



**VILLAGE OF HAMLER
HENRY COUNTY
REGULAR AUDIT
FOR THE YEARS ENDED DECEMBER 31, 2019-2018**

313 Second St.
Marietta, OH 45750
740 373 0056

1907 Grand Central Ave.
Vienna, WV 26105
304 422 2203

150 W. Main St., #A
St. Clairsville, OH 43950
740 695 1569

1310 Market St., #300
Wheeling, WV 26003
304 232 1358

749 Wheeling Ave., #300
Cambridge, OH 43725
740 435 3417

www.perrycpas.com

OHIO AUDITOR OF STATE
KEITH FABER



88 East Broad Street
Columbus, Ohio 43215
IPARreport@ohioauditor.gov
(800) 282-0370

Village Council
Village of Hamler
500 Hubbard Street
P. O. Box 435
Hamler, Ohio 43524

We have reviewed the *Independent Auditor's Report* of the Village of Hamler, Henry County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period January 1, 2018 through December 31, 2019. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Village of Hamler is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Keith Faber".

Keith Faber
Auditor of State
Columbus, Ohio

February 27, 2021

This page intentionally left blank.

VILLAGE OF HAMLER
HENRY COUNTY

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report.....	1
Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis) – All Governmental Fund Types - For the Year Ended December 31, 2019	3
Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis) – Proprietary Fund Type - For the Year Ended December 31, 2019	4
Notes to the Financial Statements 2019	5
Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis) – All Governmental Fund Types - For the Year Ended December 31, 2018	13
Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis) – Proprietary Fund Type - For the Year Ended December 31, 2018	14
Notes to the Financial Statements 2018	15
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	23
Schedule of Audit Findings.....	25
Schedule of Prior Audit Findings	29

This page intentionally left blank.



313 Second St.
Marietta, OH 45750
740.373.0056

1907 Grand Central Ave.
Vienna, WV 26105
304.422.2203

150 West Main St.
St. Clairsville, OH 43950
740.695.1569

1310 Market Street, Suite 300
Wheeling, WV 26003
304.232.1358

749 Wheeling Ave., Suite 300
Cambridge, OH 43725
740.435.3417

INDEPENDENT AUDITOR'S REPORT

November 10, 2020

Village of Hamler
Henry County
500 Hubbard Street
PO Box 435
Hamler, Ohio 43524

To the Village Council:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of the **Village of Hamler**, Henry County, Ohio (the Village) as of and for the years ended December 31, 2019 and 2018.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Tax - Accounting - Audit - Review - Compilation - Agreed Upon Procedure - Consultation - Bookkeeping - Payroll - Litigation Support - Financial Investigations
Members: American Institute of Certified Public Accountants
• Ohio Society of CPAs • West Virginia Society of CPAs • Association of Certified Fraud Examiners • Association of Certified Anti-Money Laundering Specialists •

RSM US Alliance member firms are separate and independent businesses and legal entities that are responsible for their own acts and omissions, and each are separate and independent from RSM US LLP. RSM US LLP is the U.S. member firm of RSM International, a global network of independent audit, tax, and consulting firms. Members of RSM US Alliance have access to RSM International resources through RSM US LLP but are not member firms of RSM International.



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

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

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2019 and 2018, and the respective changes in financial position or cash flows thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements by fund type, and related notes of the Village of Hamler, Henry County as of December 31, 2019 and 2018, and for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 2.

Emphasis of Matter

As discussed in Note 11 to the financial statements, the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Village. We did not modify our opinion regarding this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 10, 2020, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.



