



Dave Yost • Auditor of State

**Hamilton Township
Warren County, Ohio**

Report on Accounting Methods

Local Government Services

Hamilton Township - Warren County

Report on Accounting Methods

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CERTIFICATION

In compliance with the requirements set forth in section 118.10(A) of the Ohio Revised Code, an assessment of the methods, accuracy, and legality of the accounts, records, files, and reports of Hamilton Township was conducted. This report on accounting methods states whether there are adequate controls in place to assure confidence in the records. The control deficiencies and instances of non-compliance with State statutes and the Ohio Administrative Code are identified throughout this report. Therefore, pursuant to section 118.10 of the Revised Code, a "Report on Accounting Methods" is hereby submitted and certified to Sharon Hanrahan, Chairman of the Financial Planning and Supervision Commission of Hamilton Township; David Wallace, Kurt Weber, and Eugene C. Duvelius, members of the Board of Trustees of Hamilton Township; and Raymond Warrick, Fiscal Officer of Hamilton Township.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

May 26, 2015

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Purpose

As required by section 118.10(A) of the Ohio Revised Code, the Auditor of State "...shall issue a preliminary report with respect to the method, accuracy, and legality of the accounts, records, files, and reports of the Township. Such report shall state whether Chapter 117 of the Revised Code and the requirements of the office of the Auditor of State have been complied with...."

Accordingly, this report centers upon the following: (1) whether the current accounting system fulfills the needs of the Township, and (2) whether the current accounting system is in compliance with Chapter 117 of the Revised Code and the requirements of the Auditor of State. Information for this report was obtained by interviewing Township personnel and reviewing pertinent accounting, financial, and budgetary records.

This report is intended solely for the use of the Auditor of State and Hamilton Township. We were not engaged to, nor did we, perform an audit, the objective of which would be the expression of an opinion on the specified elements, accounts, or items. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported.

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Governance Overview

Hamilton Township (the “Township”) is located in southwest Ohio in Warren County. The Township is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The legislative authority is vested in a three-member Board of Trustees (the “Board”).

The Board is elected at-large to serve four-year terms. Two of the members are elected in the same year with the other elected two years thereafter. The Board elects a Chairman to preside over meetings. The Board provides general government services, which include the maintenance of all Township roads and bridges, police and fire protection, emergency medical services, and the upkeep of four cemeteries. The Board has the authority to appoint various Township positions.

The Township Fiscal Officer is elected to a four-year term and serves as the chief fiscal officer of the township and Clerk for the Board of Trustees. The Fiscal Officer attends all Board meetings and keeps a record of all proceedings, rules, bylaws, and legislation. In addition, the Fiscal Officer keeps accurate statements of all monies received and expended by the Township and keeps records of all property owned by the Township and of all taxes and assessments. The Fiscal Officer is responsible for the establishment of accounting procedures necessary to comply with the administrative rules adopted by the Auditor of State.

On April 9, 2014, the Township was declared in a state of fiscal emergency by the Auditor of State. A Financial Planning and Supervision Commission (the “Commission”) was established under Ohio Revised Code, section 118.05. Under Revised Code section 118.05(L), a commission is not established with respect to any village or township with a population of less than one thousand as of the most recent federal decennial census. Upon the occurrence of a fiscal emergency in such a village or township, the Auditor of State shall serve as the financial supervisor of the village or township and shall have all the powers and responsibilities of a commission. The Commission membership is as follows:

1. The Director of Budget and Management or a designee;
2. The County Auditor or a designee;
3. A member of the Board of Trustees or a designee;
4. The Treasurer of State or a designee; and
5. Three individuals appointed by the Governor with knowledge and experience in financial matters.

The powers, duties, and functions of the Commission may include:

1. Review all tax budgets, tax levy ordinances, bond and note resolutions or ordinances, appropriation measures, and certificates of estimated resources to ensure they are consistent with the financial recovery plan;
2. Inspect and secure copies of pertinent documents of the Township;
3. Inspect and secure copies of pertinent documents of the County or State agencies relating to the Township;
4. Review, revise, and approve determinations and certifications affecting the Township made by the County Budget Commission or the County Auditor;
5. Bring civil actions to enforce fiscal emergency provisions;
6. Approve the amount and purpose of any debt obligations;

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7. Implement steps necessary to bring accounting records, accounting systems, and financial procedures and reports into compliance with rules established by the Auditor of State;
8. Make and enter into all contracts necessary or incidental to the performance of its duties;
9. Make recommendations for cost reductions or revenue increases to achieve a balanced budget; and,
10. Annually, before April 1, make a report and recommendations to the Speaker of the House of Representatives and the President of the Senate on the progress of the Township.

The Township must prepare a financial recovery plan, which outlines the actions to be taken by the Township to eliminate all fiscal emergency conditions, satisfy any judgments and past due payables, eliminate deficits in all deficit funds, restore monies to all funds from which monies were borrowed or used for purposes not consistent with the fund, balance all budgets and accounts and maintain all current payments due, avoid any fiscal emergency condition in the future, and restore the ability to market long-term general obligation debt. By State statute, the Township must operate within the provisions of the adopted recovery plan. The Commission is required to adopt this financial recovery plan for the Township within one hundred twenty days of its first meeting.

In accordance with Revised Code Section 118.27, the Township will remain in fiscal emergency until it is determined that:

1. The Township dissolves under Revised Code Section 118.31;
2. An effective financial accounting and reporting system is in the process of being implemented and is expected to be completed within two years;
3. All of the fiscal emergency conditions have been corrected or eliminated and no new emergency conditions have occurred;
4. The objectives of the financial recovery plan are being met; and,
5. The Board of Trustees has prepared a financial forecast for a five-year period and such forecast is, in the Auditor of State's opinion, "nonadverse."

Once these requirements are satisfied and certified to the Governor, the Director of the Office of Budget and Management, and the County Budget Commission, the fiscal emergency will be terminated.

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Budgetary System

Description of an Effective Budgetary System

The legally adopted annual budget plays a unique and central role in determining the amount and the type of financial resources that shall be raised and how those financial resources will be spent. Annually, a budget consisting of estimated receipts and disbursements for each fund for the next year should be presented to the governing body with sufficient time for review and public input. The budget should identify the major sources of receipts and the programs, activities, and major objects of disbursements. The budget should encompass current operations and maintenance, capital acquisition and replacement, and debt retirement. The budget, once approved by the legislative authority, should be the basis for the appropriation measure. The appropriation measure should identify, by fund, department/activity, and object, the amount of resources authorized to be expended for the various governmental functions and programs. The amount appropriated for each fund should not exceed the estimated resources available in that fund for the year. The estimated revenues and appropriations should be integrated with the accounting system to ensure and demonstrate compliance with the budget and allow for ongoing and timely information on unrealized receipts and balances available for disbursement.

Statutory Requirements

The budgetary process for the Township is prescribed in Chapter 5705 of the Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution.

Tax Budget - The Fiscal Officer should prepare an annual tax budget of the estimated receipts and disbursements for all funds of the Township for the period of January 1 to December 31 of the following year. The budget must be filed in the Fiscal Officer's office for public inspection ten days prior to adoption by the Board of Trustees. At least one public hearing must be held for discussion of the budget. The Board of Trustees is required to adopt the budget by July 15 and the budget must be submitted to the Warren County Budget Commission by July 20 of each year.

The County Budget Commission examines the budget to ascertain that all tax levies of the Township are properly authorized. The Budget Commission also revises and adjusts the estimated receipts for property taxes and local government fund allocations. The Budget Commission then prepares and submits to the Board of Trustees the Resolution Accepting Rates for the Board of Trustees' consideration. The Board of Trustees must accept or reject the rates outlined in the Resolution and file the Resolution with the Budget Commission. On or about October 1, the Board of Trustees must authorize, by resolution, the necessary tax levies and certify them to the County Auditor.

The County Budget Commission may, by an affirmative vote of a majority of the Budget Commission, waive the requirement that the Board of Trustees adopt a tax budget as provided under section 5705.281 of the Revised Code, but shall require the Board of Trustees to provide such information to the Budget Commission as may be required by the Budget Commission to perform its duties under Chapter 5705 of the Revised Code, including allocating inside millage to each subdivision or taxing unit.

Certificate of Estimated Resources - The Budget Commission issues an official certificate of estimated resources on or about September 1 based upon information provided in the tax budget and other information available to the Budget Commission.

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On or about January 1, the Fiscal Officer certifies the actual year end balances for all funds to the Budget Commission. Upon receipt of the information, the Budget Commission issues an amended official certificate of estimated resources that includes the unencumbered fund balances as of December 31. Further amendments may be made during the year if the Fiscal Officer determines that the revenue to be collected by the Township will be greater than or less than the amount included in the amended official certificate of estimated resources.

Appropriation Resolution - Section 5705.38 of the Revised Code requires that on or about January 1, the annual appropriation resolution must be enacted by the Board of Trustees. Prior to the passage of the annual appropriation measure, a temporary appropriation measure may be passed to meet the ordinary expenses of the Township until April 1. The appropriation resolution, by fund, must be within the estimated resources as certified by the County Budget Commission. Appropriation measures must be classified so as to set forth separately the amounts appropriated for each office, department, and division, and, within each, the amount appropriated for personal services. Any revisions that alter the total of any fund appropriation or alter the levels adopted by the Board of Trustees must be approved by the Board of Trustees. The Township may pass supplemental appropriations as long as the total appropriations by fund do not exceed the amounts set forth in the most recent amended certificate of estimated resources.

The Fiscal Officer is required to certify a copy of each appropriation resolution to the County Budget Commission. No appropriations are effective until the County Auditor provides a certificate indicating the appropriations, by fund, are within the estimated resources.

Encumbrances - As part of formal budgetary control, purchase orders, contracts, and other commitments for the disbursement of monies are encumbered and recorded as the equivalent of disbursements in order to reserve that portion of the applicable appropriation and to maintain legal compliance with the adopted appropriations. Disbursements plus encumbrances may not legally exceed appropriations.

Administrative Code Requirements

Section 117-2-02(C)(1) of the Ohio Administrative Code states that all local public offices should integrate the budgetary accounts, at the legal level of control or lower, into the financial accounting system. This means designing an accounting system to provide ongoing and timely information on unrealized budgetary receipts and remaining uncommitted balances of appropriations.

The legal level of control is the level at which spending in excess of budgeted amounts would be in violation of law. This is established by the level at which the legislative authority appropriates. For all local public offices subject to the provisions of Chapter 5705 of the Revised Code, the minimum legal level of control is described in section 5705.38 of the Revised Code. The legal level of control is a discretionary decision made by the legislative authority and must meet or exceed the level prescribed in section 5705.38 of the Revised Code.

