

**HAMILTON TOWNSHIP  
WARREN COUNTY, OHIO**

**AUDITED FINANCIAL STATEMENTS  
FOR THE YEARS ENDED  
DECEMBER 31, 2005 AND 2004**





# Mary Taylor, CPA

Auditor of State

Board of Trustees  
Hamilton Township  
P.O. Box 699  
Maineville, OH 45039-0699

We have reviewed the *Independent Auditors' Report* of Hamilton Township, Warren County, prepared by Bastin & Company, LLC, for the audit period January 1, 2004 to 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 is responsible for compliance with these laws and regulations.

*Mary Taylor*

Mary Taylor, CPA  
Auditor of State

April 22, 2008

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**HAMILTON TOWNSHIP  
WARREN COUNTY, OHIO**

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# Bastin & Company, LLC

*Certified Public Accountants*

## **INDEPENDENT AUDITORS' REPORT**

The Honorable Members of the Board of Trustees  
Hamilton Township, Warren County  
7780 South State Route 48  
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, 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 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 described more fully 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 GAAP, we presume they are material.

Revisions to GAAP would require the Township to reformat its financial statement presentation and make other changes effective for the years ended December 31, 2005 and 2004. Instead of the combined funds the accompanying financial statements present 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, governmental units 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 reported 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 for the years ended December 31, 2005 and 2004 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 their changes in financial position for the year 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 the Township 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 and Analysis for the years ended December 31, 2005 and 2004. The Township has not presented Management's Discussion and 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 December 5, 2007, on our consideration of the Township's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in conjunction with this report in considering the results of our audit.

A handwritten signature in black ink that reads "Bastin & Company, LLC". The signature is written in a cursive, flowing style.

Cincinnati, Ohio  
December 5, 2007



**HAMILTON TOWNSHIP  
WARREN COUNTY, OHIO**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN  
FUND CASH BALANCES - ALL GOVERNMENTAL AND SIMILAR FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2005**

	<u>Governmental Fund Types</u>			<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Expendable Trust</u>	
<i>Cash Receipts:</i>					
Local Taxes	\$ 506,050	\$ 3,857,463	\$ -	\$ -	\$ 4,363,513
Intergovernmental Revenues	603,334	277,999	-	-	881,333
Special Assessments	-	203,719	-	-	203,719
Licenses, Permits and Fees	99,451	527,781	-	-	627,232
Fines and Forfeitures	83	119,468	-	-	119,551
Interest Earnings	7,264	7,543	-	-	14,807
Other	15,334	8,800	-	-	24,134
	<u>1,231,516</u>	<u>5,002,773</u>	<u>-</u>	<u>-</u>	<u>6,234,289</u>
<i>Cash Disbursements:</i>					
<i>Current:</i>					
General Government	853,891	115,217	-	-	969,108
Public Safety	-	2,647,719	-	-	2,647,719
Public Works	-	929,735	-	-	929,735
Public Health and Welfare	9,147	42,105	-	-	51,252
Capital Outlay	-	1,232,842	-	-	1,232,842
<i>Debt Service:</i>					
Principal	-	1,246,759	103,000	-	1,349,759
Interest and Fiscal Charges	-	32,829	144,570	-	177,399
	<u>863,038</u>	<u>6,247,206</u>	<u>247,570</u>	<u>-</u>	<u>7,357,814</u>
Total Receipts Over (Under) Disbursements	<u>368,478</u>	<u>(1,244,433)</u>	<u>(247,570)</u>	<u>-</u>	<u>(1,123,525)</u>
<i>Other Financing Receipts and (Disbursements):</i>					
Proceeds from Debt	300,000	870,000	-	-	1,170,000
Proceeds from Capital Leases	-	742,941	-	-	742,941
Transfers - In	-	100,000	-	-	100,000
Transfers - Out	(100,000)	-	-	-	(100,000)
	<u>200,000</u>	<u>1,712,941</u>	<u>-</u>	<u>-</u>	<u>1,912,941</u>
Excess of Cash Receipts and Other Financing Receipts Over (Under) Cash Disbursements and Other Financing Disbursements	568,478	468,508	(247,570)	-	789,416
Fund Cash Balances, January 1	1,042,693	1,481,648	(1,438,154)	1,448	1,087,635
Fund Cash Balances, December 31	<u>\$ 1,611,171</u>	<u>\$ 1,950,156</u>	<u>\$ (1,685,724)</u>	<u>\$ 1,448</u>	<u>\$ 1,877,051</u>