Perry & Associates
Certified Public Accountants, A.C.
Marietta, Ohio

**VILLAGE OF HAMLER
HENRY COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2019**

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Property and Other Local Taxes	\$ 6,477	\$ -	\$ 6,477
Municipal Income Tax	104,712	-	104,712
Intergovernmental	37,203	34,018	71,221
Charges for Services	1,187	-	1,187
Fines, Licenses and Permits	3,457	-	3,457
Earnings on Investments	3,101	1,534	4,635
Miscellaneous	188,203	-	188,203
<i>Total Cash Receipts</i>	<u>344,340</u>	<u>35,552</u>	<u>379,892</u>
Cash Disbursements			
Current:			
Security of Persons and Property	49,220	34,152	83,372
Leisure Time Activities	23,814	-	23,814
Community Environment	897	-	897
Basic Utility Services	477	-	477
Transportation	11,122	27,030	38,152
General Government	67,125	-	67,125
<i>Total Cash Disbursements</i>	<u>152,655</u>	<u>61,182</u>	<u>213,837</u>
<i>Net Change in Fund Cash Balances</i>	191,685	(25,630)	166,055
<i>Fund Cash Balances, January 1</i>	<u>472,040</u>	<u>68,589</u>	<u>540,629</u>
Fund Cash Balances, December 31			
Restricted	-	42,959	42,959
Unassigned	663,725	-	663,725
<i>Fund Cash Balances, December 31</i>	<u>\$ 663,725</u>	<u>\$ 42,959</u>	<u>\$ 706,684</u>

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

**VILLAGE OF HAMLER
HENRY COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
PROPRIETARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2019**

	<u>Proprietary Fund Types</u>
	<u>Enterprise</u>
Operating Cash Receipts	
Charges for Services	\$ 468,676
Miscellaneous	24,401
	<hr/>
<i>Total Operating Cash Receipts</i>	<i>493,077</i>
	<hr/>
Operating Cash Disbursements	
Personal Services	75,038
Employee Fringe Benefits	14,193
Contractual Services	40,661
Supplies and Materials	109,539
	<hr/>
<i>Total Operating Cash Disbursements</i>	<i>239,431</i>
	<hr/>
<i>Operating Income (Loss)</i>	<i>253,646</i>
	<hr/>
Non-Operating Receipts (Disbursements)	
Other Debt Proceeds	1,499,081
Capital Outlay	(1,446,837)
Principal Retirement	(38,938)
Interest and Other Fiscal Charges	(67,830)
	<hr/>
<i>Total Non-Operating Receipts (Disbursements)</i>	<i>(54,524)</i>
	<hr/>
<i>Net Change in Fund Cash Balances</i>	<i>199,122</i>
	<hr/>
<i>Fund Cash Balances, January 1</i>	<i>441,680</i>
	<hr/>
<i>Fund Cash Balances, December 31</i>	<i>\$ 640,802</i>
	<hr/> <hr/>

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

**VILLAGE OF HAMLER
HENRY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

Note 1 - Reporting Entity

The Village of Hamler, Henry County, (the Village) as a body politic and corporate established to exercise rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly-elected six-member Council directs the Village. The Village provides water and sewer utilities, and police services through a police contract with the Village of Deshler. The Village contracts with Marion Township Fire Department on an 80%/20% contract to receive fire protection services. The Village appropriates General Fund money to support a volunteer fire department.

Public Entity Risk Pool

The Village participates in a public entity risk pool. Note 7 to the financial statements provides additional information for this entity.

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

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

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

Fund Accounting

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

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

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

Street Construction, Maintenance, and Repair Fund – The street construction maintenance and repair fund accounts for and reports that portion of the State gasoline tax and motor vehicle license registration fees restricted for for construction, maintenance, and repair of streets within the Village.

Enterprise Funds These funds account for operations that are similar to private business enterprises, where management intends to recover the significant costs of providing certain goods or services through user charges. The Village had the following significant Enterprise Funds:

Water Fund – The water fund accounts for the provision of water treatment and distribution to the residents and commercial users located within the Village.

Sewer Fund – The sewer fund accounts for the provision of sanitary sewer services to the residents and commercial users within the Village.

VILLAGE OF HAMLER
HENRY COUNTY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2019
(Continued)

Note 2 – Summary of Significant Accounting Policies (Continued)

Fund Accounting (Continued)

Enterprise Funds (Continued)

Enterprise Debt Service Fund – This fund accounts for a utility surcharge to be used to repay loans.

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit.

Budgetary Process

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

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

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

Encumbrances The Ohio Revised Code requires the Village to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year.

