



bhm cpa group, inc.
CERTIFIED PUBLIC ACCOUNTANTS

Hamilton Township
Lawrence County

Regular Audit

For the Year Ended December 31, 2016
Fiscal Year Audited Under GAGAS: 2016

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OHIO AUDITOR OF STATE
KEITH FABER



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Board of Trustees
Hamilton Township
P.O. Box 703
Ironton, OH 45638

We have reviewed the *Independent Auditor's Report* of the Hamilton Township, Lawrence County, prepared by BHM CPA Group, Inc., for the audit period January 1, 2016 through December 31, 2016. 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 Auditor of State is currently conducting an investigation related to the Township. As of the date of this report, the investigation is ongoing. Depending on the outcome, the results of the investigation may be reported at a later date.

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. The Hamilton Township is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Keith Faber".

Keith Faber
Auditor of State
Columbus, Ohio

June 24, 2020

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**Hamilton Township
Lawrence County**

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INDEPENDENT AUDITOR'S REPORT

Hamilton Township
Lawrence County
P.O. Box 703
Ironton, Ohio 45638

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of Hamilton Township, Lawrence County, Ohio (the Township) as of and for the year ended December 31, 2016.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Township's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Township's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 2 of the financial statements, the Township prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Township does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2016, and the respective changes in financial position thereof for the year then ended.

Basis for Qualified Opinion on Regulatory Basis of Accounting

General Fund Miscellaneous receipts are reported at \$4,667 for the year ended December 31, 2016, which is 11 percent of the total General Fund receipts for the year ended December 31, 2016. Intergovernmental receipts related to the Gasoline Excise Tax program are reported at \$106,729 for the years ended December 31, 2016 which is 34 percent of the Special Revenue Fund Intergovernmental receipts for the year ended December 31, 2016. We were unable to obtain sufficient appropriate audit evidence supporting these amounts recorded as General Fund Miscellaneous receipts and Special Revenue Fund Intergovernmental receipts. Consequently, we were unable to determine where any adjustments to these amounts were necessary.

Qualified Opinion

In our opinion, except for the possible effects of the matters described in the *Basis for Qualified Opinion* paragraph, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements by fund type, and related notes of of Hamilton Township, Lawrence County Ohio, as of December 31, 2016, for the year then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative code Section 117-2-03(D) permit, described in Note 2.

Emphasis of Matter

As discussed in note 9 to the financial statements, the January 1, 2016 cash fund balance in the Special Revenue Funds were restated due to overstated deposit in transit items. We did not modify our opinion regarding this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 20, 2019, 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 internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control over financial reporting and compliance.

BHM CPA Group

BHM CPA Group, Inc.
Piketon, Ohio
November 20, 2019

**Hamilton Township
Lawrence County**
*Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances
Governmental Funds
For the Year Ended December 31, 2016*

	Governmental Fund Types		Totals (Memorandum Only)
	General	Special Revenue	
Cash Receipts			
Property Tax and Other Local Taxes	\$ 23,438	\$ 184,513	\$ 207,951
Intergovernmental	13,177	119,190	132,367
Earnings on Investment	50	-	50
Miscellaneous	4,667	8,062	12,729
<i>Total Cash Receipts</i>	<u>41,332</u>	<u>311,765</u>	<u>353,097</u>
Cash Disbursements			
Current:			
General Government	24,951	-	24,951
Public Safety	-	118,334	118,334
Public Works	-	118,329	118,329
Health	-	1,500	1,500
Capital Outlay	-	51,061	51,061
<i>Total Cash Disbursements</i>	<u>24,951</u>	<u>289,224</u>	<u>314,175</u>
<i>Excess of Cash Receipts Over /(Under) Cash Disbursements</i>	<u>16,381</u>	<u>22,541</u>	<u>38,922</u>
<i>Fund Cash Balances, January 1 - As Restated</i>	<u>60,558</u>	<u>422,007</u>	<u>482,565</u>
Fund Cash Balances, December 31			
Restricted	-	444,548	444,548
Unassigned	76,939	-	76,939
<i>Fund Cash Balances, December 31</i>	<u>\$ 76,939</u>	<u>\$ 444,548</u>	<u>\$ 521,487</u>

See accompanying notes to the financial statements.