Methods Used by the Township

The Township submits a Certificate of the Total Amount from All Sources Available for Expenditures to the County Auditor after year end closing. The Certificate identifies the actual year end fund balances for each fund of the Township. The County Auditor then returns to the Township an Amended Certificate of Estimated Resources that includes the actual unencumbered fund balances at December 31. The Fiscal Officer will request an Amended Certificate of Estimated Resources when changes occur in the estimated revenue. These changes are recorded in the UAN financial software by the Finance Coordinator. As of

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December 31, 2014, per the County Auditor, there have been four Amended Official Certificates of Estimated Resources issued for the Township in 2014. The first Certificate was certified by the County Auditor on January 29, 2014, followed by the second on June 11, 2014, the third on December 9, 2014, and the fourth on December 17, 2014.

The Board of Trustees adopted a temporary appropriation resolution on January 8, 2014. This resolution was not filed with the County Auditor, though a change to the original temporary appropriation was filed on February 5, 2014. The permanent appropriations for 2014 were adopted by the Board of Trustees on February 26, 2014, but the Fiscal Officer did not immediately file a copy with the County Auditor. After the current Fiscal Officer was hired, the County Auditor, upon discussion with the new Fiscal Officer, requested that he send in the original appropriations as the County Auditor was receiving supplemental changes to the appropriations but had not received the original appropriations. The Fiscal Officer sent these appropriations to the County Auditor on June 4, 2014, and the Budget Commission verified that appropriations, by fund, did not exceed estimated resources.

The Fiscal Officer prepared the temporary and permanent appropriations based on history, trends, and other known factors for all funds for 2014. The original appropriations were approved by the Board of Trustees at the fund level only, rather than at the legal level of control stipulated by section 5705.38 of the Revised Code. However, for fiscal year 2015, the original appropriations were approved at the legal level of control as required by the Revised Code. Any supplemental appropriations deemed necessary by the Fiscal Officer are approved by the Board of Trustees and filed with the County Auditor. These budgetary changes are made in the UAN financial software by the Finance Coordinator.

The Finance Coordinator compares the overall appropriations to estimated resources and fund balance to ensure compliance with budgetary requirements before changes are made to appropriations. The Finance Coordinator tracks all changes to appropriations as well as estimated resources that have been approved in an excel spreadsheet and reviews to the UAN System to make sure the system matches the approved budgets.

The Tax Budget is prepared by the Fiscal Officer and is based on the prior years' actual receipts and expenditures, the current year's actual and estimated receipts and expenditures, and estimates for the next year based on information available at the time of preparation. The Tax Budget for the next year is generally adopted by the Board of Trustees by July 15 and filed with the County Budget Commission on, or before, July 20. For 2014, the Tax Budget was approved by the Board of Trustees on July 16, 2014 and filed with the County Budget Commission on July 17, 2014.

The Budget Commission determines the financial needs and the corresponding tax rates to be charged on behalf of the Township based on historical rates. The Budget Commission then prepares and submits to the Township the Resolution Accepting Rates for the Board of Trustees' consideration. The Board of Trustees must accept or reject the rates outlined in the Resolution and file the Resolution with the Budget Commission by October 1. The Township did pass a Resolution Accepting Rates on March 4, 2015, and was submitted to the County Auditor after it was noted the Township missed the October 1, 2014 deadline.

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Auditor of State Comments

- Section 5705.34 of the Revised Code requires a passage of resolution to authorize necessary tax levies by Board of Trustees and certified to the County Auditor before October 1st each year. The Township did not pass a Resolution Accepting Rates and consequently did not certify resolution by October 1, 2014.

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Chart of Fund and Account Codes

Description of an Effective Chart of Fund and Account Codes

Common terminology and classification should be used throughout the budgeting, accounting, and financial reporting activities. The consistent use of fund and account codes is necessary to classify and summarize receipt and disbursement transactions. Fund codes should allow for the classification and identification of fund types and the individual funds. Receipt and disbursement codes should allow the transactions to be summarized by major revenue source or disbursement program. Major object codes for disbursements should be used consistently throughout the various program and activity codes.

The Township should establish and maintain those funds required by law and sound financial administration. Only the minimum number of funds consistent with legal and operating requirements should be established.

Statutory Requirements

The creation of funds is authorized by section 5705.09 of the Revised Code. Section 5705.13 of the Revised Code allows for the creation of a reserve for budget stabilization, for the payment of claims under a self-insurance program, and for the payment of claims under a retrospective workers' compensation plan. This section also allows for a special revenue fund to accumulate resources for the payment of sick and vacation leave. Additionally, it allows for the creation of capital projects funds to accumulate resources for up to ten years for the acquisition, construction, or improvement of capital assets. Funds may also be established under section 5705.12 of the Revised Code with the written approval of the Auditor of State.

Methods Used by the Township

The Township is using the State software known as the Uniform Accounting Network (UAN). This system utilizes a numeric account coding system as outlined in the Ohio Township Handbook.

Auditor of State Comments

None

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Accounting Journals and Ledgers

Description of Effective Accounting Ledgers

The accounting ledgers of the Township should provide ongoing and timely information on estimated and actual receipts, disbursements and encumbrances, comparison of expenditures to the appropriation authority, available cash balances for each fund, and the available treasury balance. The information captured for each transaction should allow the transaction to be traced throughout the ledgers and back to the document that originated the transaction.

Statutory Requirements

Section 507.04 of the Revised Code, requires that the Township's Fiscal Officer keep an accurate record of the proceedings of the Board of Trustees at all of its meetings, and of all its accounts and transactions, including the acceptance of the bonds of township officers.

Administrative Code Requirements

Section 117-2-02(A) of the Ohio Administrative Code requires all local 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 (and liabilities, if generally accepted accounting principles apply), document compliance with finance-related legal and contractual requirements and prepare financial statements required by Ohio Administrative Code section 117-2-03.

Section 117-2-02(C) (1) of the Ohio Administrative Code requires all local public offices to integrate the budgetary accounts, at the legal level of control or lower, into the financial accounting system. This means designing an accounting system to provide ongoing and timely information on unrealized budgetary receipts and remaining uncommitted balances of appropriations.

Section 117-2-02(D) of the Ohio Administrative Code states that all local public offices may maintain accounting records in a manual or computerized format. The records used should be based on the nature of operations and services the public office provides and should consider the degree of automation and other factors. Such records should include the following:

Cash Journal – The cash journal is the book of original entry for recording all cash receipts and disbursements processed in the Fiscal Officer's office. The cash journal presents receipts deposited to and checks drawn against the Township treasury and the fund(s) to which the receipts and checks were recorded. Entries to the cash journal are posted sequentially by date from source documents such as pay-in orders and checks. The related pay-in order or check number, account codes, and date are also recorded for each transaction. At the end of each month, month-to-date totals and year-to-date totals are to be recorded.

Receipts Ledger – The receipts ledger is used to summarize receipts by fund and account. In addition, the estimated receipts and uncollected balance are presented for each source of revenue. Estimated receipts are recorded from the detail and/or supplemental information used in the preparation of the Tax Budget and is adjusted for any amendments to the Certificate of Estimated Resources. Receipt transactions are posted from the cash journal based on the account code. A

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balance reflecting the estimated amount remaining to be received is maintained. At the end of each month, month-to-date totals and year-to-date totals are to be recorded.

Appropriations Ledger – The appropriations ledger is used to summarize appropriations, disbursements, and encumbrances, by fund and account. In addition, the ledger accommodates the encumbering of obligations of the Township, the check/check issued for the payment of the obligation, and necessary adjustments to an appropriation account. The ledger also facilitates budgetary control by enabling the Fiscal Officer to keep the Township's disbursements and encumbrances within the amounts appropriated by the Board of Trustees. The unencumbered appropriation balance provides information on the amount available for disbursements. At the end of each month, month-to-date totals and year-to-date totals are to be recorded.

Method Used by the Township

The Township utilizes the Uniform Accounting Network (UAN). All reports required by the administrative code are available through this software.

The Fiscal Officer, the Administrator, Finance Coordinator, and Human Resources Manager have administration access in the UAN system to input information and make changes. Other employees, including all the department heads, have read access to the UAN system through a computer terminal within the Administration Office. The Township has a UAN user manual, which is accessible for all employees.

Administration Office - An external company called Mindshift handles the IT services and server backups for the Administration Building. The UAN system is backed up on this server. Mindshift is based out of Virginia, which is also the location where the Township's server is backed up.

Police Department - A system called LEADS, Law Enforcement Automated Data System, is used by the Police Department to obtain and maintain information about driving records, vehicle ownership, and outstanding warrants. The system is administered by the Ohio Department of Public Safety, which is supported by the State of Ohio.

Fire Department - The Fire Department mainly uses systems that are internet-based. The EMS runs are uploaded to an internet-based system with Warren County and is backed up by the county. Fire Manager System is used for scheduling fire personnel, which is also internet-based. Fire Manager System backs up information posted by the Township for their service. Anything that is not on a website is maintained on a flash drive. The department's computers do not have the UAN software.

Auditor of State Comments

- On February 6, 2013, the Township approved a written disaster recovery plan, which identifies how the Township would react if a major disaster was to affect the community. However, there is no mention of a plan to restore information technology and accounting functions of the Township.

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Receipt Transactions

Description of an Effective Method for Recording Receipts

The receipting process should allow for the consistent classification and identification of each receipt. All receipts should be promptly recorded, safeguarded, and deposited in accordance with State statute. The receipt or pay-in-order form should be a multi-part form that is pre-numbered and issued consecutively. The receipt should bear the name of the entity and reflect the date received, the payer, the amount, the purpose or nature of the receipt, the account code, and the signature of the person preparing the receipt. Supporting documents should be attached to a copy of the receipt and filed numerically or by payer. Departmental receipts should be summarized and remitted to the finance department daily. The finance department should issue pay-in-orders to those departments depositing daily collections to the finance department. The pay-in-order forms should be a multi-part, pre-numbered form that bears the name of the entity, the date received, the payer, the amount, the purpose or nature of the receipt, the account code, and the signature or name of the person preparing the pay-in-order. Supporting documents should be attached to a copy of the pay-in-order. All receipts or pay-in-orders should be recorded in the cash journal and receipts ledger in a timely manner. Adequate safeguards should be in place to ensure that one individual does not have total control over the receipting of moneys, depositing of moneys, posting of receipts, and reconciliation of bank accounts.

Statutory Requirements

Section 9.38 of the Revised Code provides that a person who is a public official, employee, or an agent shall deposit all public moneys received by that person with the treasurer of the public office or properly designated depository on the business day next following the day of receipt if the total amount received exceeds one thousand dollars. If the total amount of the public moneys so received does not exceed one thousand dollars, the person shall deposit the moneys on the business day next following the day of receipt, unless the public office of which that person is a public official adopts a policy permitting a different time period, not to exceed three business days next following the day of receipt, for making such deposits, and the person is able to safeguard the moneys until such a time as the moneys are deposited. The policy shall include provisions and procedures to safeguard the public moneys until they are deposited. If the public office of which the person is a public official is governed by a legislative authority, only the legislative authority may adopt such a policy.