A summary of 2019 budgetary activity appears in Note 4.

Deposits and Investments

The Village's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

Capital Assets

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

VILLAGE OF HAMLER
HENRY COUNTY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2019
(Continued)

Note 2 – Summary of Significant Accounting Policies (Continued)

Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

Fund Balance

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

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

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

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

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

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

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

Note 3 – Compliance

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the Street, Water, Sewer, and Enterprise Debt Service Funds for the year ended December 31, 2019.

Contrary to Ohio law, the Village did not always obtain certification of available funds prior to incurring the expenditure for the year ended December 31, 2019.

**VILLAGE OF HAMLER
HENRY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2019
(Continued)**

Note 4 – Budgetary Activity

Budgetary activity for the years ending December 31, 2019 follows:

2019 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 151,139	\$ 344,340	\$ 193,201
Special Revenue	21,800	35,552	13,752
Enterprise	322,300	1,992,158	1,669,858
Total	\$ 495,239	\$ 2,372,050	\$ 1,876,811

2019 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 154,723	\$ 152,655	\$ 2,068
Special Revenue	54,026	61,182	(7,156)
Enterprise	319,707	1,793,036	(1,473,329)
Total	\$ 528,456	\$ 2,006,873	\$ (1,478,417)

Note 5 – Deposits

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

	2019
Demand Deposits	\$ 1,164,868
Certificates of Deposit	182,618
Total Deposits	\$ 1,347,486

Deposits: Deposits are insured by the Federal Depository Insurance Corporation; or collateralized by securities specifically pledged by the financial institution to the Village.

Note 6 – Taxes

Property Taxes

Real property taxes become a lien on January 1 preceding the October 1 date for which the Council adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

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

**VILLAGE OF HAMLER
HENRY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2019
(Continued)**

Note 6 – Taxes (Continued)

Income Taxes

The Village levies a municipal income tax of one percent on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village.

Employers within the Village withhold income tax on employee compensation and remit the tax to the Village either monthly or quarterly, as required. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually.

Note 7 - Risk Management

The Village belongs to the Ohio Plan Risk Management, Inc. (OPRM) (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments ("Members"). The Plan is legally separate from its member governments.

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio.

OPRM coverage programs are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss. Effective November 1, 2017, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. The OPRM is also participated in a property primary excess of loss treaty. This treaty reimbursed the OPRM 30% for losses between \$200,000 and \$1,000,000. The reimbursement is based on the amount of loss between \$200,000 and \$1,000,000. Effective November 1, 2019, the OPRM the property retention remained unchanged, however, the Plan assumed 100% of the first \$250,000 casualty treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. Effective November 1, 2019, the OPRM's property retention increased from 30% to 33%, while the casualty treaty remains unchanged and still assumes 100% of the first \$250,000 casualty treaty. OPRM had 776 members as of December 31, 2019.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2019.

Assets	\$15,920,504
Liabilities	<u>(11,329,011)</u>
Members' Equity	<u>\$ 4,591,493</u>

You can read the complete audited financial statements for OPRM at the Plan's website, www.ohioplan.org.

Note 8 - Defined Benefit Pension Plans

Ohio Public Employees Retirement System

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

**VILLAGE OF HAMLER
HENRY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2019
(Continued)**

Note 8 - Defined Benefit Pension Plans (Continued)

Ohio Public Employees Retirement System (Continued)

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10%, of their gross salaries and the Village contributed an amount equaling 14%, of participants' gross salaries. The Village has paid all contributions required through December 31, 2019.

Social Security

Other Village employees contributed to social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Village contributed an amount equal to 6.2 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2019.

Note 9 - Postemployment Benefits

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2019. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2019.