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

**HAMILTON TOWNSHIP  
WARREN COUNTY, OHIO**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN  
FUND CASH BALANCES - ALL GOVERNMENTAL AND SIMILAR FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2004**

	<u>Governmental Fund Types</u>			<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Expendable Trust</u>	
<i>Cash Receipts:</i>					
Local Taxes	\$ 423,405	\$ 3,340,263	\$ -	\$ -	\$ 3,763,668
Intergovernmental Revenues	380,819	294,767	-	-	675,586
Special Assessments	-	159,003	-	-	159,003
Licenses, Permits and Fees	184,430	333,836	-	-	518,266
Fines and Forfeitures	-	147,299	-	-	147,299
Interest Earnings	5,697	6	-	-	5,703
Other	13,693	2,413	-	-	16,106
<b>Total Cash Receipts</b>	<b>1,008,044</b>	<b>4,277,587</b>	<b>-</b>	<b>-</b>	<b>5,285,631</b>
<i>Cash Disbursements:</i>					
<i>Current:</i>					
General Government	779,441	129,909	-	-	909,350
Public Safety	3,070	2,029,641	-	1,083	2,033,794
Public Works	-	1,060,767	-	-	1,060,767
Public Health and Welfare	40,981	26,544	-	-	67,525
Capital Outlay	6,571	545,640	-	-	552,211
<i>Debt Service:</i>					
Principal	-	806,395	575,000	-	1,381,395
Interest and Fiscal Charges	-	32,604	151,700	-	184,304
<b>Total Cash Disbursements</b>	<b>830,063</b>	<b>4,631,500</b>	<b>726,700</b>	<b>1,083</b>	<b>6,189,346</b>
<b>Total Receipts Over (Under) Disbursements</b>	<b>177,981</b>	<b>(353,913)</b>	<b>(726,700)</b>	<b>(1,083)</b>	<b>(903,715)</b>
<i>Other Financing Receipts and (Disbursements):</i>					
Proceeds from Debt	600,000	870,000	-	-	1,470,000
Transfers - In	-	118,611	-	-	118,611
Transfers - Out	(118,611)	-	-	-	(118,611)
<b>Total Other Financing Receipts (Disbursements)</b>	<b>481,389</b>	<b>988,611</b>	<b>-</b>	<b>-</b>	<b>1,470,000</b>
<b>Excess of Cash Receipts and Other Financing Receipts Over (Under) Cash Disbursements and Other Financing Disbursements</b>	<b>659,370</b>	<b>634,698</b>	<b>(726,700)</b>	<b>(1,083)</b>	<b>566,285</b>
<b>Fund Cash Balances, January 1</b>	<b>383,323</b>	<b>846,950</b>	<b>(711,454)</b>	<b>2,531</b>	<b>521,350</b>
<b>Fund Cash Balances, December 31</b>	<b>\$ 1,042,693</b>	<b>\$ 1,481,648</b>	<b>\$ (1,438,154)</b>	<b>\$ 1,448</b>	<b>\$ 1,087,635</b>
<b>Reserve for Encumbrances, December 31</b>	<b>\$ 2,719</b>	<b>\$ 9,374</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 12,093</b>

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

**HAMILTON TOWNSHIP  
WARREN COUNTY, OHIO  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2005 AND 2004**

**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 and certificates of deposits with local commercial banks. The 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:

**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:

**HAMILTON TOWNSHIP  
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DECEMBER 31, 2005 and 2004  
(continued)**

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

*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. Expendable Trust**

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

*Helping Hands Fund* – This fund receives proceeds from donations to provide meals and other assistance to people in need within the township.