Section 507.03 of the Revised Code provides that “the Township Fiscal Officer shall give bond, payable to the Board of Trustees, with sureties approved by the Board, in the sum of no less than two-hundred and twenty thousand dollars, conditioned for the faithful performance of the duties of the office of Township Fiscal Officer. This bond shall be recorded by the Township Fiscal Officer and filed with the County Treasurer.”

Section 505.02 of the Revised Code provides that “each Township Trustee shall give bond to the State for the use of the Township, in the sum of one thousand dollars, conditioned for the faithful performance of his duty as Trustee, with at least two sureties, each of whom shall be a resident of the same Township, or a corporate surety authorized to do business in the State. Such bond shall be approved by a judge of the county court or judge of a municipal court having jurisdiction in the Township.”

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Administrative Code Requirements

Section 117-2-02(D)(1) of the Ohio Administrative Code requires the date, amount, receipt number, check number, account code, purchase order number and any other information necessary to properly classify the receipt transactions to be recorded in the cash journal. Section 117-2-02(D)(2) of the Ohio Administrative Code requires the amount, date, name of the payer, purpose, receipt number, and other information required for the transaction to be recorded in the receipts ledger.

Method Used by the Township

All employees in the Administration office and the elected officials (Fiscal Officer and Trustees) are bonded. The Fiscal Officer is responsible for overseeing all monies received. Substantially all revenues received by the Township are in the form of a check, cash or electronic transfer and are received and accounted for within the Administration Office. The Police Department receives a small amount of money for making copies. All receipts, except for the electronic transfers, are posted to UAN within 24 hours of receipt. The Township has written procedures for the receipt and recording of all revenues.

Receipts are received through the mail via a P.O. Box, in the Administration Office, by the Police Department Clerk, or directly into the Township's banking account. The Township utilizes the UAN system to post, print, and keep track of their revenues. Pay-in receipts from the UAN system have an area to identify who the receipt is from, receipt number, batch number, postdate, ticket number, account code, account description, receipt amount, purpose, and an area for the Fiscal Officer to sign.

Receipts that are received through the mail or in the Administration Office are handled by the Front Desk Assistant, who prepares a pay-in receipt for each item. The Front Desk Assistant has a receipt book that has pre-numbered triplicate receipts. The white copy goes to the customer, if a customer comes into office, the yellow copy goes to the Finance Coordinator, and the pink copy stays in the front desk receipt book.

When the Police Department receives revenue by mail, the Front Desk Assistant still prepares a pay-in receipt for the court monies received and then distributes a copy of the receipt and the check to the Police Major. If the Police Major is out of the office, the Police Clerk receives the revenue. The Police Major inputs the receipts into the Police Department's spreadsheet and presents the receipts and documentation to the Finance Coordinator to record.

For all receipts received, the Finance Coordinator compares the front desk receipt book to the money received at the front desk. Once the Finance Coordinator reviews the two items, she signs off on the receipts in the front desk receipt book. Once the Finance Coordinator receives the monies and documentation, she prepares a second receipt in the finance department's receipt book. After receipts are written in the finance department's receipt book, the Finance Coordinator prepares a deposit slip. The deposit slip is attached to the last receipt in the finance department's receipt book by the Finance Coordinator. In the event of the Finance Coordinator or Human Resources Manager is out of the office for a period of time, the front desk receipt book is filled out by the Community Development Coordinator or Administrator because the Front Desk Assistant will be handling the finance department receipt book.

The finance receipt book is given to the Human Resources Manager who posts the information into the UAN system and prints off a pay-in receipt. Initials are placed on the top right of each receipt after the Human Resources Manager enters the pay-in receipt. The finance department's receipt book and printed pay-in receipts from UAN are brought back to the Finance Coordinator. Pay-in receipts printed off UAN

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are then attached to the corresponding documentation stub by the Finance Coordinator. The Fiscal Officer is then given the UAN printed receipts, with the stapled deposit slip, and the finance department receipt book. The Fiscal Officer reviews these receipts and documentation before signing the printed pay-in receipts from UAN. Pay-in receipts and documentation are filed by month and receipt number in the Finance Coordinator's locked office. Deposits are made by the Township daily. The Board of Trustees approved for deposits less than \$1,000 to be made within 3 business days next following the day of receipt and posted within the UAN system within 24 hours, while deposits of \$1,000 or more must be deposited and posted to the UAN system within 24 hours of receipt.

Electronic Fund Transfer - Electronic fund transfers (EFT), which appear on the Township's bank statement, are processed differently than regular receipts. The three most common EFTs the Township receives are deposits for EMS fees, all County Auditor disbursements and State of Ohio Division of liquor control.

EMS fees - The Township's EMS fees are collected by an external company named Med3000. Payments on claims are directly deposited into the Township's lockbox for EMS billing at LCNB Bank. Throughout the month, the Finance Coordinator receives notifications from LCNB when money is electronically deposited from various insurance companies into their account. At the beginning of the month, Med3000 sends the Township a monthly statement of all the money received for the prior month, which the Finance Coordinator compares to the bank statement. An additional pre-numbered receipt is not written for these EMS fees. The Finance Coordinator posts the transaction into the UAN system and gives the printed receipt from UAN to the Fiscal Officer to review and sign. After the Fiscal Officer signs the UAN receipt, it is taken back to the Finance Coordinator to attach supporting documentation and put in the bank reconciliation folder.

County Auditor, Liquor Control & other EFTs - The Township may receive other types of electronic fund transfers. If it is a transfer for liquor control from the State of Ohio, a receipt is mailed to the Township. The County Auditor sends an email describing the EFT disbursement to the Township. The Township also has a sign in account to the County website to review all types of disbursements sent to the Township under the type of disbursement, including the tax settlement sheets. These EFTs are treated very similar to the EMS claims EFTs. The receipt printed off UAN is attached to the supporting documentation from the mail after the Fiscal Officer signs the receipt and filed in the month's bank reconciliation folder.

Police Ticket Accountability – Police citation packets containing tickets are in numerical order. These packets are signed out to the Police Officers by the Police Major. The packets also contain an Arrest Record Sheet on which each Police Officer records a citation number, an arrest date, a hearing date, a defendant's name, a violation, and a court that was forwarded the citation or if the ticket was voided. The Arrest Record Sheet shows what tickets have been used, whether issued or voided. If a ticket is voided, the Police Officer marks as such on the Arrest Record Sheet and attaches the voided tickets to be turned in. There are 25 tickets per packet. Once all the tickets are used within the packet, the Police Officer must turn in the Arrest Record Sheet to the Police Major before being issued a new packet. The tickets are submitted to the County Court weekly on or before Tuesday. The Police Officer completes an incident report that includes the information on the Arrest Record Sheet, along with the ticket, as well as a brief statement for the court. The Township does not track tickets after they are sent to the County Court or the outcome of court decisions. The court has started to hold license plates and tags for people who do not pay their fines. The collection and hearings are handled by the County Courts.

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Fire Department's EMS Accountability - Daily EMS runs are entered into the ZOLL ePCR software and are uploaded into an internet-based County system. Before the incident report is uploaded to the County system, the patient signs the report. However, if the patient is unconscious, the EMS run is classified as implied consent. The County allows MED3000 to have access to the reports for Hamilton Township runs through a file transfer protocol (FTP). MED3000 pulls these reports for the billing process for the Township's EMS runs. The Township's Fire Department tracks all EMS runs monthly on an Excel spreadsheet, and a firefighter and the Finance Coordinator reconcile the spreadsheet to the records from Med3000. Runs on the spreadsheet are marked as cleared when also listed on the MED3000 report, and a firefighter will investigate any items that are not cleared.

Deposit Slips - The Finance Coordinator prepares all deposit slips for the Township. When money is received, the Finance Coordinator writes them on the deposit slip in the order they are received. After money is deposited, the yellow copy of the deposit slip is stapled to the last entry in the finance department's receipt book. The Fiscal Officer verifies the amounts on the receipts printed from UAN match what is on the deposit slip for accuracy. A majority of the time the Finance Coordinator brings the money to the bank, but the other employees in the Administration Office make serve as backup to deposit the money.

Grants:

Bullet proof - The Police Department is partaking in a bullet proof reimbursable grant, offered through the Department of Justice. It is a 50-50 grant in which the Township pays 50 percent of the total purchase price of qualifying items and the Justice Department pays the remaining 50 percent. At the beginning of the grant period, the Department of Justice sends a list of qualified vests and approved vendors to the Township. Per the terms of the grant, the Township may purchase items they need from the approved list of vendors, but they must pay for the entire purchase up front. The Township sends the original receipt for the expenditures to the Department of Justice, who will review the purchases then electronically deposit 50 percent of the qualifying expenditures to the Township's designated bank account at LCNB. The Justice Department tracks each qualifying vest purchased by the Township, as well as which officer is wearing it.

Loeb - Annually, the Fire and Police Departments apply for the Loeb grant, a local grant issued by a foundation in Warren County. Initially, the departments must submit a list of items needed, which the grant committee reviews before awarding a grant amount. The grant amount varies annually based on which items the grant committee deems as qualifying items for that year. Money is awarded to the Township in the form of a check and is received in the mail. The Front Desk Assistant gives the Finance Coordinator the check and records similar to a regular receipt. During the grant period, the Fire and Police Departments maintain a copy of the award letter, a copy of the check received for the grant, and any receipts the departments collect when purchasing allowable items. Purchase requisitions are identified as Loeb grant before items are purchased, and invoices are submitted to the Finance Coordinator after received. Towards the end of the year, the departments submit the purchase receipts and a copy of the cancelled checks used in the purchases back to the grant committee. If the purchases go over the amount awarded (for instance, if the price of an approved item has changed since the initial grant application), the Township is required to cover that cost.

Auditor of State Comments

None

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Report on Accounting Methods

Purchasing Process

Description of an Effective Method for Purchasing

The process of purchasing goods or services should ensure that each transaction is properly authorized, documented, and recorded and that the purchasing process be integrated with the budget. The process should include a justification of need and selection of the vendor with the best price, as well as authorization by an appropriate individual. In addition, authorization must include the Fiscal Officer's certification of the availability of funds and that the amount has been appropriated and is free from previously encumbered obligations. All purchase orders should be in written form clearly indicating the items, quantities, and unit cost. Authorized purchase commitments should be recorded against a budget line item in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance.

