



**Auditor of State
Betty Montgomery**

HAMILTON TOWNSHIP
WARREN COUNTY

TABLE OF CONTENTS

TITLE	PAGE
Independent Accountants' Report.....	1
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, 2003.....	3
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, 2002.....	4
Notes to the Financial Statements	5
Independent Accountants' Report on Compliance and on Internal Control Required by <i>Government Auditing Standards</i>	11
Schedule of Findings.....	13
Schedule of Prior Audit Findings.....	17

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

Hamilton Township
Warren County
7780 South State Route 48
P.O. Box 699
Maineville, Ohio 45039

To the Board of Trustees:

We have audited the accompanying financial statements of Hamilton Township, Warren 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. 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 the Township 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 December 27, 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 the management, the Board 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

December 27, 2004

**HAMILTON TOWNSHIP
WARREN 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, 2003**

	<u>Governmental Fund Types</u>				Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Fiduciary Funds</u>	
Cash Receipts:					
Local Taxes	\$319,608	\$2,370,822	\$0	\$0	\$2,690,430
Intergovernmental	293,493	345,255	0	0	638,748
Special Assessments	0	162,889	0	0	162,889
Licenses, Permits, and Fees	0	249,246	0	0	249,246
Fines, Forfeitures, and Penalties	0	118,850	0	0	118,850
Earnings on Investments	4,230	0	0	0	4,230
Other Revenue	145,653	24,840	0	2,962	173,455
Total Cash Receipts	<u>762,984</u>	<u>3,271,902</u>	<u>0</u>	<u>2,962</u>	<u>4,037,848</u>
Cash Disbursements:					
Current:					
General Government	695,863	130,351	0	0	826,214
Public Safety	0	1,545,888	0	0	1,545,888
Public Works	0	668,088	0	0	668,088
Contract Services	0	580,172	0	0	580,172
Miscellaneous	0	39,670	0	833	40,502
Supplies and Materials	28,332	281,383	0	0	309,715
Debt Service:					
Redemption of Principal	0	39,009	75,000	0	114,009
Interest and Fiscal Charges	0	22,932	153,720	0	176,652
Capital Outlay	420,413	205,667	0	0	626,080
Total Cash Disbursements	<u>1,144,609</u>	<u>3,513,159</u>	<u>228,720</u>	<u>833</u>	<u>4,887,321</u>
Total Receipts Over/(Under) Disbursements	<u>(381,626)</u>	<u>(241,257)</u>	<u>(228,720)</u>	<u>2,129</u>	<u>(849,473)</u>
Other Financing Receipts					
Proceeds from Sale of Public Debt:					
Sale of Notes	0	661,993	0	0	661,993
Total Other Financing Receipts	<u>0</u>	<u>661,993</u>	<u>0</u>	<u>0</u>	<u>661,993</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements	<u>(381,626)</u>	<u>420,736</u>	<u>(228,720)</u>	<u>2,129</u>	<u>(187,480)</u>
Fund Cash Balances, January 1	<u>76,954</u>	<u>1,124,613</u>	<u>(493,140)</u>	<u>402</u>	<u>708,830</u>
Fund Cash Balances, December 31	<u>(\$304,671)</u>	<u>\$1,545,349</u>	<u>(\$721,860)</u>	<u>\$2,531</u>	<u>\$521,350</u>
Reserve for Encumbrances, December 31	<u>\$226</u>	<u>\$6,947</u>	<u>\$0</u>	<u>\$0</u>	<u>\$7,173</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 AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2002**