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

**HAMILTON TOWNSHIP  
WARREN COUNTY, OHIO  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2005 and 2004  
(continued)**

**E. Budgetary Process**

The Ohio Revised Code requires that each fund (except certain agency funds) be budgeted annually.

**1. Appropriations**

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year-end.

**2. Estimated Resources**

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

**3. Encumbrances**

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year-end are carried over and need not be re-appropriated.

A summary of 2005 and 2004 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.

**G. Accumulated Leave**

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Township's basis of accounting.

**H. Total Columns on Financial Statements**

Total columns on the financial statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. This data is not comparable to a consolidation. Interfund type eliminations have not been made in the aggregation of this data.

**HAMILTON TOWNSHIP  
WARREN COUNTY, OHIO  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2005 and 2004  
(continued)**

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

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

	2005	2004
Demand deposits	\$1,777,051	\$ 987,635
Certificates of Deposit	100,000	100,000
Total deposits	\$1,877,051	\$1,087,635

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

**3. BUDGETARY ACTIVITY**

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

2005 Budgeted vs. Actual Receipts			
	Budgeted	Actual	
Fund Type	Receipts	Receipts	Variance
General	\$ 711,550	\$ 1,531,516	\$ 819,966
Special Revenue	4,901,498	6,715,714	1,814,216
Total	\$ 5,613,048	\$ 8,247,230	\$ 2,634,182

2005 Budgeted vs. Actual Budgetary Basis Expenditures			
	Appropriation	Budgetary	
Fund Type	Authority	Expenditures	Variance
General	\$ 1,225,819	\$ 963,038	\$ 262,781
Special Revenue	6,599,688	6,247,206	352,482
Debt Service	250,915	247,570	3,345
Expendable Trust	820	-	820
Total	\$ 8,077,242	\$ 7,457,814	\$ 619,428

**HAMILTON TOWNSHIP  
WARREN COUNTY, OHIO  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2005 and 2004  
(continued)**

2004 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 1,068,487	\$ 1,608,044	\$ 539,557
Special Revenue	3,419,366	5,266,198	1,846,832
Debt Service	230,310	-	(230,310)
Total	<u>\$ 4,718,163</u>	<u>\$ 6,874,242</u>	<u>\$ 2,156,079</u>

2004 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 978,975	\$ 951,393	\$ 27,582
Special Revenue	5,280,658	4,640,874	639,784
Debt Service	240,716	726,700	(485,984)
Expendable Trust	1,245	1,083	162
Total	<u>\$ 6,501,594</u>	<u>\$ 6,320,050</u>	<u>\$ 181,544</u>

**4. NONCOMPLIANCE**

- Contrary to Ohio Rev. Code, Section 5705.10, the Township had deficit cash balance in the following funds as of December 31, 2005 and 2004:

<u>Fund</u>	<u>2005</u>	<u>2004</u>
EMS – Miscellaneous Fund	(\$277,975)	\$ -
New Building Bond Retirement Fund	(1,396,960)	(1,149,390)
Bond – New Administrative Building Fund	(288,764)	(288,764)

- Contrary to Ohio Rev. Code, Section 5705.39, appropriations exceeded estimated resources in the following funds during 2005:

<u>Fund</u>	<u>Estimated Resources</u>	<u>Appropriations</u>	<u>Variance</u>
Gas Tax Fund	\$86,746	\$88,566	(\$1,820)
Cemetery Fund	30,819	33,319	(2,500)
Police District Fund	1,426,752	1,463,647	(36,895)
Zoning Fund	96,924	97,985	(1,061)
EMS - Miscellaneous Fund	991,035	1,733,277	(742,242)
TIF Fund	529,010	993,927	(464,917)
Fastcop Fund	577	1,153	(576)
New Building Bond Retirement Fund	(1,149,390)	250,000	(1,399,390)
Bond – New Administrative Building Fund	(288,764)	915	(289,679)