Statutory Requirements

Per section 507.11 of the Revised Code, the Board of Trustees may, by resolution, authorize township officers and employees to incur obligations of two thousand five hundred dollars or less on behalf of the township. The obligations incurred on behalf of the Township by a Township officer or employee acting pursuant to any such resolution shall be subsequently approved by the adoption of a formal resolution of the Board of Trustees.

Several State laws govern the purchasing process. The requirements are as follows:

Certification of the Fiscal Officer - Each contract or order for the disbursement of monies must be accompanied by a certificate of the Fiscal Officer of the subdivision that the amount required to meet the obligation or, in the case of a continuing contract to be performed in whole or in part in an ensuing year, the amount required to meet the obligation in the year in which the contract is made, has been lawfully appropriated for such purpose and is in the treasury or in process of collection to the credit of an appropriate fund free from any previous encumbrances. This certificate needs to be signed only by the subdivision's Fiscal Officer.

Blanket Certification of the Availability of Funds - The subdivision may utilize blanket purchase orders for authorizing obligations for a particular purpose that does not extend beyond year end in an amount established by resolution of the Board of Trustees. A general certification of this type may be established for any appropriation line item and need not identify a specific vendor. This type of purchase order is used for routine, recurring type items or for unanticipated emergencies. An itemized statement of obligations incurred and expenditures made under such certificate shall be rendered to the Fiscal Officer before another such certificate may be issued, and not more than one such certificate per appropriation line shall be outstanding at a time.

"Super" Blanket Certification of the Availability of Funds - The super blanket certification permits the Fiscal Officer to certify any amount from a specific line item appropriation. The certification is authorized to be outstanding for any period up to the end of the year, and more than one certificate is permitted to be outstanding at one time. The certification must identify a specific line item appropriation in a specific fund. The certification may be limited to a specific vendor, if desired. A list of obligations incurred and expenditures made under each certification must be maintained and provided by the Fiscal Officer.

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Purchases that may be made through the use of a super blanket certificate are the services of an accountant, architect, attorney at law, physician, professional engineer, construction project manager, consultant, surveyor or appraiser by or on behalf of the subdivision, fuel oil, gasoline, food items, roadway materials, utilities, and any purchase exempt from competitive bidding under section 125.04 of the Revised Code, and any other specific disbursement that is a recurring and reasonably predictable operating expense.

Then and Now Certification - It is intended that the Fiscal Officer's certification be secured at the time a purchase order is issued or a contract is executed. If timely certification was not obtained, contracts or purchase orders may be certified at the time of payment but the certification must indicate that, both at the time the order was placed (then) and at the current time (now), a sufficient sum was appropriated for the purpose of such contract and is in the treasury or in process of collection to the credit of an appropriate fund free from any previous encumbrances. If the amount exceeds \$3,000, the Board of Trustees has thirty days from the receipt of such certificate to approve payment by resolution. If approval is not made within thirty days, there is no legal liability on the part of the Township.

Authority to Contract - Contracts are made by the Board of Trustees and executed in the name of the Township by the Fiscal Officer, except as otherwise specified by sections 505.08, 505.101, and 511.12, Revised Code.

Bidding – Section 5549.21 of the Revised Code requires all purchases of materials, machinery, and tools necessary for use in constructing, reconstructing, maintaining, and repairing roads and culverts within the Township shall, if the amount involved exceeds \$50,000, be made from the lowest responsible bidder. Section 5575.01 of the Revised Code requires contracts for the maintenance and repair of roads that exceed \$45,000 and contracts for the construction or reconstruction of Township roads that exceeds \$15,000 per mile be let by competitive bid. The Board of Trustees must authorize and direct all such disbursements. Exceptions to the bidding requirements include contracts for:

1. Personal services of a specialized nature;
2. Goods and services when only one source is available;
3. Work to be done or for the purchase of supplies and materials in any department of the Township if a real and present emergency exists if the estimated cost of the contract is less than fifty thousand dollars as required by Revised Code section 505.08;
4. The purchase of used equipment and supplies at a public auction or at a sale where bids are required by all parties wishing to purchase;
5. Purchases from other political subdivisions and agencies; and,
6. Goods purchased under the State Cooperative Purchasing Program.

Findings for Recovery Database - Effective January 1, 2004, State statute (Revised Code section 9.24) prohibits any State agency or political subdivision from awarding a contract for goods, services, or construction, paid for in whole or in part with State funds, to a person against whom a finding for recovery has been issued by the Auditor of State on or after January 1, 2001, if the finding for recovery is unresolved.

Per Auditor of State Bulletin 2004-006, a contract for purposes of section 9.24 of the Revised Code is awarded when a written agreement is executed pursuant to a formal competitive contracting procedure that may include competitive bidding, requests for proposals, or invitations to bid. A purchase arrangement that does not involve competitive contracting procedures does not constitute the awarding of a contract and is not subject to Revised Code section 9.24. For purchases made from the State term

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schedule, the Ohio Department of Administrative Services engages in a contracting process as described under Attorney General Opinion 2004-014 and, consequently, is required to comply with section 9.24 of the Revised Code. State agencies and political subdivisions that purchase from the State term schedule do not engage in their own contracting processes and are not subject to the provisions of Revised Code section 9.24.

Section 9.24 (G)(1)(a) of the Revised Code states that the only contracts subject to the provisions of the statute are those contracts in which the cost of goods, services, or construction exceeds \$25,000. Section 9.24 (G)(1)(b) of the Revised Code provides an exception to this rule and applies the statute to a contract awarded to any person who, in the previous year, received contracts from the State agency or political subdivision, the aggregate of which exceeded \$50,000.

Delinquent Personal Property Taxes - Section 5719.042 of the Revised Code provides that after the award by a taxing district of any contract let by competitive bid, and prior to the time the contract is entered into, the person making a bid shall submit to the Fiscal Officer a statement affirmed under oath that the person with whom the contract is to be made was not charged, at the time the bid was submitted, with any delinquent personal property taxes on the general tax list of personal property of any county in which the taxing district has territory, or that such person was charged with delinquent personal property taxes on any such tax list, in which case the statement shall also set forth the amount of such due and unpaid delinquent taxes and any due and unpaid penalties and interest thereon. If the statement indicates that the taxpayer was charged with any such taxes, a copy of the statement shall be transmitted by the Fiscal Officer to the County Treasurer within thirty days of the date it is submitted.

Administrative Code Requirements

Section 117-2-02(C)(2) of the Ohio Administrative Code states, “purchase orders should be used to approve purchase commitments and to encumber funds against the applicable appropriation account(s) as required by section 5705.41(D) of the Revised Code. Purchase orders are not effective unless the Fiscal Officer’s certificate is attached. The certificate should be attached at the time a commitment to purchase goods or services is made.”

Methods Used by the Township

The Township currently uses four types of purchase orders: blanket certificates, super blanket certificates, “then and now” certificates, and regular purchase orders issued by the Fiscal Officer. In order to obtain purchase orders that comply with the Ohio Revised Code, department heads are responsible for requesting approval to purchase prior to the actual purchase of goods and services.

At the beginning of the year, department heads may request blanket certificates for routine goods or services, such as materials and supplies. Department heads can also request super blanket certificates, which are typically used for professional services and other recurring expenses. Both of these types of purchase orders are used throughout the year to pay applicable invoices, and department heads and the Finance Coordinator are responsible for tracking how much has been spent on a particular blanket or super blanket purchase order. In order to track the purchase order, each department receives a copy of the original certificate from the Finance Coordinator. If a specific purchase order is used in full, the department may, at that time, request an additional blanket or super blanket certificate be created to cover the remainder of the year. The Board of Trustees has established a dollar limit on blanket certificates for which they must approve the purchase order.

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Throughout the year, department heads may also make requests for purchases using a regular purchase order by the Fiscal Officer. This is done by completing a purchase requisition and submitting it to the Finance Coordinator. The purchase requisition is initially signed by the department head after he or she verifies that the funds are available in the applicable fund(s) by using open blanket certificates or by examining the appropriation status report. Once the Finance Coordinator receives the purchase requisition, she will create a regular purchase order in the UAN software. She prints the purchase orders and gives them to the Fiscal Officer. He reviews each purchase order and purchase requisition and signs both to show his approval. If the purchase order is over \$5,000, an administrative employee presents the purchase order to the Board of Trustees for approval before signing it, per a motion passed at the board meeting on July 17, 2013. If the Board of Trustees approves the purchase, the Fiscal Officer will sign both the purchase requisition and the purchaser order at that time. The Board's approval is notated in the meeting minutes.

Typically, the purchase of goods and services falls under blanket purchase orders or have been preapproved for purchase. However, the Township does have occasions when a "Then and Now" purchase order is required. Purchases made before a purchase order is approved are submitted to the Fiscal Officer before they are paid. The department head is required to submit the applicable receipts and/or invoices to the Finance Coordinator, who checks the applicable funds to see if there are enough monies to pay the expenditure. She then takes the expenditure to the Fiscal Officer for approval. Once his approval is received, the Finance Coordinator will create a "Then and Now" certificate. If a "Then and Now" purchase exceeds \$3,000, the certificate is presented to the Board of Trustees for their approval.

For the administrative office, the Finance Coordinator, Human Resources Manager, and Front Desk Assistant are responsible for requesting all certificates rather than a department head. The Township Administrator then approves these requests.

Each of the four types of certificates receives final approval from the Fiscal Officer, who signs the certificates as verification that there are sufficient monies in the applicable fund(s) to cover the purchase. If requested, the Township can print and mail a copy of the purchase order to the vendor.

Vendor information is stored in the Township's financial software (UAN), which became operational in January 2014. A purchase order can only be created using a vendor from the list on UAN. To add a new vendor, department heads are required to submit a purchase request with a "remit to" address to the Finance Coordinator, who requests a W-9 from the potential vendor before adding the entity into the UAN system. The Finance Coordinator also reviews any potential vendors that the Township will contract with to see if the vendor is listed on the Auditor of State's Findings for Recovery website.

The Finance Department provides new vendors with the Township's tax identification number, billing address and contact information as requested. For those vendors that do request, the information is provided either by email or mail. For those vendors who make no requests, the information is not provided.

The Fiscal Officer, Township Trustees, and other Township employees make purchases for Township operations by either submitting a receipt to the Finance Coordinator for reimbursement or having the vendor submit an invoice to the Township for payment. The Township uses the Uniform Accounting Network (UAN) financial software to record all purchases.

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Report on Accounting Methods

The Township receives invoices for goods and services through the mail. The Front Desk Assistant logs all mail into an excel spreadsheet before distributing it to applicable employees. This list is used in the case that a vendor questions if the Township received a specific invoice. Invoices are distributed to the Finance Coordinator or applicable department heads.