	<u>Governmental Fund Types</u>				Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Fiduciary Funds</u>	
Cash Receipts:					
Local Taxes	\$266,077	\$1,985,990	\$0	\$0	\$2,252,067
Intergovernmental	361,554	305,241	0	0	666,795
Special Assessments	0	80,769	0	0	80,769
Licenses, Permits, and Fees	0	235,519	0	0	235,519
Fines, Forfeitures, and Penalties	0	67,581	0	0	67,581
Earnings on Investments	7,376	0	0	0	7,376
Other Revenue	65,611	36,572	0	566	102,749
	<u>700,617</u>	<u>2,711,672</u>	<u>0</u>	<u>566</u>	<u>3,412,855</u>
Total Cash Receipts					
Cash Disbursements:					
Current:					
General Government	840,070	34,911	0	0	874,981
Public Safety	0	1,539,783	0	0	1,539,783
Public Works	0	535,345	0	0	535,345
Contract Services	0	48,979	0	0	48,979
Supplies and Materials	43,586	210,836	0	0	254,422
Miscellaneous	0	6,550	0	79	6,629
Debt Service:					
Redemption of Principal	0	39,009	60,000	0	99,009
Interest and Fiscal Charges	0	22,932	433,140	0	456,072
Capital Outlay	0	486,487	0	0	486,487
	<u>883,656</u>	<u>2,924,832</u>	<u>493,140</u>	<u>79</u>	<u>4,301,707</u>
Total Cash Disbursements					
Total Receipts Over/(Under) Disbursements	<u>(183,039)</u>	<u>(213,160)</u>	<u>(493,140)</u>	<u>487</u>	<u>(888,851)</u>
Other Financing Receipts and (Disbursements):					
Transfers-In		25,000			25,000
Transfers-Out	<u>(25,000)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(25,000)</u>
Total Other Financing Receipts/(Disbursements)	<u>(25,000)</u>	<u>25,000</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	(208,039)	(188,160)	(493,140)	487	(888,851)
Fund Cash Balances, January 1	<u>284,993</u>	<u>1,365,710</u>	<u>0</u>	<u>0</u>	<u>1,650,703</u>
Prior Period Adjustment	<u>0</u>	<u>(52,937)</u>	<u>0</u>	<u>(85)</u>	<u>(53,022)</u>
Fund Cash Balances, December 31	<u>\$76,954</u>	<u>\$1,124,613</u>	<u>(\$493,140)</u>	<u>\$402</u>	<u>\$708,830</u>

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

**HAMILTON TOWNSHIP
WARREN COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Hamilton Township, Warren County, Ohio (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 maintenance, cemetery maintenance, police and fire protection and emergency medical 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. 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 Deposits

The Township Clerk deposits available funds in interest bearing checking accounts, savings accounts, and certificate of deposits with local commercial banks.

The certificates of deposits 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:

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:

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

**HAMILTON TOWNSHIP
WARREN COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

Police Fund – This fund receives tax levy money to pay for police salaries and police protection services.

Fire District Fund – This fund receives tax money to provide fire protection for the township.

Emergency Medical Services – This fund receives tax levy money to provide emergency medical and ambulance services.

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

TIF Fund – This fund receives proceeds from tax incremental funding from agreements with local property developers.

3. Debt Service Fund

The debt service fund is used to accumulate resources for the payment of bonds and note indebtedness. The Township had the following Debt Service Fund:

New Building Bond Retirement Fund – This fund is used to pay the debt associated with the Township Administration Building.

4. Fiduciary Funds (Agency Funds)

These funds are used to account for resources for which the Township is acting in an agency capacity. The Township had the following significant fiduciary funds:

Helping Hands Funds – This Agency fund receives proceeds from donations to provide meals and other assistance to needy people within the township.

Fire Fighters Association – This Agency fund receives proceeds from donations to provide supplies for the Township's fire department.

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 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.

**HAMILTON TOWNSHIP
WARREN COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 canceled, and reappropriated in the subsequent year. The Township did not encumber all commitments required by Ohio law. However, there were no material encumbrances outstanding at December 31, 2003 and 2002.

A summary of 2003 and 2002 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 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:

	<u>2003</u>	<u>2002</u>
Demand deposits	\$476,200	\$730,734
Certificates of deposit	100,000	100,000
Less Outstanding checks	<u>(54,850)</u>	<u>(121,904)</u>
Total deposits	<u>521,350</u>	<u>708,830</u>
Total deposits and investments	<u>\$521,350</u>	<u>\$708,830</u>

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

Investments: The Township's financial institution transfers securities to the Township's agent to collateralize repurchase agreements. The securities are not in the Township's name.