**HAMILTON TOWNSHIP  
WARREN COUNTY, OHIO  
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Appropriations exceeded estimated resources in the following funds during 2004:

<u>Fund</u>	<u>Estimated Resources</u>	<u>Appropriations</u>	<u>Variance</u>
Motor Vehicle License Fund	\$22,007	\$24,040	(\$2,033)
Gas Tax Fund	74,360	79,029	(4,669)
Road and Bridge Fund	495,654	668,435	(172,781)
Police District Fund	617,605	908,402	(290,797)
Fire District Fund	1,051,583	1,081,831	(30,248)
Zoning Fund	70,598	84,224	(13,626)
EMS - Miscellaneous Fund	682,212	1,901,631	(1,219,419)
TIF Fund	(91,671)	83,672	(175,343)
New Building Bond Retirement Fund	(192,380)	230,310	(422,690)
Bond – New Administrative Building Fund	(288,764)	10,406	(299,170)

- Contrary to Ohio Rev. Code Section 5705.41(B) the following funds had expenditures which exceeded appropriations during 2005:

<u>Fund</u>	<u>Appropriations</u>	<u>Expenditures</u>	<u>Variance</u>
Motor Vehicle License Fund	\$17,798	\$18,095	(\$297)
Road and Bridge Fund	531,528	583,140	(51,612)
Lighting Assessment Fund	150,965	170,729	(19,764)
Police District Fund	1,463,647	1,465,277	(1,630)
Fire District Fund	1,110,346	1,388,775	(278,429)
Zoning Fund	97,985	132,076	(34,091)
Drug Law Enforcement Fund	34,434	35,688	(1,254)

The following funds had expenditures which exceeded appropriations during 2004:

<u>Fund</u>	<u>Appropriations</u>	<u>Expenditures</u>	<u>Variance</u>
Motor Vehicle License Fund	\$24,040	\$26,571	(\$2,531)
Police District Fund	908,402	1,008,327	(99,925)
Zoning Fund	84,224	100,070	(15,846)
TIF Fund	83,672	944,660	(860,988)
Medical Services Fund	13,319	33,874	(20,555)
New Building Bond Retirement Fund	230,310	726,700	(496,390)

- Contrary to Ohio Rev. Code Section 9.38, deposits were not made to the financial institution in a timely manner during 2005 and 2004, nor had a policy been adopted permitting officials receiving money to hold receipts past the next business day.
- Contrary to Ohio Rev. Code, Section 5705.41 (D), 73 percent of the expenditures tested did not contain the appropriate certification for the availability of funds and were not properly encumbered prior to incurring the obligation.



**HAMILTON TOWNSHIP  
WARREN COUNTY, OHIO  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2005 and 2004  
(continued)**

**5. PROPERTY TAX**

Real property taxes become a lien on January 1 preceding the October 1 for which rates are adopted by Township Council. 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 payments, 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.

**6. BONDS PAYABLE**

Bonds payable at December 31, 2005 are as follows:

	Principal	Interest Rate
Township Administration Building Bonds	\$ 2,267,000	6.10%

During 2000, the Township issued \$2,700,000 of bonds to finance the construction of the Administration building. The bonds are collateralized solely by the Township's taxing authority.

Amortization of the bonds, including interest, is scheduled as follows:

Year	Township Administration Building Bonds
2006	\$ 241,287
2007	235,004
2008	228,721
2009	222,438
2010-2014	1,017,945
2015-2019	861,687
2020-2024	703,490
2025-2027	346,698
Total	\$3,857,270

**HAMILTON TOWNSHIP  
WARREN COUNTY, OHIO  
NOTES TO THE FINANCIAL STATEMENTS  
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**7. CAPITAL LEASES PAYABLE**

In 1999, the Township entered into a \$445,950 ten year capital lease for the construction of a firehouse.

