

HAMILTON TOWNSHIP
WARREN COUNTY

REGULAR AUDIT

JANUARY 1, 1998-DECEMBER 31, 1999

HAMILTON TOWNSHIP
WARREN COUNTY

REGULAR AUDIT

JANUARY 1, 1998-DECEMBER 31, 1999

Prepared by:

MICHAEL A. BALESTRA, CPA, INC.

CERTIFIED PUBLIC ACCOUNTANTS

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HAMILTON TOWNSHIP
WARREN COUNTY
JANUARY 1, 1998 THROUGH DECEMBER 31, 1999

Table of Contents

<i>Independent Auditors' Report</i>	1
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types- For the Year Ended December 31, 1999	2
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types- For the Year Ended December 31, 1998	3
Notes to the Financial Statements	4-9
Report on Compliance and on Internal Control required by Government Auditing Standards	10
Schedule of Findings	11



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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Board of Trustees
Hamilton Township

We have reviewed the Independent Auditor's Report of Hamilton Township, Warren County, prepared by Michael A. Balestra, CPA, Inc. for the audit period January 1, 1998 through December 31, 1999. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. Hamilton Township is responsible for compliance with these laws and regulations.



JIM PETRO
Auditor of State

June 16, 2000

MICHAEL A. BALESTRA, CPA, INC.

CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITORS' REPORT

Board of Trustees
Hamilton Township
P.O. Box 38
8373 Maineville Road
Maineville, Ohio 45039

We have audited the accompanying financial statements of Hamilton Township, Warren County, Ohio, (the "Township") as of and for the years ended December 31, 1999 and 1998. 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 audits.

We conducted our audits in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in the *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits 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 audits provide 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, Warren County, Ohio, as of December 31, 1999 and 1998, 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 June 9, 2000 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.

This report is intended solely for the information and use of the 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.

Michael A. Balestra, CPA, Inc.

Michael A. Balestra, CPA, Inc.

June 9, 2000

HAMILTON TOWNSHIP
WARREN COUNTY

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND
CASH BALANCES - ALL GOVERNMENTAL FUND TYPES -
FOR THE YEAR ENDED DECEMBER 31, 1999

	<u>General</u>	<u>Special Revenue</u>	<u>(Memorandum Only) Total</u>
Cash receipts:			
Local taxes	\$166,369	\$1,323,792	\$1,490,161
Intergovernmental	536,329	358,696	895,025
Interest	73,333	0	73,333
Charges for services	0	23,660	23,660
Fines, licenses, and permits	47,013	47,019	94,032
All Other Revenue	79,214	24,356	103,570
Special Assessments	0	41,618	41,618
Total cash receipts	<u>902,258</u>	<u>1,819,141</u>	<u>2,721,399</u>
Cash disbursements:			
Current:			
General Government	616,515	0	616,515
Public Safety	0	734,419	734,419
Public Works	0	296,128	296,128
Health	10,503	19,593	30,096
Conservation-Recreation	53,070	0	53,070
Miscellaneous	0	195,835	195,835
Debt Service:			
Redemption of principal	84,374	0	84,374
Interest	8,269	0	8,269
Capital outlay	88,526	185,666	274,192
Total Expenditure Disbursements	<u>861,257</u>	<u>1,431,641</u>	<u>2,292,898</u>
Total receipts over/(under) program disbursements	<u>41,001</u>	<u>387,500</u>	<u>428,501</u>
Excess of cash receipts and other financing receipts over/(under) cash disbursements and other financing disbursements	41,001	387,500	428,501
Fund cash balances January 1, 1999	<u>1,098,690</u>	<u>930,056</u>	<u>2,028,746</u>
Fund cash balances, December 31, 1999	<u>\$1,139,691</u>	<u>\$1,317,556</u>	<u>\$2,457,247</u>

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

HAMILTON TOWNSHIP
WARREN COUNTY

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND
CASH BALANCES - ALL GOVERNMENTAL FUND TYPES -
FOR THE YEAR ENDED DECEMBER 31, 1998