Hamilton Township
Lawrence County
Notes to the Financial Statements
For the Year Ended December 31, 2016

Note 1 – Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of Hamilton Township, Lawrence County (the Township), as a body corporate and politic. A publicly-elected three-member Board of Trustees directs the Township. The Township provides road and bridge maintenance and cemetery maintenance. The Township contracts with the Hamilton Township Volunteer Fire Department to provide fire services.

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

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

The Township's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types, and a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all proprietary and fiduciary fund types which are organized on a fund type basis.

Fund Accounting

The Township uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Township are presented below:

General Fund The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Township for any purpose provided it is expended or transferred according to the general laws of Ohio.

Special Revenue Funds These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Township had the following significant Special Revenue Funds:

Gas Tax Fund The gas tax fund accounts for and reports that portion of the State gasoline tax restricted for maintenance and repair of roads within the Township.

Fire Fund This fund receives fire levy money for the fire protection provided by the Hamilton Township Volunteer Fire Department.

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements 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 the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit.

Hamilton Township
Lawrence County
Notes to the Financial Statements
For the Year Ended December 31, 2016

Budgetary Process

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

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

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

Encumbrances The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. The Township did not use the encumbrance method of accounting. A summary of 2016 budgetary activity appears in Note 3.

Capital Assets

The Township records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Township must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

Nonspendable The Township classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

Restricted Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

Committed Trustees can *commit* amounts via formal action (resolution). The Township must adhere to these commitments unless the Trustees amend the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

Assigned Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Township Trustees or a Township official delegated that authority by resolution, or by State Statute.

Unassigned Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Township applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

Hamilton Township
Lawrence County
Notes to the Financial Statements
For the Year Ended December 31, 2016

Note 3 – Budgetary Activity

Budgetary activity for the year ending December 31, 2016 follows:

2016 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$41,332	\$41,332	\$0
Special Revenue	311,765	311,765	0
Total	\$353,097	\$353,097	\$0

2016 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$49,000	\$24,951	\$24,049
Special Revenue	446,300	289,224	157,076
Total	\$495,300	\$314,175	\$181,125

Note 4 – Deposits and Investments

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

	2016
Demand deposits	\$521,487
Total deposits	\$521,487

Hamilton Township
Lawrence County
Notes to the Financial Statements
For the Year Ended December 31, 2016

Note 5 – Property Taxes

Real property taxes become a lien on January 1 preceding the October 1 date for which the Trustees adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, 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.

The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Township.

Note 6 – Risk Management

Commercial Insurance

The Township has obtained commercial insurance for the following risks:

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

Note 7 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

The Township's elected officials and employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries and the Township contributed an amount equaling 14 percent of participants' gross salaries. The Township has paid all contributions required through December 31, 2016.

Note 8 – Contingent Liabilities

Amounts grantor agencies pay to the township are subject to audit and adjustment by the grantor. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

Note 9 – Beginning Balance Restatement

The balance at January 1, 2016 of the Special Revenue Funds was restated from \$430,436 to \$422,007 due to overstated deposit in transit items at the end of December 2015.



Hamilton Township
Lawrence County
P.O. Box 703
Ironton, Ohio 45638

To the Board of Trustees:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements by fund type of the Hamilton Township, Lawrence County, (the Township) as of and for the year ended December 31, 2016, and the related notes to the financial statements and have issued our report thereon dated November 20, 2019 wherein we noted the Township followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. We also noted that the January 1, 2016 cash fund balance in the Special Revenue Funds were restated due to overstated deposit in transit items. Furthermore, we qualified our opinion due to lack of supporting documentation for the Township's General Fund Miscellaneous receipts and Special Revenue Fund Intergovernmental receipts.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Township's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Township's internal control. Accordingly, we have not opined on it.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. However, as described in the accompanying schedule of findings we identified certain deficiencies in internal control over financial reporting, that we consider material weaknesses and a significant deficiency.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Township's financial statements. We consider findings 2016-003, 2016-004 and 2016-006 described in the accompanying schedule of findings to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of internal control deficiencies less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider finding 2016-005 described in the accompanying schedule of findings to be a significant deficiency.

Compliance and Other Matters

As part of reasonably assuring whether the Township's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2016-001 through 2016-003.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Township's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Township's internal control and compliance. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in black ink that reads "BHM CPA Group". The letters are cursive and somewhat stylized.