Note 10 - Debt

Debt outstanding at December 31, 2019 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
USDA Mortgage Revenue Bonds	\$ 1,564,000	4.25%
OPWC CE18P	30,365	0.00%
OPWC CE25Q	65,184	0.00%
OPWC CE28G	15,840	0.00%
OPWC CE45U	304,734	0.00%
OPWC CE24T	41,633	0.00%
OWDA 8186	1,110,029	1.02%
OWDA 8630	95,152	0.50%
Total	<u><u>\$ 3,226,937</u></u>	

The Mortgage Revenue Bonds are to be repaid on December 31, 2045, with an annual interest rate of 4.25%. The loan was issued in 2005 for a total of \$1,915,000. The loan will be repaid in annual installments. Payments are made from the Enterprise Debt Service Fund.

The Ohio Public Works Commission (OPWC) Loan CE18P relates to a Fire Hydrant Valve Replacement Project. The OPWC approved \$38,763 in an interest free loan to the Village for this project. The loan will be repaid in semi-annual installments of \$646 over 30 years. Payments are made from the Enterprise Debt Service Fund.

**VILLAGE OF HAMLER
HENRY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2019
(Continued)**

Note 10 – Debt (Continued)

The Ohio Public Works Commission (OPWC) Loan CE25Q relates to the Waterline Replacement Project Phase 1. The loan is an interest free loan. The loan will be repaid in semi-annual installments of \$1,278 over 30 years. Payments are made from the Enterprise Debt Service Fund.

The Ohio Public Works Commission (OPWC) Loan CE28G relates to the Railroad Street drainage improvement project. The OPWC approved \$52,000 in an interest free loan to the Village for this project. The loan will be repaid in semi-annual installments of \$1,320 over 20 years. Payments are made from the Enterprise Debt Service Fund.

The Ohio Public Works Commission (OPWC) Loan CE45U relates to the Water Treatment Plant Replacement project. The OPWC approved \$325,000 in an interest free loan to the Village for this project. Disbursements totaling \$298,901 were made during 2019. The loan has not been finalized; therefore an amortization schedule is unavailable.

The Ohio Public Works Commission (OPWC) Loan #CE24T relates to a Joint Waterline Loop Extension & Meter project. This was a joint project with the Villages of Deshler and Malinta. Phase 1 of the project was completed in 2017 and will be repaid with annual payment to the Village of Deshler of \$1,514. This is 33% of the joint debt for 30 years beginning in 2018 with a maturity of 2048. The loan will be secured by the Village's water and sewer funds. Payments are made from the Enterprise Debt Service Fund.

The Ohio Water Development Authority Loan 7528 relates to Water Treatment Plant Improvements. This loan was paid off in 2019.

The Ohio Water Development Authority Loan 8186 relates to Water Treatment Plant Improvements. Disbursements totaling \$1,105,028 were made during 2019. The loan has not been finalized; therefore an amortization schedule is unavailable.

The Ohio Water Development Authority Loan 8630 relates to the Hubbard Street Watermain and Sanitary Sewer Extension. Disbursements totaling \$95,152 were made during 2019. The loan has not been finalized; therefore an amortization schedule is unavailable.

Amortization of the Village's debt, including principal and interest, is scheduled as follows:

Year ending December 31:	USDA Mortgage Revenue Bonds	OPWC Loans
2020	\$ 101,470	\$ 4,001
2021	99,982	8,002
2022	101,495	8,002
2023	100,880	8,002
2024	100,222	8,002
2025-2029	503,040	30,771
2030-2034	501,170	26,811
2035-2039	502,347	26,811
2040-2044	502,203	25,519
2045-2049	100,081	7,101
Total	<u>\$ 2,612,890</u>	<u>\$ 153,022</u>

**VILLAGE OF HAMLER
HENRY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2019
(Continued)**

Note 11 – Subsequent Events

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Village. The impact on the Village's future operating costs, revenues, any recovery from emergency funding, either federal or state, cannot be estimated.