	General	Special Revenue	(Memorandum Only) Total
Cash receipts:			
Local taxes	\$147,068	\$1,075,971	\$1,223,039
Intergovernmental	1,505,128	172,157	1,677,285
Interest	53,432	0	53,432
Charges for services	0	4,267	4,267
Fines, licenses, and permits	53,497	22,410	75,907
All Other Revenue	89,495	72,447	161,942
Special Assessments	0	33,629	33,629
Total cash receipts	<u>1,848,620</u>	<u>1,380,881</u>	<u>3,229,501</u>
Cash disbursements:			
Current:			
General Government	388,303	0	388,303
Public Safety	0	936,610	936,610
Public Works	0	455,768	455,768
Health	12,346	30,639	42,985
Conservation-Recreation	267,119	0	267,119
Miscellaneous	25,000	0	25,000
Debt Service:			
Redemption of principal	84,740	0	84,740
Interest	11,555	0	11,555
Capital outlay	124,000	209,222	333,222
Total Expenditure Disbursements	<u>913,063</u>	<u>1,632,239</u>	<u>2,545,302</u>
Total receipts over/(under) program disbursements	<u>935,557</u>	<u>(251,358)</u>	<u>684,199</u>
Other financing receipts/(disbursements):			
Proceeds from sale of public debt			
Sale of notes	253,125	0	253,125
Transfers-in	0	144,000	144,000
Transfers-out	(144,000)	0	(144,000)
Total other financing receipts/(disbursements)	<u>109,125</u>	<u>144,000</u>	<u>253,125</u>
Excess of cash receipts and other financing receipts over/(under) cash disbursements and other financing disbursements	<u>1,044,682</u>	<u>(107,358)</u>	<u>937,324</u>
Fund cash balances January 1, 1998	<u>54,008</u>	<u>1,037,414</u>	<u>1,091,422</u>
Fund cash balances, December 31, 1998	<u>\$1,098,690</u>	<u>\$930,056</u>	<u>\$2,028,746</u>

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

HAMILTON TOWNSHIP
WARREN COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998

1. Summary of Significant Accounting Policies

A. Description of the Entity

Hamilton Township, Warren 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 maintenance of roads, police and fire protection, emergency medical services and cemetery maintenance.

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 a payment is made 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

Certificates of deposit are valued at cost.

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:

General Fund

The General Fund is the general operating fund. It is used to account for all financial resources except those required by law or contract to be restricted.

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:

Motor Vehicle License Tax Fund- This fund receives motor vehicle license tax money to construct, maintain and repair Township roads.

Gasoline Tax Fund- This fund receives gasoline tax money to construct, maintain and repair Township roads.

Road and Bridge Fund- This fund receives property tax money to maintain township roads and bridges.

HAMILTON TOWNSHIP
WARREN COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998

1. Summary of Significant Accounting Policies (Continued)

D. Fund Accounting

Special Revenue Funds (Continued)

Police Fund- This fund receives tax levy monies for police salaries and police protection services.

Fire District Fund- This fund receives property tax money to provide fire protection through contracts with other governmental entities.

Emergency Medical Services- This fund receives property tax money to provide emergency medical services.

Lighting District Assessment Fund- This fund receives property assessment money to provide street lighting services.

E. Budgetary Process

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

Appropriations

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

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.

Encumbrances

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

A summary of 1999 and 1998 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
WARREN COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998

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, 1999 and 1998 was as follows:

	<u>1999</u>	<u>1998</u>
Demand deposits	\$ 1,308,989	\$933,851
Certificates of deposit	<u>100,000</u>	<u>100,000</u>
Total deposits	<u>\$1,408,989</u>	<u>\$1,033,851</u>
Repurchase Agreement	<u>1,072,331</u>	<u>1,027,322</u>
Total Investments	<u>\$1,072,331</u>	<u>\$1,027,322</u>
Total Deposits & Investments	<u>\$2,481,320</u>	<u>\$2,061,173</u>
Reconciling Items	(24,073)	(32,427)
Carrying Amount	<u>\$2,457,247</u>	<u>\$2,028,746</u>

Deposits:

Deposits are either (1) insured by the Federal Depository Insurance Corporation, or (3) collateralized by the financial institution's public entity deposit pool.

Investments:

The repurchase agreement is held by Lebanon Citizen National Bank (of Ohio), and the investments included in this program are not insured by the FDIC or any government agency, are not deposits or obligations of the Bank, and are subject to investment risks, including the possible loss of principal amount invested. Average fund yield is computed before any bank fees are charged.

3. Budgetary Activity

Budgetary activity for the years ending December 31, 1999 and 1998 was as follows:

<u>Fund Type</u>	<u>1999 Budgeted VS. Actual Receipts</u>		
	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$2,232,345	\$902,258	\$(1,330,087)
Special Revenue	\$2,637,726	\$1,819,141	(\$818,585)
Total	<u>\$4,870,071</u>	<u>\$2,721,399</u>	<u>\$(2,148,672)</u>

HAMILTON TOWNSHIP
WARREN COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998

3. Budgetary Activity (Continued)

1999 Budgeted VS. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$2,232,345	\$861,257	\$1,371,088
Special Revenue	\$2,523,444	\$1,431,641	\$1,091,803
Total	<u>\$4,755,789</u>	<u>\$2,292,898</u>	<u>\$2,462,891</u>

In 1999, the Township had disbursements exceeding appropriations of \$16,889 in the Police District Fund. This is in violation of Ohio Revised Code Section 5705.41(B), which prohibits the expenditure of funds unless they have been properly appropriated.