The Trustees authorize the Township Administrator to advertise for bids for any contract needing to be awarded. The Township Administrator prepares a publication for the local newspaper and the Township's website and runs the advertisement prior to the deadline established for receiving all bids. All bids are delivered to the Fiscal Officer's office, or the Township Administrator's office if the Fiscal Officer is not present, where they are kept sealed until the public meeting. At the public meeting, the Township Administrator, Fiscal Officer, and the Front Desk Assistant open all bids for review. The Front Desk Assistant creates a spreadsheet that logs all bids received. The spreadsheet includes information concerning cost, bond, liability insurance, workers compensation, property tax, experience, & location. This information is then presented that evening at the Board of Trustees' meeting. Typically, the Township Administrator will give his recommendation to the Board of Trustees, and the Board of Trustees will then award the contract. Depending on the project, the Township Administrator may ask for some time before the Board awards the bid in order to verify the references of the vendor and to make sure the required documents were provided in the bid packet. The opening of the bids and awarding of the contract occurs in two public meetings. The contract is usually awarded to the lowest bidder, but the Township also ensures that the bid provided matches the specifications originally given for the project.

Depending on the project that is bid, the Township Administrator or the applicable department head track the project to ensure that it is completed as required. Additionally, the Township Administrator or applicable department head monitor the completion of a project and approve the final payment to the vendor. For road projects, bids are awarded as explained above, but Warren County acts as the Township's project manager. This includes monitoring the project and giving the final approval at the end of the project.

If legal assistance is needed either for a bid project or a vendor, the Township Administrator contacts the Township's Law Director.

Auditor of State Comments

None

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Report on Accounting Methods

Cash Disbursements

Description of an Effective Method for Cash Disbursements

The processing of invoices should ensure that each payment represents goods or services that were properly authorized and received by the Township. The processing should include a comparison of the invoiced items and quantities to the purchase order and billing slips or receiving a copy of the purchase order, a comparison of the prices on the invoice to the purchase order, and the signature of the individual who made the comparisons. All invoices should be recomputed ensuring accurate extensions and totals. A voucher should be prepared reflecting the proper payee, invoice amount, and account codes, and should include a copy of the purchase order, invoice, and receiving report or a signed billing slip. Vouchers should be approved for payment by an appropriate official. A check should be prepared based on the completed voucher, the existence of appropriate vendor information (I.R.S. Form 1099 data), and a properly executed certification by the Fiscal Officer. All checks should be signed by the Fiscal Officer and two Trustees and recorded in the cash journal and appropriations ledger. Vouchers should be filed numerically or by vendor.

Statutory Requirements

State law places the following requirements on the disbursement of funds:

Checks - Disbursements may only be made by a proper check drawn against an appropriate fund. The check must show upon its face the appropriation from which the disbursement is made and the fund which it is drawn upon.

Restrictions - Monies are drawn from the Township treasury only for appropriations enacted by the Board of Trustees. Disbursements from each fund may be used only for the purposes of such fund and to the extent that cash exists in the fund.

Certification - If no certificate of the Fiscal Officer is furnished as required, upon receipt by the Township of a certificate of the Fiscal Officer stating that there was at the time of the making of such contract or order, and at the time of the execution of such certificate, a sufficient sum appropriated for the purpose of such contract and in the treasury or in process of collection to the credit of an appropriate fund free from any previous encumbrances, the Township may authorize the drawing of a check in payment of amounts due upon such contract, but such resolution shall be passed within thirty days from the receipt of such certificate; provided that, if the amount involved is less than \$3,000, the Fiscal Officer may authorize it to be paid without such affirmation of the Board of Trustees, if such expenditure is otherwise valid.

Section 507.11(B), Revised Code, states, "No money belonging to the townships shall be paid out, except upon an order signed by at least two of the Township Trustees, and countersigned by the Township Fiscal Officer."

Administrative Code Requirements

Section 117-2-02(C)(3) of the Ohio Administrative Code states, "Vouchers may be used as a written order authorizing the drawing of a check in payment of a lawful obligation of the public office. Each voucher shall contain the date, purchase order number, account code, amount, approval, and any other required information. The local office should also attach supporting documentation to the voucher, such as vendor invoices."

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Report on Accounting Methods

Methods Used by the Township

The Township uses the Uniform Accounting Network (UAN) financial software to record all purchases. The Finance Coordinator performs the disbursement function, with review of the invoices by the Fiscal Officer, Township Administrator, and Board of Trustees.

Department heads are responsible for requesting approval prior to purchase of goods and services. Materials and supplies are delivered to the originating departments. Invoices are received when, or after, items are delivered. The items and quantities on both the invoice and the packing slip are compared to the purchase order by the department head or designated employee, and the invoice is initialed if all items are received. The invoices are forwarded to the Finance Coordinator with the applicable purchase order number written on the invoice or the actual purchase order attached. The departments may send the packing slip to the Finance Coordinator to attach to the invoice. If there is an error in what was received by the department, the department head will contact the vendor to correct the problem. The correct paperwork will be forwarded to the Finance Coordinator for payment. For invoices related to the Administrative office, the Finance Coordinator checks off the items received on the packing slip then attaches the packing slip to the invoice.

The Finance Coordinator reviews each invoice then enters them into the UAN software. If something is wrong on the invoice, the Finance Coordinator will contact the vendor before payment and request a corrected invoice.

To create a payment in the system, the Finance Coordinator adds a check in the system based on the invoice. The Finance Coordinator inputs the vendor name, description, and price. The invoice screen can be updated to adjust the quantity or price if the entire purchase order amount was not used on the single invoice. The Finance Coordinator then selects whether the invoice is to be paid through a purchase order, a blanket certificate, or a direct order. Direct orders are payroll-related items. The Finance Coordinator then inputs the purchase order or blanket certificate number and the amount of the invoice. This information is posted to the system, and the checks are printed. After an invoice is entered into the system, the Finance Coordinator initials and dates each invoice to ensure that duplicate invoices are not processed.

If the Finance Coordinator finds an invoice that should have a "Then and Now" certificate, that invoice is sent to the Fiscal Officer and not included in the current batch. Once the Fiscal Officer signs the "Then and Now" certificate, that invoice will be included in the batch.

Checks are printed on perforated paper that includes the actual check and two copies of the check stub. The Township sends the actual check and one check stub to the vendor and files the other copy of the check stub with their invoice documentation. If a vendor requests more information, such as a copy of the purchase order, the Finance Coordinator will provide that as well.

Expenditures are posted by the Finance Coordinator into the accounting system by fund, program/activity, and object codes. Once the posting occurs within the cash journal, the accounting system automatically posts the transactions to the appropriations ledger. After the checks are printed, the Finance Coordinator prints a payment listing report that the Fiscal Officer provides to the Board of Trustees.

Invoices are paid bi-monthly. The Board of Trustees meets each first and third Wednesday of the month, and a list of bills to be paid is provided to the Board at these meetings in their financial packet. The payment listing includes a list of the current bills to be paid, a copy of the checks issued, and a list of

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expenditures paid in the prior month. After reviewing the financial packet in whole, all trustees, the Township Administrator, and the Fiscal Officer, sign a review sheet indicating approval of the information and of the bills to be paid. These sheets are stored in the Fiscal Officer's office. Once approval is received from the Board, the Fiscal Officer signs each check manually, and then the Finance Coordinator runs the checks through a check signing machine that records the names of the three Trustees on each check. If the Fiscal Officer is on vacation, the Township Administrator can sign instead of the Fiscal Officer.

All blank checks are stored in the Human Resources Manager's office, which is locked when she is not present. Only she and the Police Major in the Police Department know the code that opens her door. If the Human Resources Manager is not in, and the Police Major allows another employee access to her office, that employee must record what reason they needed in the office. The check signing machine used for the Trustees' signatures is stored in the Fiscal Officer's office, which is not locked. The check signing machine requires a code to print checks, as well as keys that turn the machine on. Both the keys and the code are stored with the blank checks.

Any relevant information (e.g., packing list, check stub, purchase order, purchase requisition) is attached to the invoice and filed with all other invoices. Current year invoices are stored in the Finance Coordinator's office, while prior year invoices are filed in a locked filing cabinet at the front desk. The key is hidden, but all administrative personnel have access to it.

The Township does not initiate cash payments, although employees may submit reimbursement requests that they have paid in cash. Reimbursement requests are honored only if a valid receipt is approved by the department head and submitted to the Finance Coordinator at the time the request is made as well as a blanket or regular purchase order is in place at time of purchase.

Auditor of State Comments

None

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Report on Accounting Methods

Payroll Processing

Description of an Effective Method of Payroll Processing

The processing of payroll should ensure that all employees are compensated on a regular basis for work performed and at the rate approved by the appointing authority. All compensation should be recorded in a permanent record reflecting the hourly rate and hours worked or salary, deductions, and the gross and net compensation for the pay period and for the year. Standard deductions such as pension, Medicare, and Federal and State taxes should also be computed at the applicable rates established by the regulatory agencies. Other deductions permitted by the Township should be authorized by the employee and the authorization should be maintained in a file. Payment of the net compensation should be by a check signed by the appropriate official or by electronic funds transfer. Payment of deductions and the related employer obligations should be made timely and reported in the format prescribed by the regulatory agency. Personnel files should contain current pay schedules, information of the benefits that the employee has selected, withholding forms and any other information required by Federal and/or State laws.

Statutory Requirements

Section 505.24 of the Revised Code authorizes a Board of Trustees to adopt by a unanimous vote a method of compensation consisting of an annual salary to be paid in equal monthly payments. If the office of trustee is held by more than one person during any calendar year, each person holding the office shall receive payments for only those months, and any fractions of those months, during which the person holds the office. The amount of the annual salary approved by the Board shall be no more than the maximum amount that could be received annually by a trustee if the trustee were paid on a per diem basis and shall be paid from the Township General Fund or from other Township funds in such proportions as the Board may specify by resolution. A Board of Trustees that has adopted a salary method of compensation may return to a method of compensation on a per diem basis by a majority vote. Any change in the method of compensation shall be effective on the first day of January of the year following the year during which the Board has voted to change the method of compensation.

Section 507.09 of the Revised Code requires the compensation of the Township Fiscal Officer be paid in equal monthly payments. If the office of Fiscal Officer is held by more than one person during any calendar year, each person holding the office shall receive payments for only those months, and any fractions of those months, during which the person holds the office. In calendar years 2009 and thereafter, the compensation increased by the lesser of the following: (a) three percent or (b) the percentage increase, if any, in the consumer price index over the twelve-month period that ends on the thirtieth day of September of the immediately preceding calendar year, rounded to the nearest one-tenth of one percent.

Method Used by the Township

The Township utilizes a computer system provided by the Uniform Accounting Network (UAN), which includes payroll software. The payroll software allows for the accumulation and aggregation of all payroll data for the year. Detailed payroll registers, withholding reports, and various other reports can be generated by the payroll software. The payroll software provides month and year-to-date information and detailed and summary information.