In August 2005, the Township entered into a \$165,341 three year capital lease with Ohio Township Association Leasing for police cruisers.

In November 2005, the Township entered into a \$577,600 seven year capital lease with Ohio Township Association Leasing for a fire truck.

Amortization of the leases, including interest, is scheduled as follows:

<u>Year ending December 31,</u>	<u>Firehouse</u>	<u>Police Cruisers</u>	<u>Fire Truck</u>
2006	\$ 61,941	\$ 58,401	\$ 96,653
2007	61,941	58,401	96,653
2008	61,941	29,200	96,653
2009	-	-	96,653
2010	-	-	96,653
2011-2012	-	-	193,306
Total minimum lease payments	<u>185,823</u>	<u>146,002</u>	<u>676,571</u>
Less: amount representing interest	<u>(20,101)</u>	<u>(8,265)</u>	<u>(98,971)</u>
Present Value of future minimum lease payments	<u>\$165,722</u>	<u>\$137,737</u>	<u>\$577,600</u>

**8. NOTES PAYABLE**

Notes payable at December 31, 2005 are as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Various Purpose Infrastructure Improvement Bond Anticipation Notes 2005	\$ 870,000	3.10%

In March 2005, the Township issued a Bond Anticipation Note for \$870,000 at a rate of 3.10% with a maturity date of March 26, 2006 to refund \$870,000 of Bond Anticipation Notes issued during 2004. The notes issued during 2004 were to refund two bond anticipation notes totaling \$870,000 that had been issued during 2003 for the financing of improvements to the infrastructure of the Township.

In addition to the refunding of the bond anticipation notes discussed above, the Township issued a tax anticipation note on February 10, 2005 for \$300,000 with an interest rate of 4.0%. The note was retired on May 10, 2005. During 2004, the Township issued a tax anticipation note on January 24, 2004 for \$600,000 with incremental rates during the term of the loan ranging from 1.55% to 2%. The note was retired in its entirety on October 27, 2004.

**HAMILTON TOWNSHIP  
WARREN COUNTY, OHIO  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2005 and 2004  
(continued)**

**9. RISK MANAGEMENT**

**Commercial Insurance**

The Township has obtained commercial insurance for the following risks:

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

**10. RETIREMENT SYSTEMS**

The Township's certified fire fighters belong to the Ohio Police and Fire Pension Funds (OP&F). Other full-time employees belong to the Ohio Public Employees Retirement System (OPERS) of Ohio. OP&F and OPERS are cost sharing, multiple employer plans. The Ohio Revised Code prescribes the plans' retirement benefits, including post-retirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2005 and 2004, OP&F participants contributed 10 percent of their wages. The Township contributed an amount equal to 24 percent of participant wages. OPERS members contributed 8.5 percent of their wages. The Township contributed an amount equal to 13.55 percent of participants' gross salaries. The Township has paid all contributions required through December 31, 2005.

**11. ADJUSTMENT TO BEGINNING FUND CASH BALANCES**

As a result of a review by consultants hired by the Township, it was discovered that prior to 2004, the Township had recorded various transactions primarily related to EMS revenues and tax increment financing arrangements to incorrect funds. As a result, previously reported fund cash balances in the General, Special Revenue and Debt Service Fund types, as of December 31, 2003, have been restated to correct for the effects of reclassifying these transactions, as follows:

	<u>General Fund</u>	<u>Special Revenue Fund Type</u>	<u>Debt Service Fund Type</u>	<u>Expendable Trust</u>	<u>Total</u>
Fund cash balances as of December 31, 2003, as previously reported	(\$304,671)	\$1,545,350	(\$721,860)	\$2,531	\$521,350
Reclassifications of transactions	<u>687,994</u>	<u>(698,400)</u>	<u>10,406</u>	-	-
Fund cash balances as of January 1, 2004, restated	<u>\$ 383,323</u>	<u>\$ 846,950</u>	<u>(\$711,454)</u>	<u>\$2,531</u>	<u>\$521,350</u>