**VILLAGE OF HAMLER
HENRY COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2018**

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Property and Other Local Taxes	\$ 6,705	\$ -	\$ 6,705
Municipal Income Tax	116,777	-	116,777
Intergovernmental	34,810	30,393	65,203
Charges for Services	1,040	-	1,040
Fines, Licenses and Permits	3,321	-	3,321
Earnings on Investments	2,822	1,507	4,329
Miscellaneous	29,818	-	29,818
	<u>195,293</u>	<u>31,900</u>	<u>227,193</u>
Cash Disbursements			
Current:			
Security of Persons and Property	58,097	24,367	82,464
Leisure Time Activities	2,975	-	2,975
Basic Utility Services	446	-	446
Transportation	1,422	18,786	20,208
General Government	62,772	-	62,772
	<u>125,712</u>	<u>43,153</u>	<u>168,865</u>
<i>Total Cash Disbursements</i>	<u>125,712</u>	<u>43,153</u>	<u>168,865</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>69,581</u>	<u>(11,253)</u>	<u>58,328</u>
Other Financing Receipts (Disbursements)			
Other Financing Uses	(6,909)	-	(6,909)
	<u>(6,909)</u>	<u>-</u>	<u>(6,909)</u>
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(6,909)</u>	<u>-</u>	<u>(6,909)</u>
<i>Net Change in Fund Cash Balances</i>	<u>62,672</u>	<u>(11,253)</u>	<u>51,419</u>
<i>Fund Cash Balances, January 1</i>	<u>409,368</u>	<u>79,842</u>	<u>489,210</u>
Fund Cash Balances, December 31			
Restricted	-	68,589	68,589
Assigned	3,584	-	3,584
Unassigned	468,456	-	468,456
	<u>472,040</u>	<u>68,589</u>	<u>540,629</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 472,040</u>	<u>\$ 68,589</u>	<u>\$ 540,629</u>

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

**VILLAGE OF HAMLER
HENRY COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
PROPRIETARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2018**

	<u>Proprietary Fund Types</u>
	<u>Enterprise</u>
Operating Cash Receipts	
Charges for Services	\$ 358,304
Miscellaneous	5,000
	<hr/>
<i>Total Operating Cash Receipts</i>	363,304
	<hr/>
Operating Cash Disbursements	
Personal Services	43,478
Employee Fringe Benefits	15,021
Contractual Services	42,201
Supplies and Materials	104,061
	<hr/>
<i>Total Operating Cash Disbursements</i>	204,761
	<hr/>
<i>Operating Income (Loss)</i>	158,543
	<hr/>
Non-Operating Receipts (Disbursements)	
Intergovernmental	105
Other Debt Proceeds	10,834
Capital Outlay	(10,834)
Principal Retirement	(41,607)
Interest and Other Fiscal Charges	(69,147)
	<hr/>
<i>Total Non-Operating Receipts (Disbursements)</i>	(110,649)
	<hr/>
<i>Net Change in Fund Cash Balances</i>	47,894
	<hr/>
<i>Fund Cash Balances, January 1</i>	393,786
	<hr/>
<i>Fund Cash Balances, December 31</i>	<u>\$ 441,680</u>

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

**VILLAGE OF HAMLER
HENRY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

Note 1 - Reporting Entity

The Village of Hamler, Henry County, (the Village) as a body politic and corporate established to exercise rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly-elected six-member Council directs the Village. The Village provides water and sewer utilities, and police services through a police contract with the Village of Deshler. The Village contracts with Marion Township Fire Department on an 80%/20% contract to receive fire protection services. The Village appropriates General Fund money to support a volunteer fire department.

Public Entity Risk Pool

The Village participates in a public entity risk pool. Note 7 to the financial statements provides additional information for this entity.

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

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

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

Fund Accounting

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

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

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

Street Construction, Maintenance, and Repair Fund – The street construction maintenance and repair fund accounts for and reports that portion of the State gasoline tax and motor vehicle license registration fees restricted for for construction, maintenance, and repair of streets within the Village.

Enterprise Funds These funds account for operations that are similar to private business enterprises, where management intends to recover the significant costs of providing certain goods or services through user charges. The Village had the following significant Enterprise Funds:

Water Fund – The water fund accounts for the provision of water treatment and distribution to the residents and commercial users located within the Village.

Sewer Fund – The sewer fund accounts for the provision of sanitary sewer services to the residents and commercial users within the Village.