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The Board of Trustees approves the hiring and firing of all employees. The Township currently has 51 full time employees, 48 part-time employees, and some seasonal and trainee employees, depending on the time of the year. Trustees, Fiscal Officer, and the Law Director are paid monthly, the trainees are paid quarterly, and all other employees are paid bi-weekly. For all other employees, the pay period begins on Sunday and ends on the Saturday two weeks later. Payroll is directly deposited into the employee's bank accounts and copies of the check stubs are distributed to the department heads who in turn disperse to the employees every other Thursday.

Personnel files are kept in the Human Resources Manager's office in a locked filing cabinet. The files contain forms for tax information, benefit information, wage information, direct deposit information, position information, hire date, and any other information the Township chooses to retain about the employee. The Human Resources Manager and the Fiscal Officer have access to the personal files. Employee's medical files are kept in a separate filing cabinet, which is also locked and kept in the Human Resources Manager's office.

The Human Resources Manager prepares each Police and Administration Office employees' time sheet for the year with their correct pay rate in an electronic spreadsheet. The electronic spreadsheet file contains separate tabs for each pay period. Both the Police Department and Administration Office employees manually fill out their time sheet in the electronic spreadsheet.

For the Fire Department, three different color time sheets are copied at the Fire Station, which do not include employee's pay rate information. There are yellow, green, and blue time sheets for the part-time employees, full time employees, and part-time Lieutenant employees, respectively. Fire Department employees manually fill out their time sheets.

The Road Department employees use a time card punch system to keep track of their hours. The Human Resources Manager does not prepare the Road Department personnel's time sheets.

Once employees in the Police Department complete their time sheet, the employee signs it and gives it to the Sergeant who was on duty during the hours worked. The Sergeant approves those time sheets and then they are brought to the Police Major for approval. When the Sergeant brings the Patrol Officers' time sheets to the Police Major, he or she brings their own time sheet also to the Police Major for approval. After the Police Major approves the time sheets, the Police Major brings the time sheets to the Human Resources Manager on the first work day after the end of the pay period. In the event the Major is absent, the Sergeant approves the Police Officers signatures with the Sergeant's signature.

In the Fire Department, the employees sign their time sheet and give it to the Captain for approval. From there, the Captain gives those time sheets, as well as his own time sheet, to the Fire Chief for approval. Once time sheets are signed for approval by the Fire Chief, the Human Resources Manager receives the time sheets.

In the Road Department, the employees sign their time sheets and give them to the Maintenance Foreman for approval. At that point, the Maintenance Foreman hands the time sheets to the Road Supervisor for their approval. Once the time sheets are approved, they are given to the Human Resources Manager.

Administration Office employees sign their time sheets and give them to the Township Administrator for approval. The Township Administrator approves the Police Chief, Fire Chief, Road Supervisor, Maintenance Foreman, and all Administration Office personnel and provides approved time sheets to the Human Resources Manager. When the Human Resources Manager receives all the approved and signed

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time sheets, she prepares a total spreadsheet for the Police, Fire, and Road departments, which is given back to the department heads for one last final approval. The Police Chief, Fire Chief, and Road Supervisor sign the summary spreadsheets once they approval their department's payroll.

Non-Bargaining Unit Employees – The Administration Office, Police Chief, Police Major, Police Clerks, Fire Chief, Road Supervisor, and Maintenance Foreman are all non-bargaining unit employees. Any changes to their pay rate are approved by the Board of Trustees. All non-bargaining unit employees, except for non-bargaining exempt employees, are eligible to earn overtime compensation.

Exempt Employees – The Police Chief, Fire Chief, and Administrator are non-bargaining unit exempt employees. Exempt employees are eligible to accrue leave time.

Bargaining Unit Employees – Hamilton Township bargaining unit employees are associated with one of four negotiated agreements, depending on the department, as follows:

Police Command Officers - The Police Lieutenants and Sergeants are covered by a negotiated agreement between the Hamilton Township Board of Trustees and the Fraternal Order of Police Ohio Labor Council, Incorporated. The current contract covers the period of January 1, 2013 to December 31, 2015. The contract contains detailed information pertaining to fringe benefits, absences, leave accruals and conditions of employment. Police Lieutenants and Sergeants are eligible to earn overtime compensation.

Patrol Officers - The Patrol Officers are covered by a negotiated agreement between the Hamilton Township Board of Trustees and the Fraternal Order of Police Ohio Labor Council, Incorporated. The current contract covers the period of January 1, 2013 to December 31, 2015. The contract has detailed information pertaining to fringe benefits, absences, leave accruals and conditions of employment. Patrol Officers are eligible to earn overtime compensation.

Fire Fighters - The Fire Fighters are covered by a negotiated agreement between the Hamilton Township Board of Trustees and the International Association of Fire Fighters, Local 4055. The contract covers the period of January 1, 2012 to December 31, 2014. This contract is still in affect and they are going through negotiations. The contract has detailed information pertaining to compensation, fringe benefits, absences and leave accruals. Fire fighters are eligible to earn overtime compensation.

Road Employees - The Road employees are covered by a negotiated agreement between the Hamilton Township Board of Trustees and International Brotherhood of Teamsters. The current contract covers the period of January 1, 2013 to December 31, 2015. The contract has detailed information pertaining to compensation, fringe benefits, absences and leave accruals. Road employees are eligible to earn overtime compensation.

Elected Officials - The Fiscal Officer and the Trustees' salaries are established by the Revised Code. The Board of Trustees opted to an annual salary instead of a per diem basis per approval in the minutes. The Fiscal Officer and the Trustees are paid one hundred percent from the General Fund. Other pay rates have been established by resolution of the Board of Trustees.

Hamilton Township - Warren County

Report on Accounting Methods

Overtime and Compensatory Leave - All overtime must be approved by the department head or designee. The overtime rate paid is time and a half. Non-bargaining exempt employees do not qualify for overtime pay, but are eligible to earn compensatory time. Eighty hours is the maximum number of hours an exempt employee can accrue. Compensatory time is tracked by the UAN payroll system.

Leave - Full time employees of the Township are eligible for vacation leave. Part-time employees can request vacation leave but will take it unpaid. Trainees and part-time employees do not accrue sick leave. UAN automatically accrues leave based on the employee's contract or resolution. Personal leave varies by contract and is a "use it or lose it" system. Police and Fire employees earn personal leave. Whereas, the Road and Administration Office employees can use personal leave by transferring hours from their sick leave bank. Personal leave is tracked by the Human Resources Manager on an Excel spreadsheet for all fulltime employees. Personal leave is not noted on an employee's time sheet, whereas sick, vacation, holiday, and compensation time is noted. Leave forms for vacation leave are used in the Police Department, Road Department, and Administration Office. Fire Manager System is used for fire personnel to request vacation leave and is approved by the Fire Chief in the system.

Payroll Deductions - Payroll, tax and retirement forms are distributed to each new employee to be completed and returned to the Human Resources Manager. The Human Resources Manager enters the employee's demographic and salary information into the UAN system. The Human Resources Manager creates the employee record and notifies the appropriate retirement system of each new hire that is required to become a member.

Payroll deductions for OPERS, Ohio Police and Fire Pension System and Medicare are processed through the payroll system. Other deductions that are processed through the payroll system include additional retirement plans, additional life insurance, union dues, local taxes, school taxes, and child support to name a few. After the last pay period in each month, a report is run for OPERS and the Ohio Police and Fire Pension System to determine the employer's share for each retirement system. The OPERS report and payment are due the last day of the following month; however, the Township makes the payment as soon as the calculation for the prior month is complete. The Ohio Police and Fire Pension System employee and employer portion are paid similarly to the OPERS payment.

Payroll Process - When the Human Resources Manager receives the approved time sheets from the Township Administrator and the approved summarized payroll spreadsheets from the department heads, the information is entered into UAN. From the payroll system, a department batch report is ran and printed off. The Human Resources Manager reviews it and fixes any corrections that need to be made. The batch report from UAN is compared to the time sheets by either the Front Desk Assistant or the Finance Coordinator to review and initial the top page of the batch report. The Human Resources Manager makes any and all corrections on these reports.

The Human Resources Manager inputs the wage information into the payroll section of UAN. All wages are paid through direct deposit unless it is the first pay period for a new hire. A wage number registry is kept by the Human Resources Manager, and she assigns a batch of wage numbers for each pay period. The Human Resources Manager fills out a form identifying the batch of wage numbers for the pay period to be approved by the Board of Trustees and Fiscal Officer. Once the Fiscal Officer signs the form, the Human Resources Manager posts the payroll in UAN and prints off a pay stub for each employee. The pay stub includes a breakdown of the employee's hours submitted, leave balances, deductions and gross pay. Then the Human Resources Manager double checks the employee's time sheets to the pay stub that was printed off for accuracy.

Hamilton Township - Warren County

Report on Accounting Methods

The Human Resources Manager then prepares the EFT file ready for the electronic transfer within UAN. Next, the Human Resources Manager logs into LCNB National Bank online banking and uploads the EFT file from UAN. The total amount of wages being paid out to employees on the EFT file is compared to the total amount uploaded onto the LCNB National Bank online banking website by the Human Resources Manager before submitting the file. A confirmation number is given after submitting the file, which is put on an ACH transmittal confirmation form along with the entity's name, name of the person submitting the form, date, total amount of batch, item count, and the effective date. The ACH transmittal confirmation form is then faxed to the LCNB National Bank.

Since one copy of the pay stub is already printed off, the Human Resources Manager makes two copies of each pay stub. One copy gets attached to the form that gets approved by the Board of Trustees and the Fiscal Officer sign, the second copy is attached to the employee's time sheet and is kept by the Human Resources Manager. The third copy is placed in an envelope and sealed for every employee. The Road and Fire Department employee's envelopes are handed to the Road Supervisor and Fire Chief. In the event either of those two cannot pick up the envelopes, a designee is sent to pick them up. The Human Resources Manager puts all the Police Department employees' envelopes in their own mailbox because the department is located in the same building as the Administration Office.

Retirement - When an employee of the Township wishes to retire, the Township requests that the employee provide a resignation letter. If the resignation letter is given to the Human Resources Manager well in advance of resigning, then the letter is presented to the Board of Trustees. Employees notify their respective retirement system, who in turn notifies the Township 60-90 days before retirement if applicable. Towards the end or after the retirement date, the separation pay is calculated and approved by the Board of Trustees before the payment is made. The payment is based on the employee's contract. Payment is not calculated until the very end because leave balances may change up to the retirement date.