**HAMILTON TOWNSHIP  
WARREN COUNTY, OHIO  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2005 and 2004  
(continued)**

**12. SUBSEQUENT EVENTS**

In March 2006, the Township paid off \$170,000 and issued a Bond Anticipation Note for \$700,000 at a rate of 4.50% to refund the \$870,000 of Bond Anticipation Notes issued during 2005. In March 2007, the Township paid off \$150,000 and issued a Bond Anticipation Note for \$550,000 at a rate of 4.25% due in March 2008, to refund the \$700,000 of Bond Anticipation Notes issued during 2006.

# Bastin & Company, LLC

*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***

The Honorable Members of the Board of Trustees  
Hamilton Township, Warren County  
7780 South State Route 48  
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, 2005 and 2004, and have issued our report thereon dated December 5, 2007, wherein we noted the Township prepared its financial statements using accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States 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 certain matters involving the internal control over financial reporting and its operation that we consider 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 management's assertions in the financial statements. Reportable conditions are described in the accompanying schedule of findings as item 2005-06.

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 material weaknesses. We consider reportable condition 2005-06 to be 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 or other matters that are required to be reported under *Government Auditing Standards*, and which are described in the accompanying schedule of findings as items 2005-01 through 2005-05.

This report is intended solely for the information and use of the management and Township Council, and is not intended to be and should not be used by anyone other than these specified parties.

*Bastin & Company, LLC*

Cincinnati, Ohio  
December 5, 2007

**HAMILTON TOWNSHIP  
WARREN COUNTY, OHIO  
SCHEDULE OF AUDIT FINDINGS  
DECEMBER 31, 2005 and 2004**

**FINDING NUMBER 2005-01**

**Noncompliance Citation**

Ohio Rev. Code, Section 5705.10, provides that money paid into any fund shall be used only for purposes for which such fund is established.

As of December 31, 2005 and 2004, the Township had deficit cash balance in the following funds:

<u>Fund</u>	<u>2005</u>	<u>2004</u>
EMS – Miscellaneous Fund	(\$277,975)	-
New Building Bond Retirement Fund	(1,396,960)	(1,149,390)
Bond – New Administrative Building Fund	(288,764)	(288,764)

A deficit cash balance indicates money from another fund(s) has been used to pay the obligations of the aforementioned funds.

**Township’s Response**

The negative balances are a result of prior year activities and efforts are being made to bring the fund cash balances into compliance by transferring funds as they become available.

**FINDING NUMBER 2005-02**

**Noncompliance Citation**

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 appropriated for such purpose and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. This certificate need be signed only by the subdivision’s fiscal officer. Every contract made without such a certificate shall be void, and no warrant shall be issued in payment of any amount due thereon.

This section also provides two “exceptions” to the above requirements:

- A. Then and Now Certificate – If no certificate is furnished, as required, upon receipt of the fiscal officers’ certificate that a sufficient sum was appropriated and free of any previous encumbrances, the Township Council 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 one thousand dollars, the fiscal officer may authorize it to be paid without the affirmation of the Township Council, if such expenditure is otherwise valid.

Of the expenditures tested, 73 percent did not contain the appropriate certification for the availability of funds and were not properly encumbered prior to incurring the obligation.

**Township’s Response**

The Township will attempt to ensure that proper certification is obtained in the future.

## FINDING NUMBER 2005-03

### Noncompliance Citation

Ohio Rev. Code, Section 5705.39, states that the total appropriations from each fund should not exceed the total of estimated resources available (cash available at the beginning of the year plus estimated receipts for the year).