VILLAGE OF HAMLER
HENRY COUNTY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2018
(Continued)

Note 2 – Summary of Significant Accounting Policies (Continued)

Fund Accounting (Continued)

Enterprise Funds (Continued)

Enterprise Debt Service Fund – This fund accounts for a utility surcharge to be used to repay loans.

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit.

Budgetary Process

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

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

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

Encumbrances The Ohio Revised Code requires the Village to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 2018 budgetary activity appears in Note 4.

Deposits and Investments

The Village's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

Capital Assets

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

VILLAGE OF HAMLER
HENRY COUNTY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2018
(Continued)

Note 2 – Summary of Significant Accounting Policies (Continued)

Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

Fund Balance

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

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

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

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

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

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

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

Note 3 – Compliance

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the Street and Water Funds for the year ended December 31, 2018.

Contrary to Ohio law, the Village did not always obtain certification of available funds prior to incurring the expenditure for the year ended December 31, 2018.

**VILLAGE OF HAMLER
HENRY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2018
(Continued)**

Note 4 – Budgetary Activity

Budgetary activity for the years ending December 31, 2018 follows:

2018 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 151,139	\$ 195,293	\$ 44,154
Special Revenue	21,800	31,900	10,100
Enterprise	322,300	374,243	51,943
Total	\$ 495,239	\$ 601,436	\$ 106,197

2018 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 153,707	\$ 132,869	\$ 20,838
Special Revenue	59,542	43,363	16,179
Enterprise	312,901	326,701	(13,800)
Total	\$ 526,150	\$ 502,933	\$ 23,217

Note 5 – Deposits

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

	2018
Demand Deposits	\$ 803,307
Certificates of Deposit	179,002
Total Deposits	\$ 982,309

Deposits: Deposits are insured by the Federal Depository Insurance Corporation; or collateralized by securities specifically pledged by the financial institution to the Village.

Note 6 – Taxes

Property Taxes

Real property taxes become a lien on January 1 preceding the October 1 date for which the Council adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

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

**VILLAGE OF HAMLER
HENRY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2018
(Continued)**

Note 6 – Taxes (Continued)

Income Taxes

The Village levies a municipal income tax of one percent on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village.

Employers within the Village withhold income tax on employee compensation and remit the tax to the Village either monthly or quarterly, as required. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually.

Note 7 - Risk Management

The Village belongs to the Ohio Plan Risk Management, Inc. (OPRM) (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments ("Members"). The Plan is legally separate from its member governments.

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio.

OPRM coverage programs are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss. Effective November 1, 2016, the OPRM retained 50% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. Effective November 1, 2017, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. Effective November 1, 2018, the OPRM the property retention remained unchanged, however, the Plan assumed 100% of the first \$250,000 casualty treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 774 members as of December 31, 2018.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2018.

Assets	\$15,065,412
Liabilities	<u>(10,734,623)</u>
Members' Equity	<u>\$ 4,330,789</u>

You can read the complete audited financial statements for OPRM at the Plan's website, www.ohioplan.org.

Note 8 - Defined Benefit Pension Plans

Ohio Public Employees Retirement System

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

**VILLAGE OF HAMLER
HENRY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2018
(Continued)**

Note 8 - Defined Benefit Pension Plans (Continued)

Ohio Public Employees Retirement System (Continued)

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10%, of their gross salaries and the Village contributed an amount equaling 14%, of participants' gross salaries. The Village has paid all contributions required through December 31, 2018.

Social Security

Other Village employees contributed to social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Village contributed an amount equal to 6.2 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2018.

Note 9 - Postemployment Benefits

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2018. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2018.

Note 10 - Debt

Debt outstanding at December 31, 2018 was as follows:

	Principal	Interest Rate
USDA Mortgage Revenue Bonds	\$ 1,596,000	4.25%
OPWC CE18P	32,303	0.00%
OPWC CE25Q	69,018	0.00%
OPWC CE28G	19,800	0.00%
OPWC CE45U	5,833	0.00%
OPWC CE24T	43,904	0.00%
OWDA 7528	(5,065)	2.80%
OWDA 8186	5,001	1.02%
Total	\$ 1,766,794	

The Mortgage Revenue Bonds are to be repaid on December 31, 2045, with an annual interest rate of 4.25%. The loan was issued in 2005 for a total of \$1,915,000. The loan will be repaid in annual installments. Payments are made from the Enterprise Debt Service Fund.

