

HAMILTON TOWNSHIP  
LAWRENCE COUNTY

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2005 and 2004

**BALESTRA, HARR & SCHERER, CPAs, INC.**

528 South West Street, P.O. Box 687  
Piketon, Ohio 45661

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**Auditor of State  
Betty Montgomery**

Board of Trustees  
Hamilton Township, Lawrence County  
2414 North 2nd St.  
Ironton, OH 45638

We have reviewed the *Independent Auditors' Report* of Hamilton Township, Lawrence County, prepared by Balestra, Harr & Scherer, CPAs, Inc., for the audit period January 1, 2004 through December 31, 2005. 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.

The financial statements in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Auditor of State. Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Independent Auditors' Report* on your financial statements. While the Auditor of State does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. The attached report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the statements are misstated under the non-GAAP regulatory basis. The *Independent Auditors' Report* also includes an opinion on the financial statements using the regulatory format the Auditor of State permits.

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, Lawrence County is responsible for compliance with these laws and regulations.

*Betty Montgomery*

BETTY MONTGOMERY  
Auditor of State

October 19, 2006

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**HAMILTON TOWNSHIP  
LAWRENCE COUNTY**

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Member American Institute of Certified Public Accountants

Ohio Society of Certified Public Accountants

## Independent Auditors' Report

Board of Trustees  
Hamilton Township  
Lawrence County  
2414 North Second St  
Ironton, OH 45638

We have audited the accompanying financial statements of Hamilton Township, Lawrence County (the Township) as of and for the years ended December 31, 2005 and 2004. 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 reasonably assure 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 described in Note 1, the Township has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, we presume they are material.

Revisions to GAAP require the Township to reformat its financial statement presentation and make other changes effective for the year ended December 31, 2004. Instead of the combined funds the accompanying financial statements presented for 2005 and 2004, the revisions require presenting entity wide statements and also to present its larger (i.e., major) funds separately for 2005 and 2004. While the Township does not follow GAAP, generally accepted auditing standards require us to include the following paragraph if the statements do not substantially conform to the new GAAP presentation requirements. The Auditor of State permits, but does not require, governments to reformat their statements. The Township has elected not to reformat its statements. Since the Township does not use GAAP to measure financial statement amounts, the following paragraph does not imply the amounts are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2005 and 2004, or its changes in financial position for the years then ended.

Also 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, 2005 and 2004, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

The aforementioned revision to generally accepted accounting principles also requires the Township to include Management's Discussion & Analysis for the years ended December 31, 2005 and 2004. The Township has not presented Management's Discussion & Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 30, 2006, 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 grant agreements and other matters. That report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. It does not opine on the internal control over financial reporting or on compliance. The report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.



Balestra, Harr & Scherer, CPAs, Inc.

June 30, 2006

**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, 2005**

	<b>Governmental Fund Types</b>		<b>Totals (Memorandum Only)</b>
	<b>General</b>	<b>Special Revenue</b>	
<b>Cash Receipts:</b>			
Local Taxes	\$ 6,926	\$ 61,535	\$ 68,461
Intergovernmental	14,967	73,718	88,685
Earnings on Investments	342	186	528
Miscellaneous	52	1,098	1,150
Total Cash Receipts	22,287	136,537	158,824
<b>Cash Disbursements:</b>			
Current:			
General Government	19,520	-	19,520
Public Safety	-	67,486	67,486
Public Works	-	96,679	96,679
Capital Outlay	1,076	15,000	16,076
Debt Service:			
Redemption of Principal	-	8,703	8,703
Interest and Fiscal Charges	-	4,130	4,130
Total Cash Disbursements	20,596	191,998	212,594
Total Cash Receipts Over/(Under) Cash Disbursements	1,691	(55,461)	(53,770)
<b>Other Financing Receipts and (Disbursements):</b>			
Sale of Notes	-	44,000	44,000
Sale of Fixed Assets	-	1,425	1,425
Total Other Financing Receipts/(Disbursements)	-	45,425	45,425
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	1,691	(10,036)	(8,345)
Fund Cash Balances, January 1	8,592	130,982	139,574
<b>Fund Cash Balances, December 31</b>	<b>\$ 10,283</b>	<b>\$ 120,946</b>	<b>\$ 131,229</b>
Reserve for Encumbrances, December 31	\$ 25	\$ 27	\$ 52