**HAMILTON TOWNSHIP
WARREN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED 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	\$959,300	\$762,984	(\$196,316)
Special Revenue	2,895,828	3,933,895	1,038,067
Debt Service	231,425	0	(231,425)
Fiduciary	0	2,962	2,962
Total	<u>\$4,086,553</u>	<u>\$4,699,841</u>	<u>\$613,288</u>

2003 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$955,329	\$1,144,836	(\$189,507)
Special Revenue	3,678,626	3,520,106	158,520
Debt Service	231,425	228,720	2,705
Capital Projects	0	0	0
Fiduciary	915	833	82
Total	<u>\$4,866,295</u>	<u>\$4,894,495</u>	<u>(\$28,200)</u>

2002 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,114,884	\$700,617	(\$414,267)
Special Revenue	2,303,800	2,736,672	432,872
Fiduciary	0	566	566
Total	<u>\$3,418,684</u>	<u>\$3,437,855</u>	<u>\$19,171</u>

2002 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,036,448	\$908,656	\$127,792
Special Revenue	3,666,946	2,924,832	742,114
Debt Service	0	493,140	(493,140)
Fiduciary	830	79	751
Total	<u>\$4,704,224</u>	<u>\$4,326,707</u>	<u>\$377,517</u>

Contrary to Ohio law, in 2003 the Township's budgetary expenditures exceeded appropriation authority in the General fund, \$189,507. In 2002 the Township's budgetary expenditures exceeded appropriations authority in the Debt Service fund by \$493,140.

**HAMILTON TOWNSHIP
WARREN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED 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:

	<u>Principal</u>	<u>Interest Rate</u>
Township Administration Building Bonds	\$2,445,000	6.10%
Infrastructure Improvement BAN's	110,000	2.90%
Infrastructure Improvement BAN's	550,000	2.00%
Capital Lease Firehouse	195,045	5.95%
Total	<u>\$3,300,045</u>	

The Township Administration Building bonds were issued to finance the construction of the Administration building. The bonds are collateralized solely by the Township's taxing authority.

The Township has issued two Bond Anticipation Notes to improve the infrastructure of the Township.

The Township entered into a capital lease in 1999 for the construction of a firehouse. Capital lease payments are reflected as debt service expenditures in the combined financial statements for the governmental funds. The total present value of the minimum lease payments at the time of acquisition was \$445,950.

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

**HAMILTON TOWNSHIP
WARREN COUNTY**

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

5. DEBT (Continued)

	Towship	
	Administration Building Bonds	Capital Lease Firehouse
Year ending December 31:		
2004	224,145	61,941
2005	247,570	61,941
2006	241,287	61,941
2007-2011	1,112,190	123,882
2012-2016	956,115	0
2017-2021	797,735	0
2022-2026	640,660	0
2027	109,283	0
Total	\$4,328,985	\$309,705

6. RETIREMENT SYSTEMS

The Township's certified Fire Fighters belong to the Police and Fire Pension Fund (OP&F). Other employees belong to the Public Employees Retirement System (PERS) of Ohio. OP&F and PERS are cost-sharing, multiple-employer plans. These plans provide 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, members of OP&F participants contributed 10% of their wages. The Township contributed an amount equal to 24% of their wages to OP&F. PERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross. The Township has 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.



**Auditor of State
Betty Montgomery**

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

Hamilton Township
Warren County
7780 South State Route 48
P.O. Box 699
Maineville, Ohio 45039

To the Board of Trustees:

We have audited the accompanying financial statements of Hamilton Township, Warren County, Ohio (the Township), as of and for the years ended December 31, 2003 and 2002, and have issued our report thereon dated December 27, 2004. 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 2003-008. We also noted an immaterial instance of noncompliance that we have reported to management of the Township in a separate letter dated December 27, 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 2003-001 through 2003-004.

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.

Of the reportable conditions described above, we consider none to be 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 management of the Township in a separate letter dated December 27, 2004.

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

Betty Montgomery
Auditor of State

December 27, 2004

**HAMILTON TOWNSHIP
WARREN 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/Reportable Condition

Ohio Rev. Code, Section 5705.41 (D), 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 appropriate 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 subdivision's fiscal officer. Every contract made without such a certificated shall be void, and no warrant shall be issued in payment of any amount due thereon.

This Section also provides for two exceptions to the above requirements:

- A. 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 of the contract order and at the time of the certificate, appropriated and free of any previous encumbrances, the 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 receipt of such certificate.
- B. If the amount involved is less than \$1,000 (\$3,000 after April 7, 2003), the Clerk may authorize payment through a Then and Now Certificate without affirmation of the Trustees, if such expenditure is otherwise valid.

