675	12,675
Interest and Fiscal Charges	5,802	5,128	10,930
Total Cash Disbursements	32,831	98,383	131,214
Total Cash Receipts Over/(Under) Cash Disbursements	(4,302)	43,523	39,221
Fund Cash Balances, January 1	8,039	125,110	133,149
Fund Cash Balances, December 31	\$ 3,737	\$ 168,633	\$ 172,370

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

**HAMILTON TOWNSHIP
LAWRENCE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002**

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 road and bridge maintenance, cemetery 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. Fund Accounting

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

1. General Fund

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

2. Special Revenue Funds

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

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

Fire District Fund - This fund receives property tax money and payment in lieu of taxes to provide fire protection for the Township.

**HAMILTON TOWNSHIP
LAWRENCE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. 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. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year. The Township did not encumber all commitments required by Ohio law.

A summary of 2003 and 2002 budgetary activity appears in Note 3.

E. 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 and investments. The carrying amount of cash and investments at December 31 was as follows:

	<u>2003</u>	<u>2002</u>
Demand deposits	\$129,028	\$172,370

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

**HAMILTON TOWNSHIP
LAWRENCE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)**

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2003 and 2002 follows:

2003 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$73,312	\$23,987	(\$49,325)
Special Revenue	100,246	218,073	117,827
Total	\$173,558	\$242,060	\$68,502

2003 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$0	\$21,412	(\$21,412)
Special Revenue	0	263,990	(263,990)
Total	\$0	\$285,402	(\$285,402)

2002 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$32,320	\$28,529	(\$3,791)
Special Revenue	97,326	141,906	44,580
Total	\$129,646	\$170,435	\$40,789

2002 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$0	\$32,831	(\$32,831)
Special Revenue	0	98,383	(98,383)
Total	\$0	\$131,214	(\$131,214)

Contrary to Ohio law, expenditures exceeded appropriations in all funds.

**HAMILTON TOWNSHIP
LAWRENCE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(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, 2003 was as follows:

	Principal	Interest Rate
General Obligation Bonds	\$102,000	4.41%

The general obligation bonds were issued to finance the purchase of a fire truck. The bonds are collateralized solely by the Township's taxing authority.

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

	General Obligation Bonds
Year ending December 31:	
2004	\$12,834
2005	12,834
2006	12,834
2007	12,834
2008	12,834
2009 - 2013	64,168
Total	\$128,338

**HAMILTON TOWNSHIP
LAWRENCE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)**

6. RETIREMENT SYSTEMS

The Township's elected officials 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 2003 and 2002, PERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries for 2003 and 2002. The Township has not paid all contributions required through December 31, 2003.

7. RISK MANAGEMENT

Commercial Insurance

The Township has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles; and
- Errors and omissions.

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Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT 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 Township 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, 2003 and 2002, and have issued our report thereon dated November 29, 2004 wherein we noted that the Township's financial transactions were processed using the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to conduct the audit of the Township because the Auditor of State designed, developed, implemented, and, as requested, operates UAN. 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 2003-001 through 2003-004. We also noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated November 29, 2004.

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 2003-005 through 2003-007.

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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 are material weaknesses. 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 the Township's management in a separate letter dated November 29, 2004.

This report is intended solely for the information and use of management and the Board of Township 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 that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

November 29, 2004

HAMILTON TOWNSHIP
LAWRENCE COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2003 AND 2002

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

FINDING NUMBER 2003-001

Noncompliance Citation

Ohio Rev. Code § 5705.41(D)(1) requires that no subdivision or taxing unit shall make any contract or give any order involving the expenditure of money unless there is attached thereto a certificate of the fiscal officer of the subdivision that the amount required to meet the obligation 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 encumbrances. This certificate need be signed only by the Township Clerk. Every contract made without such a certificate shall be void, and no warrant shall be issued in payment of any amount due thereon.

The main exceptions to the requirements stated above are provided for in Ohio Rev. Code Sections 5705.41(D)(1) and (D)(3) respectively:

- 1. Then and Now Certificates** – If no certificate is furnished as required, upon receipt of the fiscal officer's certificate that a sufficient sum was, both at the time the contract or order was made and at the time the certification is completed, appropriated and free of any previous encumbrances, the Board of Township Trustees may authorize the issuance of a warrant in payment of the amount due upon such contract or order by resolution within 30 days from the receipts of such certificate.

If the amount involved is less than \$1,000 dollars (which was increased to \$3,000 on April 7, 2003), the Township Clerk may authorize payment through a "Then and Now" Certificate without affirmation of the Township Trustees, if such expenditure is otherwise valid. This does not eliminate any otherwise applicable requirement for approval of expenditures by the Township.

- 2. Blanket Certificate** – Fiscal officers may prepare "blanket" certificates for a certain sum of money not in excess of an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority against any specific line item account over a period not running beyond the end of the current fiscal year. (Prior to September 26, 2003, blanket certificates were limited to \$5,000 and three months.) The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.
- 3. Super Blanket Certificate** – The Township may also make expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification is not to extend beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any line item appropriation.