The Ohio Public Works Commission (OPWC) Loan CE18P relates to a Fire Hydrant Valve Replacement Project. The OPWC approved \$38,763 in an interest free loan to the Village for this project. The loan will be repaid in semi-annual installments of \$646 over 30 years. Payments are made from the Enterprise Debt Service Fund.

**VILLAGE OF HAMLER
HENRY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2018
(Continued)**

Note 10 – Debt (Continued)

The Ohio Public Works Commission (OPWC) Loan CE25Q relates to the Waterline Replacement Project Phase 1. The loan is an interest free loan. The loan will be repaid in semi-annual installments of \$1,278 over 30 years. Payments are made from the Enterprise Debt Service Fund.

The Ohio Public Works Commission (OPWC) Loan CE28G relates to the Railroad Street drainage improvement project. The OPWC approved \$52,000 in an interest free loan to the Village for this project. The loan will be repaid in semi-annual installments of \$1,320 over 20 years. Payments are made from the Enterprise Debt Service Fund.

The Ohio Public Works Commission (OPWC) Loan CE45U relates to the Water Treatment Plant Replacement project. The OPWC approved \$325,000 in an interest free loan to the Village for this project. Disbursements totaling \$5,833 were made during 2019. The loan has not been finalized; therefore an amortization schedule is unavailable.

The Ohio Public Works Commission (OPWC) Loan #CE24T relates to a Joint Waterline Loop Extension & Meter project. This was a joint project with the Villages of Deshler and Malinta. Phase 1 of the project was completed in 2017 and will be repaid with annual payment to the Village of Deshler of \$1,514. This is 33% of the joint debt for 30 years beginning in 2018 with a maturity of 2048. The loan will be secured by the Village's water and sewer funds. Payments are made from the Enterprise Debt Service Fund. The prior balance outstanding was not included in the prior audit report. The correct balance outstanding at December 31, 2017 was \$45,418.

The Ohio Water Development Authority Loan 7528 relates to Water Treatment Plant Improvements. The Village was invoiced for repayment by the Ohio Water Development Authority an amount greater than the amount owed. The loan has not been finalized; therefore an amortization schedule is unavailable.

The Ohio Water Development Authority Loan 8186 relates to Water Treatment Plant Improvements. Disbursements totaling \$5,001 were made during 2018. The loan has not been finalized; therefore an amortization schedule is unavailable.

Amortization of the Village's debt, including principal and interest, is scheduled as follows:

Year ending December 31:	USDA Mortgage Revenue Bonds	OPWC Loans
2019	\$ 99,830	\$ 6,488
2020	101,470	8,002
2021	99,982	8,002
2022	101,495	8,002
2023	100,880	8,002
2024-2028	502,347	33,411
2029-2033	501,602	26,811
2034-2038	502,468	26,811
2039-2043	502,575	26,811
2044-2048	200,071	12,685
Total	<u>\$ 2,712,720</u>	<u>\$ 165,025</u>

**VILLAGE OF HAMLER
HENRY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2018
(Continued)**

Note 11 – Subsequent Events

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Village. The impact on the Village's future operating costs, revenues, any recovery from emergency funding, either federal or state, cannot be estimated.