BHM CPA Group, Inc.
Piketon, Ohio
November 20, 2019

**Hamilton Township
Lawrence County**

Schedule of Findings
For the Year Ended December 31, 2016

Finding Number 2016-001

Noncompliance Citation

Ohio Rev. Code Section 5705.38(A) requires that on or about the first day of each fiscal year, an appropriation measure is to be passed. If the taxing authority wants to postpone the passage of the annual appropriation measure until an amended certificate is received from the County Budget Commission based upon the actual year end balances, it may pass a temporary appropriation measure for meeting the ordinary expenses until no later than April 1.

For 2016, approval of temporary or final appropriations was not recorded in the minute record. An appropriation measure was not filed with the County Auditor's Office for the year indicated. The appropriations for 2016 were filed in November of 2017. Failure to approve an appropriation resolution in a timely manner eliminates a significant control and results in illegal expenditures.

The Township Board of Trustees should approve an annual appropriation measure on or about the first day of the fiscal year. Approval should be recorded in the minute record and documentation should be maintained to support amounts approved. The Township should also file all approved appropriation resolutions with the Office of the Lawrence County Auditor.

Client Response: We did not receive a response from the client concerning this matter.

Finding Number 2016-002

Noncompliance Citation

Ohio Rev. Code Section 5705.41(D) (1) prohibits a subdivision or taxing entity from making any contract or ordering any expenditure of money unless a certificate signed by the fiscal officer is attached thereto. The fiscal officer must certify that the amount required to meet any such contract or expenditure has been lawfully appropriated and is in the treasury, or is in the process of collection to the credit of an appropriate fund free from any previous encumbrance. Further, contracts and orders for expenditures lacking prior certification shall be null and void.

There are several exceptions to the standard requirement stated above that a fiscal officer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are: "then and now" certificates, blanket certificates, and super blanket certificates, which are provided for in Section 5705.41(D)(1) and 5705.41(D)(3), respectively, of the Ohio Revised Code.

1. **"Then and Now" Certificate** – If the fiscal officer can certify that both at the time that the contract or order was made ("then"), and at the time that the fiscal officer is completing the certification ("now"), that sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrances, the Township can authorize the drawing of a warrant for the payment of the amount due. The Township had thirty days from the receipt of the "then and now" certificate to approve payment by ordinance or resolution.

Amounts of less than \$3,000 may be paid by the fiscal officer without a resolution or ordinance upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the Township.

**Hamilton Township
Lawrence County**

Schedule of Findings
For the Year Ended December 31, 2016

Finding Number 2016-002 (Continued)

Noncompliance Citation (Continued)

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 make expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predicable operating expense. This certification is not extend beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any line item appropriation.

The Fiscal Officer did not certify funds prior to purchases were made during 2016. This resulted in noncompliance of the above Ohio Revised Code Section and could result in overspending funds and negative cash fund balances.

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

The Township should certify purchases to which Ohio Rev. Code Section 5705.41(D) applies. The most convenient certification method is to use purchase orders that include the certification language Ohio Rev. Code Section 5705.41(D) requires to authorize disbursements. The Fiscal Officer should sign the certification prior to the Township incurring a commitment, and only when the requirements of Section 5705.41(D) are satisfied. The Fiscal Officer should post approved purchase orders to the proper appropriation code to reduce the available appropriation.

Client Response: We did not receive a response from the client concerning this matter.

**Hamilton Township
Lawrence County**

Schedule of Findings
For the Year Ended December 31, 2016

Finding Number 2016-003

Noncompliance Citation/Material Weakness

Ohio Admin. Code Section 117-2-02(A) requires public offices to maintain an accounting system and accounting records sufficient to enable the public office to identify, assemble, analyze, classify, record and report its transactions, maintain accountability for the related assets, document compliance with finance-related legal and contractual requirements and prepare financial statements. Ohio Admin. Code Section 117-2-02(D) allows the records to be maintained manually or in a number, account code, and any other information necessary to properly classify the transaction; (2) Receipts ledger to assemble and classify receipts into separate accounts for each type of receipt of each fund consisting of the amount, date name of the payer, purpose, receipt number, and other information necessary to record the transaction on this ledger and; (3) Appropriation ledger to assemble and classify disbursement into separate accounts for, at a minimum, each listed in the appropriation resolution. The amount, date, fund, check number, purchase order number, encumbrance amount, unencumbered balance, amount of disbursement uncommitted balance of appropriations, and any other information required may be entered in the appropriate columns.