Of the expenditures tested, 30% were not properly encumbered prior to incurring the obligation. Every effort should be made by the Township to properly utilize the encumbrance method of accounting by certifying funds on purchase orders. Failure to properly certify funds could result in overspending of funds.

FINDING NUMBER 2003-002

Noncompliance Citation/Reportable Condition

Ohio Rev. Code, Section 5705.39, states that the total appropriation from each fund shall not exceed the total estimated revenue. 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.

For fiscal year 2003, the Township's appropriations in the Misc. EMS fund exceeded estimated resources by \$907,703; therefore, an amended certificate should have been obtained. For fiscal year 2002, the Township's appropriations in the Bonds for New Administration Building Fund exceeded estimated resources by \$309,577 and in the Expendable Trust Fund appropriations exceeded resources by \$830.

FINDING NUMBER 2003-003

Noncompliance Citation/Reportable Condition

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

For 2003, disbursements exceeded appropriations in the General Fund by \$189,507, in the Road and Bridge Fund by \$26,099, in the Police District Fund by \$85,935, in the TIF #1 Fund by \$580,172, and the Permissive License Tax Fund by \$13,268.

For 2002, disbursements exceeded appropriations in the New Bldg Bond Retirement Fund by \$493,140 and in the Lighting Assessment Fund by \$73,813.

Without unexpended appropriation balances, the Clerk has no authority to certify obligations or disburse cash.

FINDING NUMBER 2003-004

Noncompliance Citation/Reportable Condition

Ohio Rev. Code, Section 5705.10, states that money that is paid into a fund must be used only for the purposes 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.

We noted that in 2002, negative fund balances existed in the New Building Bond Retirement Fund, Bonds for New Admin Building Fund, and the Lighting Assessment Fund.

Also, in 2003 negative fund balances existed in the general Motor Vehicle License Fund, Gasoline Tax Fund, Fire District Fund, Zoning Fund, New Building Bond Retirement Fund, Bonds for New Administration Building Fund, and the Lighting Assessment Fund.

The Township must monitor fund balances throughout the year to ensure that each fund has adequate funds to meet its obligations. We recommend the Township review Audit Bulletin 97-003 regarding the procedures for advancing monies from the General Fund to other funds to avoid negative cash balances. The Clerk cannot certify purchases unless a fund has sufficient cash on hand or in the process of collection to make the payment.

FINDING NUMBER 2003-005

Finding for Recovery Repaid Under Audit

Ohio Rev. Code, Section 505.24, provides that each township trustee is entitled to compensation based on the township's annual budget.

In 2003, a township having a budget of more than six million but not more than ten million dollars, the township trustee's compensation has been established at \$11,484. During 2003, an error was made in the calculation of the officials' salaries. The Township's Trustee Clyde Baston was entitled to \$11,484 in annual compensation; however he was compensated \$11,373. This resulted in an underpayment of \$111 in 2003.

**FINDING NUMBER 2003-005
(Continued)**

In 2002, a township having a budget of more than three million five hundred thousand but not more than six million dollars, the township trustee's compensation has been established at \$10,804. During 2002, an error was made in the calculation of the officials' salaries. The Township's Trustee Clyde Baston entitled to \$10,804 in annual compensation; however he was compensated \$11,373. This resulted in an overpayment of \$569 in 2002.

For the audit period, Clyde Baston was overpaid a net amount of \$458 for 2003 and 2002.

In accordance with the foregoing fact, and pursuant to Ohio Rev. Code, Section 117.28, a Finding for Recovery for public money illegally expended is hereby issued against Township Trustee, Clyde Baston, and The Ohio Farmers Insurance Company, his bonding company, jointly and severally, in the amount of five hundred sixty nine dollars (\$458) in favor of the Township's General Fund.

Mr. Baston paid \$458 to the Township during the audit.

FINDING NUMBER 2003-006

Finding for Recovery Repaid Under Audit

Ohio Rev. Code, Section 505.24, provides that each township trustee is entitled to compensation based on the township's annual budget.

In 2003, a township having a budget of more than six million but not more than ten million dollars, the township trustee's compensation has been established at \$11,484. During 2003, an error was made in the calculation of the officials' salaries. The Township's Trustee Rebecca Ehling was entitled to \$11,484 in annual compensation; however she was compensated \$11,373. This resulted in an underpayment of \$111 in 2003.