Appropriations exceeded estimated resources in the following funds during 2005:

<u>Fund</u>	<u>Estimated Resources</u>	<u>Appropriations</u>	<u>Variance</u>
Gas Tax Fund	\$86,746	\$88,566	(\$1,820)
Cemetery Fund	30,819	33,319	(2,500)
Police District Fund	1,426,752	1,463,647	(36,895)
Zoning Fund	96,924	97,985	(1,061)
EMS - Miscellaneous Fund	991,035	1,733,277	(742,242)
TIF Fund	529,010	993,927	(464,917)
Fastcop Fund	577	1,153	(576)
New Building Bond Retirement Fund	(1,149,390)	250,000	(1,399,390)
Bond – New Administrative Building Fund	(288,764)	915	(289,679)

Appropriations exceeded estimated resources in the following funds during 2004:

<u>Fund</u>	<u>Estimated Resources</u>	<u>Appropriations</u>	<u>Variance</u>
Motor Vehicle License Fund	\$22,007	\$24,040	(\$2,033)
Gas Tax Fund	74,360	79,029	(4,669)
Road and Bridge Fund	495,654	668,435	(172,781)
Police District Fund	617,605	908,402	(290,797)
Fire District Fund	1,051,583	1,081,831	(30,248)
Zoning Fund	70,598	84,224	(13,626)
EMS - Miscellaneous Fund	682,212	1,901,631	(1,219,419)
TIF Fund	(91,671)	83,672	(175,343)
New Building Bond Retirement Fund	(192,380)	230,310	(422,690)
Bond – New Administrative Building Fund	(288,764)	10,406	(299,170)

### Township's Response

The Township will more accurately monitor its compliance with the ORC in the future to ensure that appropriations do not exceed estimated resources.



## **FINDING NUMBER 2005-04**

### **Noncompliance Citation**

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

The following funds had expenditures which exceeded appropriations during 2005:

<u>Fund</u>	<u>Appropriations</u>	<u>Expenditures</u>	<u>Variance</u>
Motor Vehicle License Fund	\$17,798	\$18,095	(\$297)
Road and Bridge Fund	531,528	583,140	(51,612)
Lighting Assessment Fund	150,965	170,729	(19,764)
Police District Fund	1,463,647	1,465,277	(1,630)
Fire District Fund	1,110,346	1,388,775	(278,429)
Zoning Fund	97,985	132,076	(34,091)
Drug Law Enforcement Fund	34,434	35,688	(1,254)

The following funds had expenditures which exceeded appropriations during 2004:

<u>Fund</u>	<u>Appropriations</u>	<u>Expenditures</u>	<u>Variance</u>
Motor Vehicle License Fund	\$24,040	\$26,571	(\$2,531)
Police District Fund	908,402	1,008,327	(99,925)
Zoning Fund	84,224	100,070	(15,846)
TIF Fund	83,672	944,660	(860,988)
Medical Services Fund	13,319	33,874	(20,555)
New Building Bond Retirement Fund	230,310	726,700	(496,390)

### **Township's Response**

The Township will more accurately monitor its compliance with the ORC in the future to ensure that expenditures do not exceed appropriations.

## **FINDING NUMBER 2005-05**

### **Noncompliance Citation**

Ohio Rev. Code Section 9.38, states, in part, that public money must be deposited with the treasurer of the public office or to a designated depository on the business day following the day of receipt. If the amount of daily receipts does not exceed \$1,000 and the receipts can be safeguarded, public offices may adopt a policy permitting their officials who receive this money to hold it past the next business day, but the deposit must be made no later than three business days after receiving it. Only the legislative authority may adopt the policy, and the policy must include provisions and procedures to safeguard the money during the intervening period. If the amount exceeds \$1,000 or a lesser amount can not be safeguarded, the public official must then deposit the money on the next business day.

Deposits were not made to the financial institution in a timely manner during 2005 and 2004, nor had a policy been adopted permitting officials receiving money to hold receipts past the next business day. Collections received in 2005 and 2004, in some instances, were held for extensive periods prior to deposit. The failure to deposit receipts promptly may lead to the loss or misplacement of cash or checks received, increases the risk of theft or misuse, and causes a loss of interest revenue.