*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, 2004**

	<u>Governmental Fund Types</u>		<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Local Taxes	\$ 10,427	\$ 77,495	\$ 87,922
Intergovernmental	18,286	73,927	92,213
Earnings on Investments	348	132	480
Miscellaneous	1,108	24,705	25,813
	<u>30,169</u>	<u>176,259</u>	<u>206,428</u>
<b>Total Cash Receipts</b>			
	<u>30,169</u>	<u>176,259</u>	<u>206,428</u>
<b>Cash Disbursements:</b>			
Current:			
General Government	27,889	-	27,889
Public Safety	-	36,182	36,182
Public Works	-	114,978	114,978
Capital Outlay	-	4,000	4,000
Debt Service:			
Redemption of Principal	-	8,335	8,335
Interest and Fiscal Charges	-	4,498	4,498
	<u>27,889</u>	<u>167,993</u>	<u>195,882</u>
<b>Total Cash Disbursements</b>			
	<u>27,889</u>	<u>167,993</u>	<u>195,882</u>
<b>Total Cash Receipts Over/(Under) Cash Disbursements</b>	<u>2,280</u>	<u>8,266</u>	<u>10,546</u>
<b>Fund Cash Balances, January 1</b>	<u>6,312</u>	<u>122,716</u>	<u>129,028</u>
<b>Fund Cash Balances, December 31</b>	<u><u>\$ 8,592</u></u>	<u><u>\$ 130,982</u></u>	<u><u>\$ 139,574</u></u>
<b>Reserve for Encumbrances, December 31</b>	<u><u>\$ 25</u></u>	<u><u>\$ 27</u></u>	<u><u>\$ 52</u></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, 2005 AND 2004**

**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 road and bridge services, including road and bridge maintenance (public works), cemetery maintenance and fire protection (public safety).

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

**B. Basis of Accounting**

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred.

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

**C. Fund Accounting**

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

**1. General Fund**

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

**2. Special Revenue Funds**

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

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

*Fire District Fund* - This fund receives property tax monies and payment in lieu of taxes to provide fire protection services to Township residents.

**HAMILTON TOWNSHIP  
LAWRENCE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2005 AND 2004  
(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 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.

A summary of 2005 and 2004 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.

**F. Cash and Investments**

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

**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 at December 31 was as follows:

	<u>2005</u>	<u>2004</u>
Demand deposits	\$131,229	\$139,574

**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, 2005 AND 2004  
(Continued)**

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2005 and 2004 follows:

2005 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$6,375	\$22,287	\$15,912
Special Revenue	66,360	181,962	115,602
Total	\$72,735	\$204,249	\$131,514

2005 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$34,000	\$20,621	\$13,379
Special Revenue	183,500	192,025	(8,525)
Total	\$217,500	\$212,646	\$4,854

2004 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$36,050	\$30,169	(\$5,881)
Special Revenue	145,300	176,259	30,959
Total	\$181,350	\$206,428	\$25,078

2004 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$0	\$27,914	(\$27,914)
Special Revenue	0	168,020	(168,020)
Total	\$0	\$195,934	(\$195,934)

Contrary to Ohio law, the Township did not file its appropriations with the County Auditor. Also, contrary to Ohio law, the Township expenditures exceeded appropriations and did not properly certify funds.

**HAMILTON TOWNSHIP  
LAWRENCE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2005 AND 2004  
(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.

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.

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

**5. DEBT**

Debt outstanding at December 31, 2005 was as follows:

	Principal	Interest Rate
GO Bond Fire Truck	\$84,962	4.41%
GO Bond Truck	20,000	4.22%
GO Bond Tractor	24,000	4.25%
Total	\$128,962	

The General Obligation Bond fire truck was issued to finance the purchase of a fire truck. The bonds are collateralized by the Township's taxing authority.

The General Obligation Bond truck was issued to finance the purchase of a GMC truck. The bonds are collateralized by the Township's taxing authority.

The General Obligation Bond Tractor was issued to finance the purchase of a tractor. The bonds are collateralized by the Township's taxing authority.

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

Year ending December 31:	G.O. Bond Fire Truck	G.O. Bond Truck	G.O. Tractor
2006	\$12,834	\$4,520	\$6,651
2007	12,384	4,520	6,651
2008	12,834	4,520	6,651
2009	12,834	4,520	6,651
2010	12,834	4,337	-
2011-2013	38,502	-	-
Total	\$102,672	\$22,417	\$26,604

**HAMILTON TOWNSHIP  
LAWRENCE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2005 AND 2004  
(Continued)**

**6. RETIREMENT SYSTEMS**

The Township's elected officials and employees belong to the Public Employees Retirement System (OPERS) of Ohio. OPERS 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 2005 and 2004, members of OPERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries. The Township has paid all employer contributions required through December 31, 2005.