In 2002, a township having a budget of more than three million five hundred thousand but not more than six million dollars, the township trustee's compensation has been established at \$10,804. During 2002, an error was made in the calculation of the officials' salaries. The Township's Trustee Rebecca Ehling entitled to \$10,804 in annual compensation; however she was compensated \$11,373. This resulted in an overpayment of \$569 in 2002.

For the audit period, Rebecca Ehling was overpaid a net amount of \$458 for 2003 and 2002.

In accordance with the foregoing fact, and pursuant to Ohio Rev. Code, Section 117.28, a Finding for Recovery for public money illegally expended is hereby issued against Township Trustee, Rebecca Ehling, and The Ohio Farmers Insurance Company, her bonding company, jointly and severally, in the amount of five hundred sixty nine dollars (\$458) in favor of the Township's General Fund.

Ms. Ehling paid \$458 to the Township during the audit.

FINDING NUMBER 2003-007

Finding for Recovery Repaid Under Audit

Ohio Rev. Code, Section 505.24, provides that each township trustee is entitled to compensation based on the township's annual budget.

In 2003, a township having a budget of more than six million but not more than ten million dollars, the township trustee's compensation has been established at \$11,484. During 2003, an error was made in the calculation of the officials' salaries. The Township's Trustee O.T. Bishop was entitled to \$11,484 in annual compensation; however he was compensated \$11,373. This resulted in an underpayment of \$111 in 2003.

In 2002, a township having a budget of more than three million five hundred thousand but not more than six million dollars, the township trustee's compensation has been established at \$10,804. During 2002, an error was made in the calculation of the officials' salaries. The Township's Trustee O.T. Bishop entitled to \$10,804 in annual compensation; however he was compensated \$11,373. This resulted in an overpayment of \$569 in 2002.

For the audit period, O.T. Bishop was overpaid a net amount of \$458 for 2003 and 2002.

In accordance with the foregoing fact, and pursuant to Ohio Rev. Code, Section 117.28, a Finding for Recovery for public money illegally expended is hereby issued against Township Trustee, O.T. Bishop, and The Ohio Farmers Insurance Company, his bonding company, jointly and severally, in the amount of five hundred sixty nine dollars (\$458) in favor of the Township's General Fund.

Mr. Bishop paid \$458 to the Township during the audit.

FINDING NUMBER 2003-008

Finding for Recovery Repaid Under Audit

Ohio Rev. Code, Section 505.24, provides that each township clerk is entitled to compensation based on the township's annual budget. In townships having a budget of more than three million five hundred thousand but not more than six million dollars, the township trustee's compensation has been established at \$18,571 in 2002 and \$19,021 in 2003 in annual compensation. During 2002 and 2003, errors were made in the calculation of the officials' salaries. The Township's Clerk, Jackie Terwilleger, was entitled to \$18,571 in 2002 and \$19,021 in 2003 in annual compensation; however she was compensated \$19,232 in 2002 and \$19,232 in 2003. This resulted in overpayments of \$661 in 2002 and \$201 in 2003.

In accordance with the foregoing fact, and pursuant to Ohio Rev. Code, Section 117.28, a Finding for Recovery for public money illegally expended is hereby issued against Township Clerk, Jackie Terwilleger, and The Ohio Farmers Insurance Company, her bonding company, jointly and severally, in the amount of \$661 in 2002 and \$201 in 2003 in favor of the Township's General Fund.

Ms. Terwilleger paid \$862 to the Township during the audit.

**HAMILTON TOWNSHIP
WARREN COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
FISCAL YEAR END 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>
2001-01	Amending or Supplementing Appropriations ORC Section 5705.40	Yes	
2001-02	Ohio Rev. Code, Section 5705.41 (B), the Township's expenditures exceeded appropriations in 2000	No	Reissued as Finding 2003-003
2001-03	Ohio Rev. Code, Section 5705.36, Increased Amended Certificate	No	Partially Corrected, issued as 2003-2002 Management Letter Comment
2000-01	Ohio Rev. Code, Section 5705.39, Appropriations Exceeding Estimated Revenues	No	Reissued as Finding 2003-02

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**Auditor of State
Betty Montgomery**

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800-282-0370
Facsimile 614-466-4490

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.

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED

MARCH 8, 2005