Purchase orders with attached certificates and blanket certificates were generated on the UAN system by the Township Clerk in 2002 and 2003. A few purchase orders with certificates attached in 2002 were signed by the Board of Township Trustees. However, the Township Clerk did not sign and date any of the purchase orders with attached certificates or blanket certificates in 2002 or 2003 and they were, therefore, not valid. Failure to properly certify the availability of funds can result in overspending funds and negative cash fund balances.

**HAMILTON TOWNSHIP
LAWRENCE COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2003 AND 2002
(Continued)**

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

**FINDING NUMBER 2003-001
(Continued)**

Noncompliance Citation - Ohio Rev. Code § 5705.41(D)(1) (Continued)

Unless the exceptions noted above are used, prior certification is not only required by statute but is a key control in the disbursement process to assure that purchase commitments receive prior approval. To improve controls over disbursements and to help reduce the possibility of the Township's funds exceeding budgetary spending limitations, we recommend that the Clerk certify that the funds are or will be available prior to obligation by the Township. When prior certification is not possible, "then and now" certification should be used.

We recommend the Township Clerk certify the availability of funds by signing and dating purchase orders with attached certificates and blanket certificates. We further recommend that purchase orders with attached certificates and blanket certificates be signed by the Board of Township Trustees.

FINDING NUMBER 2003-002

Noncompliance Citation

Ohio Rev. Code Section 5705.39 provides, in part, that 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.

The Township Clerk did not file the 2002 or 2003 annual appropriation resolution with the County Auditor and did not receive the required certification.

We recommend the Township Clerk file the annual appropriation resolution and obtain the certificate from the County Auditor.

FINDING NUMBER 2003-003

Noncompliance Citation

Ohio Rev. Code Section 5705.38(A) provides that an appropriation measure is to be passed on or about the first day of each year.

The minute record of the Board of Township Trustees states that the Trustees approved annual appropriations in 2002 and 2003; however, the Township Clerk could not provide an annual appropriation resolution from the Township records or any document showing the amounts that were approved and the appropriations were not filed with the County Budget Commission.

As a result, appropriations are reported as zero in the financial statements.

We recommend the Township Clerk file the appropriations resolution with the County Budget Commission and maintain a copy for the Township files.

**HAMILTON TOWNSHIP
LAWRENCE COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2003 AND 2002
(Continued)**

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

FINDING NUMBER 2003-004

Noncompliance Citation

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

Expenditures in all funds exceeded appropriations in 2002 and 2003. Appropriations for both years are reported at zero because the Township Clerk could not provide documentation of the appropriations that were approved by the Board of Township Trustees.

We recommend the Township Clerk maintain documentation of appropriations approved by the Board of Township Trustees.

FINDING NUMBER 2003-005

Reportable Condition

During the audit period, transactions were not always posted accurately or timely. Revenues 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. There were no receipts posted to the system or bank deposits made in January and February of 2002 and 2003. There were a total of seven months during the audit period that no bank deposits were made. There were no bank deposits made between June 18, 2003 and September 17, 2003. 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 many manual checks were issued. Like the computer-generated checks, the manual checks were signed by the Township Clerk and at least two members of the Board of Township Trustees. However, the amounts, dates, and check numbers were not always posted to the system accurately. Disbursements charged to improper account codes resulted in adjustments to the 2002 and 2003 financial statements. 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 performed timely. This also could result in errors going undetected for long periods of time and cumbersome reconciliations. In 2002, the Clerk recorded a receipt to void a warrant that had been outstanding since 2001.

We recommend the Township Clerk make a concentrated effort to post transactions accurately and timely. Receipts should only be recorded when revenue is received. Also, as much as possible, checks should be prepared utilizing the UAN system rather than being issued manually. Disbursements should be charged to the proper account codes. 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 FINDINGS
DECEMBER 31, 2003 AND 2002
(Continued)**

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

FINDING NUMBER 2003-006

Reportable Condition

Documentation should be maintained to support all disbursement transactions of the Township.

Disbursements testing revealed that 20% of the disbursements tested from year 2002 and 7% of the disbursements tested from year 2003 had no supporting documentation. Other disbursement transactions scanned were noted to lack support.

This could raise questions as to the validity of these transactions.

We recommend the Township Clerk maintain supporting documentation for all disbursement transactions.

FINDING NUMBER 2003-007

Reportable Condition

Supporting documentation should be maintained to support all Township expenditures. Contract laborers should complete timecards or submit invoices which indicate the dates worked, number of hours worked and type of work completed.

Multiple contract laborers were paid for services provided to the Township throughout 2002 and 2003. However, there is no documentation to support the amounts paid to these workers.

This could raise questions regarding the validity of these transactions.

We recommend that supporting documentation, such as timecards or invoices, be maintained for all disbursements for contract labor.

**HAMILTON TOWNSHIP
LAWRENCE COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2003 AND 2002**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
2001-40744-001	Ohio Rev. Code Section 5705.41(D), failure to certify funds	No	Reissued as Finding 2003-001
2001-40744-002	Ohio Rev. Code Section 505.24, failure to pay Trustees from General Fund	No	Financial statements adjusted to comply with salary resolution. Reissued as Management Letter citation.
2001-40744-003	Reportable condition – failure to deposit timely	No	Reissued as Management Letter recommendation
2001-40744-004	Material weakness – transaction posting	No	Reissued as Finding 2003-005



**Auditor of State
Betty Montgomery**

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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
DECEMBER 28, 2004**