1998 Budgeted VS. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$626,867	\$2,101,745	\$1,474,878
Special Revenue	\$2,364,430	\$1,524,881	(\$839,549)
Total	<u>\$2,991,297</u>	<u>\$3,626,626</u>	<u>\$635,329</u>

1998 Budgeted VS. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$626,867	\$1,057,063	(\$430,196)
Special Revenue	\$2,303,755	\$1,632,239	\$671,516
Total	<u>\$2,930,622</u>	<u>\$2,689,302</u>	<u>\$241,320</u>

In 1998, the Township had disbursements exceeding appropriations of \$430,196 in the General Fund, \$1,179 in the Motor Vehicle License Tax Fund, \$67,958 in the Road and Bridge Fund, and \$1,280 in the Lighting District Fund. These were in violation of Ohio Revised Code Section 5705.41(B), which prohibits the expenditure of funds unless they have been properly appropriated.

HAMILTON TOWNSHIP
WARREN COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998

4. Property Tax

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by the Township. 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, 1999 was as follows:

	<u>Principal</u>	<u>Interest Rate:</u>
Park Acquisition Note	\$84,375	4.90%
Park Purchase Agreement	\$40,000	N/A

The Park acquisition note and park purchase agreement relate to land acquisition for a park and for a new Township Administration building. The loans will be paid in full in the year 2000.

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

<u>Year Ending</u>	<u>Park Acquisition</u>	<u>Park Purchase</u>
<u>December 31:</u>	<u>Note</u>	<u>Agreement</u>
2000	\$88,509	\$40,000

6. Retirement Systems

Ohio Police and Fire Pension Fund

The Township's law enforcement officers belong to the Police & Firemen's Disability & Pension Funds (OP&F), a cost sharing multiple-employer defined benefit pension plan. OP&F provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. OP&F issues a publicly available financial report that includes financial information and required supplementary information for the plan. That report may be obtained by writing to OP&F, 140 East Town Street, Columbus, Ohio.

Plan members are required to contribute 10.0% of their annual covered salary, while employers are required to contribute 19.5% and 24% respectively for police officers and firefighters. The Township's contributions to OP&F for the years ending December 31, 1999 and 1998 were \$35,023 and \$44,340 respectively, equal to the required contributions for each year.

HAMILTON TOWNSHIP
WARREN COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998

6. Retirement Systems (Continued)

Public Employees Retirement System

All other full-time Township 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 1999 and 1998, members of PERS contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.5% of participants gross salaries. The Township has paid all contributions required through December 31, 1999.

7. Risk Management

The Township has obtained commercial carrier insurance for the following risks:

- Comprehensive property and general liability
- Vehicles
- Errors and omissions
- Public Officials liability

The Township also provides health insurance and dental and vision coverage to full-time employees through a private carrier.

8. Pending Litigation

The Township is party to legal proceedings. The Township is of the opinion that ultimate disposition of claims will not have a material effect, if any, on the financial condition of the Township.

MICHAEL A. BALESTRA, CPA, INC.

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Report on Compliance and on Internal Control required by Government Auditing Standards

Board of Trustees
Hamilton Township
P.O. Box 38
8373 Maineville Road
Maineville, Ohio 45039

We have audited the accompanying financial statements of the Hamilton Township, Warren County, Ohio (the "Township"), as of and for the years ended December 31, 1999 and 1998, and have issued our report thereon dated June 9, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Governmental 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 item 1999-1998-001. We also noted certain immaterial instances of noncompliance that we have reported to the management of the Township in a separate letter dated June 9, 2000.

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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. 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. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to the management of the Township in a separate letter dated June 9, 2000.

This report is intended solely for the information and use of the 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.

Michael A. Balestra, CPA, Inc.

Michael A. Balestra, CPA, Inc.

June 9, 2000

HAMILTON TOWNSHIP
WARREN COUNTY
DECEMBER 31, 1999 AND 1998

SCHEDULE OF FINDINGS

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

Finding Number	1999-1998-001
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Ohio Revised Code Section 5705.41(B) prohibits a subdivision from making a disbursement unless it has been properly appropriated.

For the year ended December 31, 1999, actual disbursements exceeded appropriations, as follows:

1999 Budgeted vs. Actual Budgetary Basis Expenditures.

<u>Fund</u>	<u>Appropriation Authority</u>	<u>Disbursements</u>	<u>Variance</u>
Police District Fund	\$ 337,551	\$ 354,440	\$ (16,889)

For the year ended December 31, 1998, actual disbursements exceeded appropriations, as follows:

1998 Budgeted vs. Actual Budgetary Basis Expenditures.

<u>Fund</u>	<u>Appropriation Authority</u>	<u>Disbursements</u>	<u>Variance</u>
General	\$ 626,867	\$ 1,057,063	\$ (430,196)
Road and Bridge Fund	228,668	296,626	(67,958)

We recommend the Township review budgetary information on a regular basis to ensure disbursements have not exceeded appropriations.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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HAMILTON TOWNSHIP

WARREN 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.

By: Susan Babbitt

Date: JUNE 29, 2000