Auditor of State Comments

None

Hamilton Township - Warren County

Report on Accounting Methods

Debt Administration

Description of an Effective Method of Debt Administration

The issuance of debt is strictly controlled by State statute. Before any debt is issued, a resolution authorizing the issuance of debt should be passed by the Board. The statute authorizing the issuance of debt should be identified in the resolution as well as the purpose of the debt, the principal amount, the maturity, interest rate, and the source of revenue to be used for repayment. Debt instruments should be signed by the Chairman of the Board and the Fiscal Officer. Debt proceeds should be received into a separate fund and used only for the purpose specified in the authorizing resolution. Money to be used for debt payment may be received into a separate fund created specifically for debt retirement. Care should be taken to insure the timely payment of both principal and interest.

Statutory Requirements

General statutory guidelines regarding the issuance of debt are found in Chapters 133 and 5705 of the Revised Code. The statutory requirements vary depending on the nature of the debt being issued.

Method Used by the Township

The Township has two outstanding long-term obligations: Ohio Public Works Commission Loan and Various Purpose General Obligations Refunding and Acquisition Bonds. The Ohio Public Works Commission loan was issued to finance a road widening project. The loan is being paid from the General Fund. The 2011 Various Purpose Refunding Bonds were issued to refinance the outstanding Township Administration Building Bonds, acquire park land, and related improvements in the Township. The loan's principal and interest is paid from the New Building Bond Retirement Fund. Debt documents and the amortization schedule regarding these two debt issues are kept on file in the Township Administrator's office.

The Township's outstanding debt is as follows:

	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Original Issue</u>	<u>Balance 12/31/14</u>
<u>General Obligation Bonds</u>				
Various Purpose Refunding and Acquisition Bonds, Series 2011	2.0 - 4.0%	2027	\$2,120,000	\$ 1,445,000
<u>Other Long-Term Obligations</u>				
OPWC Loan	0%	2038	576,761	553,690
Total governmental activities long-term obligations				<u><u>\$ 1,998,690</u></u>

Auditor of State Comments

None

Hamilton Township - Warren County

Report on Accounting Methods

Inventory of Capital Assets

Description of an Effective Inventory of Capital Assets

Capital assets of the Township should be adequately safeguarded against loss or theft. An inventory describing each item, cost, serial and/or model number, location, and date of purchase should be maintained by the Fiscal Officer. The inventory should be updated periodically for purchases and disposals. Verification of the listed assets should be performed at least annually. The disposal of an asset should be properly authorized by the Board of Trustees and reported to the Fiscal Officer.

Supplies include gasoline, vehicle repair parts, road salt, chemicals, gravel, and office supplies. Inventories, where appropriate, should be monitored, controlled, and a physical inventory of materials and supplies should be performed periodically to ensure that items purchased are on hand or have been used. A physical inventory of all material items should be conducted at or near the year end date.

Statutory Requirements

Section 505.04 of the Revised Code states, "The Board of Trustees shall make an inventory on the second Monday of January, each year, of all the materials, machinery, tools, and other township supplies in its possession. Such inventory shall be a public record and shall be made in duplicate, one copy of which shall be filed with the Fiscal Officer of the Board of Trustees and one copy with the County Engineer."

Administrative Code Requirements

Section 117-2-02(D)(4)(c) of the Ohio Administrative Code requires that all local public offices maintain capital asset records including such information as the original cost, acquisition date, voucher number, the asset type (land, building, vehicle, etc.), asset description, location, and tag number. Local governments preparing financial statements using generally accepted accounting principles will want to maintain additional data. Capital assets are tangible assets that normally do not change form with use and should be distinguished from repair parts and supply items.

Methods Used by the Township

The Township has an inventory control policy and a bidding procedure policy established. Typically, items that are included in the Township's insurance policy are considered capital assets and are monitored periodically for insurance purposes, while other asset items (like phones, filing cabinets, office chairs, etc.) are listed and monitored in the annual inventory that the Township prepares.

Inventory records are retained by the Front Desk Assistant. In January of each year, the Front Desk Assistant and the department heads prepare an inventory of all of the Township's equipment. The inventory for the Administrative Office contains the name of the employee who has the item, the serial number (if available), description of the assets, and the model type (if applicable). The inventory for the Police Department contains descriptions of the assets including VIN number, the year the assets were acquired (for vehicles), and the total value of the assets (for vehicles). The inventory for the Road Department includes description of the assets, the serial/vin/product number (if available), and the total value of the assets. When completed, the entire inventory of the Township is sent to the Warren County Engineer. Gravel and salt inventory is sent to the Warren County Water and Soil Conservation District annually, per their request.

Hamilton Township - Warren County

Report on Accounting Methods

The inventory of assets is also utilized for insurance purposes. Typically, the Township monitors its information technology (IT) equipment, heavy machinery, and vehicles in regards to insurance coverage. At the beginning of each year, upon preparation of the inventory update, the Township Administrator meets with a representative from the insurance company and if necessary, the insurance company adjusts coverage amounts and updates its records for the changes provided by the Township.

When a department wants to dispose of an asset, an employee submits a request to the Police Major. If the asset is unusable, the department will trash it. If the asset can still be used, the department will hold the asset until auction time.

The Township uses an Internet-based auction system through a contract with GovDeals, Inc. to provide a means for the sale of surplus, unneeded, obsolete and unfit personal property. If a department has an asset they are not using that can be sold, the department head notifies the Police Major. Periodically, the Police Major emails all of the departments and asks if there are any items to be sold. The Police Major will then compile the list and submit it to the Township Administrator. The Township Administrator then presents the item(s) to the Board of Trustees. If the Board approves the sale of the item, the item will be stored in the basement of the Administrative building, or in the Township's secure maintenance compound at Testerman Park if a vehicle, and the Police Major is notified. The Police Major then lists the item(s) on the GovDeals internet site for fourteen days, and if it is not sold, it will be returned to its original department. The department may scrap the item or try to sell it in a subsequent online sale. After the sale or disposal of an asset, the Police Major will update his record of all inventory sold. This list includes details such as description of the item, the auction date, the date that the item sold, the price that the item sold for, and who bought the item. This list is then given to the Finance Coordinator for comparison to the deposit received.

All assets of the Township are stored within the applicable departments. Each building is locked when employees are not present. Vehicles owned by the Township are stored either at the Administrative building or the Fire Department building. Each vehicle is locked when parked. Employees of the Police Department are required to sign out a vehicle at the beginning of a shift. Typically, patrol cars are assigned to a particular patrolman, but the department tracks each car's usage in an Excel spreadsheet maintained by the employees. The spreadsheet includes such information as the car number, mileage in and out, time in and out, equipment status, etc.

Auditor of State Comments

None

Hamilton Township - Warren County

Report on Accounting Methods

Cash Management and Investing

Description of an Effective Method of Cash Management and Investing

Cash received by the Township should be deposited in a central bank account. Moneys for all funds should be maintained in the account or temporarily used to purchase investments. Idle cash should be invested in interest bearing accounts, certificates of deposit, STAROhio, and/or other investments as authorized by State statute. Investment transactions should be conducted in accordance with the policies adopted by the Township Board of Trustees. Deposits of public moneys should be insured and/or collateralized to insure repayment of public moneys deposited with a financial institution. Interest allocated should be in accordance with the Ohio Constitution and State statutes.

A reconciliation between the bank and cash journal should be completed for all accounts on a monthly basis. The reconciliation should be completed immediately after the books are closed for the month and upon receipt of the bank statement. Reconciling items should be specifically identified and listed by the Fiscal Officer.

Statutory Requirements

Interim cash should be invested according to section 135.14 of the Revised Code. The deposits of money should be insured and/or collateralized to insure repayment of public moneys deposited with a financial institution. Interest allocation should be in accordance with the Ohio Constitution and State statutes. Cash management and investment activities of a Township are additionally governed by sections 135.01 to 135.22 of the Ohio Revised Code.

Section 135.14(O)(1) of the Revised Code states, "Except as otherwise provided in divisions (O)(2) and (3) of this section, no treasurer or governing board shall make an investment or deposit under this section, unless there is on file with the Auditor of State a written investment policy approved by the treasurer or governing board. The policy shall require that all entities conducting investment business with the treasurer or governing board shall sign the investment policy of that subdivision.

Section 135.14(O)(2) of the Revised Code states, "if a written investment policy described in division (O)(1) of this section is not filed on behalf of the subdivision with the Auditor of State, the treasurer or governing board of that subdivision shall invest the subdivision's interim moneys only in interim deposits pursuant to division (B)(3) of this section or in interim deposits pursuant to section 135.145 of the Revised Code and approved by the Treasurer of State, no-load money market mutual funds pursuant to division (B)(5) of this section, or the Ohio subdivision's fund pursuant to division (B)(6) of this section."

Section 135.14(O)(3) of the Revised Code states, "Divisions (O)(1) and (2) of this section do not apply to a treasurer or governing board of a subdivision whose average annual portfolio of investments held pursuant to this section is one hundred thousand dollars or less, provided that the treasurer or governing board certifies, on a form prescribed by the Auditor of State, that the treasurer or governing board will comply and is in compliance with the provisions of sections 135.01 to 135.21 of the Revised Code."

Section 135.22 of the Revised Code requires the Fiscal Officer to attend annual training programs of continuing education for treasurers provided by the Treasurer of State. A Fiscal Officer is not subject to this training if the investments are limited as defined by the Revised Code and an exemption form is certified by the Treasurer of State.

Hamilton Township - Warren County

Report on Accounting Methods

Section 135.12 of the Revised Code requires that depositories be designated every five years.

Federal Requirements

The Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (FIRREA) requires that, in order for a depositor to have a valid claim to assets of a failed financial institution, there must be a security agreement. This agreement must be:

1. in writing;
2. executed by the financial institution and the depositor making the claim;
3. approved by the board of directors or loan committee of the institution; and
4. an official record of the financial institution continuously from the time of its execution.

Method used by the Township

The Township's treasury activities are the responsibility of the Fiscal Officer. The Township has six accounts with LNCB National Bank and one with National Bank. Certificates of deposit are the only investments held by the Township and are also through LCNB National Bank.

LCNB National Bank serves as the primary depository and receives all the wire transfers and deposits of the Township. The Township has signed depository agreements with both banks, and the agreements are renewed every five years. The Township's deposits are collateralized by the use of a collateral pool. The Fiscal Officer, Finance Coordinator, and Human Resources Manager have read-only access to online bank accounts.

At the beginning of the each month, the Finance Coordinator prints the month's online bank statement, while she waits for the statement to come in the mail. The reconciliation process is started at the beginning of the month and has to be completed by the second Trustee's meeting, which is the third Wednesday of the month, per Township Trustee request.