**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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Ohio Society of Certified Public Accountants

## **Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards***

Board of Trustees  
Hamilton Township  
Lawrence County  
2414 North Second St  
Ironton, Ohio 45638

We have audited the financial statements of Hamilton Township, Lawrence County (the Township), as of and for the years ended December 31, 2005 and 2004, and have issued our report thereon dated June 30, 2006 where in we noted the Township follows accounting practices the Auditor of State prescribes rather than accounting practices generally accepted in the United State of America. 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.

### **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 an opinion on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. 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 initiate, record, process, and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying Schedule of Finding as item 2005-005.

A material weakness is a reportable 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 caused by error or fraud 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 do not believe that the reportable condition described above is a material weakness.

### **Compliance and Other Matters**

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 grant agreements, 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 *Governmental Auditing Standards* and which are described in the accompanying Schedule of Findings as items 2005-001 through 2005-004.

Hamilton Township  
Lawrence County

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of  
Financial Statements Performed in Accordance with *Government Auditing Standards*  
Page 2

We also noted certain matters that we reported to management of the Township in a separate letter dated June 30, 2006.

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.



Balestra, Harr & Scherer, CPAs, Inc.  
June 30, 2006

**HAMILTON TOWNSHIP  
LAWRENCE COUNTY  
  
SCHEDULE OF FINDINGS  
DECEMBER 31, 2005 AND 2004**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**Finding Number 2005-001**

**Noncompliance Citation**

**Ohio Rev. Code § 5705.38(A)** requires that on or about the first day of each fiscal year, an appropriation measure is to be passed.

The minute record of the Board of Township Trustees states that the Trustees approved annual appropriations in 2004; however, the Township Clerk could not provide an annual appropriation resolution from the Township records or any document showing the amount that were approved. Also, the appropriations were not filed with the County Budget Commission

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

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

**Finding Number 2005-002**

**Noncompliance Citation**

**Ohio Rev. Code § 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 2004 annual appropriation resolution with the County Auditor and did not receive the required certification.

The Township Clerk should file the annual appropriation resolution and obtain the certificate from the County Auditor.

**Finding Number 2005-003**

**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 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.

**HAMILTON TOWNSHIP  
LAWRENCE COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2005 AND 2004  
(Continued)**

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

**Finding Number 2005-003  
(Continued)**

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 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 \$3,000 dollars, 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. 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 expenditures and contracts for any amount from a specific line-item appropriation account in a specific 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.

Blanket certificates were generated on the UAN system by the Township Clerk in 2004 and 2005. A few of the certificates were signed by the Board of Township Trustees. However, the Township Clerk did not sign and date any of the certificates that were tested making them not valid. Failure to properly certify the availability of funds can result in overspending funds and negative cash fund balances.

The Township Clerk should certify the availability of funds by signing and dating purchase orders, and blanket certificates.

**HAMILTON TOWNSHIP  
LAWRENCE COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2005 AND 2004  
(Continued)**

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

**Finding Number 2005-004**

**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 2004. Appropriations for 2004 are reported at zero because the Township Clerk could not provide documentation of the appropriations that were approved by the Board of Township Trustees and certified by the County Budget Commission.

For 2005, expenditures exceeded appropriations in the Gasoline Tax and Road and Bridge fund by \$11,380 and \$299 respectively.

The Township Clerk should maintain documentation of appropriations approved by the Board of Township Trustees and certified with the County Budget Commission. Furthermore, the Clerk should amend appropriations when deemed necessary.

**Finding Number 2005-005**

**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. 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 test 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.

The Township should make a concentrated effort to post transactions accurately and timely. Receipts should be recorded when revenue is received. 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.

The Township Clerk did not respond to any of the comments above.

**HAMILTON TOWNSHIP  
LAWRENCE COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2005 AND 2004**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
2003-001	ORC 5705.41(D)(1) - failure to certify the availability of funds	No	Reissued as Finding 2005-003
2003-002	ORC 5705.39 - failure to certify appropriations resolution with the County	No	Reissued as Finding 2005-002
2003-003	ORC 5705.38(A) – passing annual appropriations resolution	No	Reissued as Finding 2005-001
2003-004	ORC 5705.41 (B) - expending monies that were not appropriated	No	Reissued as Finding 2005-004
2003-005	Reportable Condition - transaction posting	No	Reissued as Finding 2005-005
2003-006	Reportable Condition - support documentation	Yes	
2003-007	Reportable Condition - support for contract labor payments	Yes	



**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  
NOVEMBER 9, 2006**