The Fiscal Officer failed to maintain accounting records sufficient to enable the public office to identify, assemble, analyze, classify, record and report its transactions, maintain accountability for the related assets, document compliance with finance-related legal and contractual requirements and prepare financial statements.

The Fiscal officer was unable to provide sufficient supporting documentation for several receipts during 2016.

The Townships Fiscal Officer should review the requirements of OAC section 117-2-02 and maintain the cashbook, receipt and appropriations ledger in the manner prescribed therein.

Client Response: We did not receive a response from the client concerning this matter.

Finding Number 2016-004

Material Weakness

The Fiscal Officer should maintain accurate monthly bank reconciliations to ensure that all monies receipted and disbursed were accurately recorded. The Fiscal Officer did not prepare accurate bank reconciliations on a monthly basis.

The Fiscal Officer should reconcile bank balances to the fund balances each month and that the bank reconciliation be presented to the Board of Trustees for review. Further the Fiscal Officer should review her postings of receipts and disbursements to ensure that the proper amounts were posted as well as post all bank services charges and banking fees.

Client Response: We did not receive a response from the client concerning this matter.

**Hamilton Township
Lawrence County**

Schedule of Findings
For the Year Ended December 31, 2016

Finding Number 2016-005

Significant Deficiency

It is important for the Board of Trustees to closely monitor the Township's financial activity due to the small size of the staff and limited segregation of duties within the Township. The Board of Township Trustees should carefully review this information and make appropriate inquiries to help determine the continued integrity of financial information. This information also provides important data necessary to manage the Township.

This information can help answer questions such as the following:

- Are current receipts sufficient to cover expenditures?
- Are expenditures in line with prior year costs?
- If unusual fluctuations in receipts or expenditures occur, is the reason understood, and has it been appropriately budgeted?
- Are anticipated receipts being timely received?
- Is the Township maximizing its return on invested cash balances?
- Is the Township able to achieve the financial goals as set by the original or amended budgets?

The Board of Trustees failed to review and document approval of the monthly payment register in the minutes. The Board of Trustees reviewed no reports documenting budgeted amounts for receipts or expenditures or year-to-date amounts for receipts or expenditures. The Board of Trustees did not document any review or approval of bank reconciliations in the minute record.

The Fiscal Officer should provide the Board of Trustees at each regular meeting with a budget vs. actual receipt and expenditure report, financial statements showing cash balances, bank reconciliation report, and a report showing checks paid. We further recommend the review of approval of such reports be documented in the minute record.

Client Response: We did not receive a response from the client concerning this matter.

Finding Number 2016-006

Material Weakness – Controls over Financial Reporting

Sound financial reporting is the responsibility of the Fiscal Officer and governing board and is essential to ensure the information provided to the readers of the financial statements is complete and accurate. The errors in the financial statements were the results of a lack of internal controls of financial reporting.

The presentation of materially incorrect financial statements is the responsibility of management. Lack of a properly presented financial statements review process could inhibit its financial accountability to both the public and the Trustees, which they may use to facilitate Township decisions.

The Township should implement internal control procedures that enable management to identify, prevent, detect and correct potential misstatements in the financial statements.

Client Response: We did not receive a response from the client concerning this matter.

**Hamilton Township
Lawrence County**

Schedule of Prior Audit Findings
For the Year Ended December 31, 2016

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2015-001	ORC Section 9.38; Deposit of Public Monies	Yes	
2015-002	ORC Section 5705.38 (A); Passing of an appropriation measurer	No	Reissued as Finding 2016-001
2015-003	ORC Section 5705.41(B); Expenditures in excess of appropriations	Yes	
2015-004	ORC Section 5705.41(D)(1); For failing to properly encumber expenditures	No	Reissued as Finding 2016-002
2015-005	Ohio Admin Code Section 117-2-02(A); Maintain an accounting system and support	No	Reissued as Finding 2016-003
2015-006	Monthly bank reconciliation not performed	No	Reissued as Finding 2016-004
2015-007	Controls over financial reporting	No	Reissued as Finding 2016-006
2015-008	Significant deficiency	No	Reissued as Finding 2016-005
2015-009	ORC 505.60(D); reimbursements for out-of-pocket medical expenses	Yes	

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OHIO AUDITOR OF STATE KEITH FABER



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
JULY 7, 2020**