Deposits - First, the Finance Coordinator highlights all the Med3000 deposits (the EMS billings) on the monthly bank statement after verifying the amounts to the Med3000 monthly statement. When the amount on the bank statement regarding Med3000 billings matches the monthly report from Med3000, a receipt is generated and posted to UAN. The rest of the electronic deposits are verified as well with any supporting documentation, and a receipt is generated and posted to UAN. The non-EFT deposits are verified with the deposit slips that are stapled in the finance department's receipt book. A receipt is generated for the interest earned, deposited into the Township's account and posted to the General, Motor Vehicle License, and Gasoline Tax funds in UAN. The Med3000, other electronic deposits, and interest earned receipts are given to the Fiscal Officer to review and signs. After the Fiscal Officer signs the receipts, the Finance Coordinator files them in the bank reconciliation folder with their supporting documentation.

Withdrawals - The tax payments withdrawals on the bank statement from the IRS are verified to the payment listing from UAN. Another withdrawal that is on the bank statement is for the LNCB lockbox service that the Township rents monthly. A purchase order is made for the lockbox expense.

Hamilton Township - Warren County

Report on Accounting Methods

The checks that have cleared on the bank statement are marked as cleared on the UAN system by the Finance Coordinator. Since the Township uses UAN for its monthly reconciliation, the system will indicate if everything balances. A green light means everything is reconciled and if there is red, the system will not let the Finance Coordinator go any further. Upon completion of the reconciliation, the Finance Coordinator prints off the bank reconciliation, bank balances, outstanding payment listing, and outstanding receipts, if applicable, all from UAN. The Finance Coordinator signs off on the bank reconciliation, puts all the supporting documentation in a folder for the month, and files it in her office by month. The Monday before the second Trustees meeting, the Fiscal Officer is presented all the reports that are given to the Board of Trustees and Department heads for the board meeting. Those reports consist of a bank reconciliation summary, appropriation summary, fund summary, revenue summary, payment listing, and wage earnings summary.

Voided checks are voided in UAN, stamped three times, and then filed with other check stubs for the month in the Finance Coordinator's office. These items are marked void in the payment listing and presented to the Board. A form listing the voided checks is approved and signed by the Trustees.

Auditor of State Comments

None

Hamilton Township - Warren County

Report on Accounting Methods

Financial Reporting

Description of Effective Method of Financial Reporting

At least monthly, the Fiscal Officer should provide the Trustees with a report that identifies year-to-date receipts, disbursements, outstanding encumbrances, and available fund balances for each fund of the Township. In addition, information concerning the estimated and actual receipts, appropriations, and disbursements plus encumbrances should be presented for the Trustees' review. On an annual basis, the Fiscal Officer should prepare and publish financial statements, a comparison of budgeted versus actual information, a summary of debt activity for the year, and the outstanding principal balance on all debt obligations.

Statutory Requirements

Section 117.38 of the Revised Code requires that the annual financial report be filed with the Auditor of State within sixty days after the close of the year for reports prepared on the cash basis of accounting. At the time that the report is filed, a notice should be published in the local newspaper that the report is completed and available at the office of the Fiscal Officer.

Administrative Code Requirements

Section 117-2-03(A)(2) of the Ohio Administrative Code requires that local public offices file their annual financial report either in paper form or electronically in a manner and format prescribed by the Auditor of State. Section 117-2-03(C) of the Ohio Administrative Code requires local public offices that use the UAN system to file their annual financial reports in accordance with the guidelines established by UAN. Section 117-2-03(D) of the Ohio Administrative Code requires the reports to be filed on the forms provided by the Auditor of State.

Financial Reporting Requirements - On February 2, 2005, the American Institute of Certified Public Accounts (AICPA) issued an interpretation of one of its auditing standards (i.e., AU section 623 Special Reports) that affects those governments that prepare financial statements using the cash or modified cash basis of accounting. According to the interpretation, the cash basis financial statements presentation must "look like" a generally accepted accounting principles (GAAP) presentation (i.e., GASB Statement No. 34, Basic Financial Statements for State and Local Governments, once it became effective); otherwise, the Auditor of State or contracted independent public accounting firm is required to issue an adverse opinion. For entities that are not legally required to prepare their financial statements in accordance with GAAP and elect not to present "look alike" statements (such entities in Ohio include libraries, townships, villages, and special districts), the Auditor of State will render a second opinion at the same time it issues its adverse opinion. Therefore, local governments receive two opinions as part of their audit report if their financial statements do not look like GAAP statements (i.e., GASB Statement No. 34).

Methods Used by the Township

The Township prepared its annual financial report on a "look like" GAAP annual financial report for the year ended December 31, 2014 was filed with the Auditor of State on a timely basis and was published in the local newspaper as available.

On the second meeting of each month of the Board of Trustees, the Fiscal Officer provides the Board with a packet of financial reports, which gives an overview of the Township's financial activity and status as of

Hamilton Township - Warren County

Report on Accounting Methods

the end of the prior month. The financial packet includes a signature page in which the Trustees, Township Administrator, Fiscal Officer, and Department heads sign their acknowledgement and understanding of the financial packet provided. The Fiscal Officer keeps a copy of this packet and the original signature page internally for their reference, but they can print additional copies of the financial packet upon request.

The monthly financial reports consist of the following:

Bank Reconciliation Report: This report provides the Township's cash reconciliation as completed in the UAN financial software. The report takes the original UAN balance at the beginning of the month, adds the total receipts received, and subtracts the total expenditures paid throughout the month to get an ending UAN balance. This balance is compared to the ending bank balance from the Township's various bank accounts.

Bank Balances Report: This report takes the original bank balance at the beginning of the month as recorded in the UAN financial software, adjusts it based on the revenues and expenditures entered into UAN, and then compares it to the manually entered bank balance from the Township's bank statements.

Outstanding Payments Report: This report provides a list of all outstanding checks issued by the Township as recorded in the UAN financial software.

Cleared Payments Report: This report provides a list of all payments, including both electronic payments and physical checks, that were recorded in the UAN financial software during the applicable month.

Cleared Receipts Report: This report provides a list of all receipts posted to the UAN financial software during the applicable month.

Fund Summary Report: This report provides the starting fund balances for all Township funds as recorded in the UAN financial software, the month to date revenues and expenditures, the year to date revenues and expenditures, the ending fund balances, the reserves for encumbrances, and the unencumbered fund balances.

Revenue Summary Report: This report provides an analysis of the revenue budget as recorded in the UAN financial software. The report includes the final budget for all Township accounts, the month to date revenue, the year to date revenue, the budget variance, and the year to date percentage received.

Appropriation Summary Report: This report provide an analysis of the appropriation budget as recorded in the UAN financial software. The report includes total appropriations, month to date expenditures, year to date expenditures, current reserves for encumbrances, unencumbered balances, and the year to date percentage paid.

Appropriation Supplemental Report: This report provides a list of all budgetary adjustments to appropriations as recorded in the UAN financial software.

Hamilton Township - Warren County

Report on Accounting Methods

Wage Earnings Summary Report: This report provides a list of each employee's gross wages for the month, total withholdings, and net wages. Additionally, the report lists the total estimated employer share of OPERS per employee.

Payment Listing Report: This report provides a list of all expenditures posted to the UAN financial software during the applicable month.

In addition to the monthly financial packet, the Fiscal Officer provides a summary budgetary sheet by fund per the Board of Trustees' request. This summary report provides revenue to date, final budgeted revenue, final appropriations, current reserves for encumbrances, year to date expenditures, unencumbered balances, year to date percentages of expenditures, and total cash balance.

Auditor of State Comments

None

Hamilton Township - Warren County

Report on Accounting Methods

Recording Official Proceedings

Description of an Effective Method of Recording Official Proceedings

The Township Board minutes should reflect full and accurate information to permit the public's understanding and appreciation of the rationale supporting the Board's decisions. A resolution should be limited to one subject, which should be clearly expressed in its title. In the adoption or passage of a resolution, the yeas and nays should be entered into the minutes, and the resolution should be signed by the presiding officer and the Fiscal Officer. All Board minutes and resolutions should be maintained as a permanent record of the Township.

Statutory Requirements

Section 121.22 of the Revised Code requires the minutes of a regular or special meeting of any public body shall be promptly prepared, filed, and maintained and shall be open to public inspection. The minutes need only reflect the general subject matter of discussion in executive sessions authorized under division (G) or (J) of this section. Further, the Ohio Supreme Court has held that the minutes must be "full and accurate," which means that they must contain sufficient facts and information to permit the public to understand and appreciate the rationale behind the relevant decision. The public not only has a right to know a government body's final decision on a matter, but also the means by which those decisions were reached.

Section 149.42 of the Revised Code creates, in each township, a township records commission composed of the chairperson of the Board of Trustees and the fiscal officer of the township. The commission shall meet at least once every twelve months and upon call of the chairman. The functions of the commission shall be to review applications for one-time disposal of obsolete records and schedules of records retention and disposition submitted by township offices. The commission may dispose of records pursuant to the procedure outlined in section 149.381 of the Revised Code. The commission, at any time, may review any schedule it has previously approved and, for good cause shown, may revise that schedule under the procedure outlined in that section.

Section 507.04 of the Revised Code requires that the Township Fiscal Officer keep an accurate record of the proceedings of the Board of Trustees at all of its meetings, and of all its accounts and transactions, including the acceptance of the bonds of Township officers.

Methods Used by the Township

The Front Desk Assistant takes notes during the Township Board of Trustees' meetings, which are held on the first and third Wednesdays of the month. Each meeting is recorded through an audio recording. After a comparison of the Front Desk Assistant's notes with the recordings, the Front Desk Assistant prepares the minutes of the meeting. The minutes include who is in attendance, approval of prior meeting minutes, presentation of the Fiscal Officer's reports, a summary of topics discussed, and other upcoming events or concerns.

If the Board of Trustees holds an executive session, the meeting is not recorded and not detailed in the minutes. The Board of Trustees will go to a different room for their discussions.

Hamilton Township - Warren County

Report on Accounting Methods

The minutes are kept in a binder and stored in the Township Administrator's office. As resolutions are passed and assigned a number by the Township, the Fiscal Officer places the resolutions in a manila folder. The manila folder is stored in the filing room at the administrative building. The Front Desk Assistant documents the passage of the resolutions in the monthly minutes, as well as the number assigned to each resolution and reflects the vote of each trustee within the minutes.

The Township holds an annual records commission meeting, and the Human Resources Manager maintains a binder with the current record retention schedules.

Auditor of State Comments

None

Hamilton Township - Warren County

Report on Accounting Methods

Conclusion

The methods as described by the Township and included in this report are based on our inquiries and discussions with Township personnel and the related procedures documented from the Township's resolutions, administrative rules, and the Revised Code. These methods, in some cases, vary from the actual methods used in performing the daily activities.

It is our opinion that the current methods of accounting and financial reporting of Hamilton Township are not completely in compliance with Chapter 117 of the Revised Code and the requirements of the Auditor of State as disclosed throughout this report.

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Dave Yost • 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 26, 2015**