### **Township's Response**

The Township will review and implement procedures to ensure deposits are made in a timely manner.

## **FINDING NUMBER 2005-06**

### **Material Weakness**

The Township's past and present controls over its financial management operations have not been sufficiently designed or applied to ensure the complete, accurate and timely recording of financial transactions. The result of this weakness has been the Township's inability to effectively manage its operations and to comply with applicable laws and regulations.

For the period covered by this audit, the Township hired consultants in order to 1) review the data recorded within the Township's accounting system for 2004 and 2005, 2) to perform an extensive review of prior years' activities and 3) provide revised fund cash balances as of December 31, 2003 and revised financial data for 2004 and 2005 which became the basis for audit.

The result of the review disclosed significant errors in the recording of transactions, and therefore, errors in reporting annual activities as well as significant errors in prior years. Errors were noted in the recording of property tax settlements between funds, EMS revenues, debt proceeds and payments and various other misclassified transactions. In addition, the consultants adjusted the Township's records for 2005 to account for over \$250,000 of receipts collected at year end which were not deposited for an extended period and recorded in 2006.

In addition to the corrections noted by the Township's consultants, our audit procedures disclosed additional corrections in order to properly state the Township's financial statements for 2004 and 2005. Audit adjustments were made in the following areas:

- Debt payments were recorded in capital outlay expenditures.
- Debt principal payments were recorded as interest expense.
- Proceeds from notes were recorded as other revenues.
- Fines, fees, and permits were recorded as debt proceeds.
- Proceeds from a capital lease and related expenses were not recorded.
- Data provided by the Township's consultants incorrectly included EMS expenditures in the General Fund.
- Miscellaneous revenues and expenditures contained items such as taxes and fees that required reclassification.
- The activities for two additional bank accounts were not recorded on the accounting system and activities involving those accounts are not under the control of the financial management of the Township.

The conditions described above, in our opinion, demonstrate that data provided by the Township's accounting system is not reliable on a fund by fund basis and affects the Township's ability to effectively manage its fiscal operations.

We recommend that the Township take steps to not only correct data recorded within the accounting system but also evaluate, design and implement a strong system of accounting controls to ensure that data being recorded within the accounting system is accurate in the future. Accounting and financial information needs

to be properly assessed and comprehended to allow for effective management of the Township. The Township may wish to consider additional training for those with fiscal responsibilities and cross-training of additional employees who could act in a review capacity in designing a system of controls. In addition, the Township may want to consider the effectiveness of its current accounting software and whether it is capable of providing the necessary tools for effective management.

**Township's Response**

The Township will evaluate its current operations and take steps as needed to improve its financial reporting capabilities.

**HAMILTON TOWNSHIP  
WARREN COUNTY, OHIO  
SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2005 and 2004**

<b>Finding Number</b>	<b>Finding Summary</b>	<b>Fully Corrected?</b>	<b>Status Explanation</b>
2003-001	Noncompliance/Reportable Condition ORC Section 5705.41. Failure to properly encumber prior to incurring the obligation.	No	Condition existed during current audit period, reissued as finding 2005-02
2003-002	Noncompliance/Reportable Condition ORC Section 5705.39. Appropriations exceeded estimated resources.	No	Condition existed during current audit period, reissued as finding 2005-03.
2003-003	Noncompliance/Reportable Condition ORC Section 5705.41. Expenditures exceeded appropriations.	No	Condition existed during current audit period, reissued as finding 2005-04.
2003-004	Noncompliance/Reportable Condition ORC Section 5705.10. Negative fund balances.	No	Condition existed during current audit period, reissued as finding 2005-01.
2003-005 through 2003-008	Finding for Recovery Repaid Under Audit. ORC Section 505.24. Incorrect trustee compensation paid.	Yes	Finding was resolved.



**Mary Taylor, CPA**  
Auditor of State

**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  
MAY 6, 2008**