**INDEPENDENT AUDITOR’S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
REQUIRED BY GOVERNMENT AUDITING STANDARDS**

November 10, 2020

Village of Hamler
Henry County
500 Hubbard Street
PO Box 435
Hamler, Ohio 43524

To the Village Council:

We have audited in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States’ *Government Auditing Standards*, the financial statements of the cash balances, receipts and disbursements by fund type of the **Village of Hamler**, Henry County, (the Village) as of and for the years ended December 31, 2019 and 2018, and the related notes to the financial statements and have issued our report thereon dated November 10, 2020, wherein we noted the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit and we noted the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Village.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Village’s financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Tax - Accounting – Audit – Review – Compilation – Agreed Upon Procedure – Consultation – Bookkeeping – Payroll – Litigation Support – Financial Investigations
Members: American Institute of Certified Public Accountants
• Ohio Society of CPAs • West Virginia Society of CPAs • Association of Certified Fraud Examiners • Association of Certified Anti-Money Laundering Specialists •

Internal Control Over Financial Reporting (Continued)

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify certain deficiencies in internal control, described in the accompanying schedule of audit findings that we consider material weaknesses. We consider findings 2019-001 through 2019-004 to be material weaknesses.

Compliance and Other Matters

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying schedule of audit findings as items 2019-003 and 2019-004.

Purpose of this Report

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



Perry and Associates
Certified Public Accountants, A.C.
Marietta, Ohio

**VILLAGE OF HAMLER
HENRY COUNTY**

**SCHEDULE OF AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
--

FINDING NUMBER 2019-001

Material Weakness

Financial Reporting

The Village should have procedures and controls in place to prevent and detect errors in financial reporting. Fund balances should be properly classified based on Governmental Accounting Standards Statement No. 54 – Fund Balance Reporting and Governmental Fund Type Definitions.

During 2019 and 2018, receipts, disbursements, and fund balances were not always posted or classified correctly. The following posting errors were noted:

- Rollback receipts were misclassified as Property and Other Local Taxes instead of Intergovernmental in the General Fund in 2019 and 2018;
- A real estate tax receipt was misclassified as Intergovernmental instead of Property and Other Local Taxes in the General Fund in 2018;
- Grant receipts were misclassified as Charges for Services instead of Intergovernmental in the General Fund in 2019 and 2018;
- Outstanding encumbrances and budget carryover were misclassified as Unassigned instead of Assigned in the General Fund in 2018;
- OPWC and OWDA Debt Proceeds and the corresponding Capital Outlays were not recorded in the Water Fund in 2019 and 2018;
- OWDA Debt Proceeds were misclassified as Miscellaneous in the Water Fund in 2019;
- An OPWC debt payment was misclassified as Interest and Other Fiscal Charges instead of Principal Retirement in the Enterprise Debt Service Fund in 2018;
- An OWDA debt payment was misclassified as Supplies and Materials instead of Principal Retirement in the Water Fund in 2018;
- A USDA bond debt payment was not correctly allocated between Principal Retirement and Interest and Other Fiscal Charges in the Water Fund in 2019; and
- Some pass-through disbursements from OWDA were misclassified as Principal Retirement instead of Capital Outlay in the Water Fund in 2019.

Not posting receipts, disbursements, and fund balances accurately resulted in the financial statements requiring several adjustments and reclassifications. The Village has made the adjustments to their accounting system. The financial statements reflect all adjustments and reclassifications.

We also noted several errors in the annual financial report which required modifications:

- Budgetary footnote was not accurate for 2019 and 2018;
- Deposit footnote was not accurate for 2019 and 2018;
- Debt footnote, including outstanding balances and amortization schedule, was not accurate for 2019 and 2018; and
- Various other footnote disclosures were not accurate.

The footnotes reflect all modifications.

VILLAGE OF HAMLER
HENRY COUNTY

SCHEDULE OF AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

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

FINDING NUMBER 2019-001 (Continued)

Financial Reporting (Continued)

To help ensure accuracy and reliability in the financial reporting process, we recommend that management perform a detailed review of its draft financial statements. Such review should include procedures to ensure that all sources of revenues and expenses are properly identified and classified on the financial statements.

We also recommend the Fiscal Officer refer to the Ohio Village Handbook for guidance to determine the proper establishment of receipt and disbursement accounts and posting of receipts and disbursements. The Fiscal Officer should refer to Auditor of State Technical Bulletin 2011-004 for assistance in properly classifying fund balances.

Management's Response – Officials did not provide a response to this finding.

FINDING NUMBER 2019-002

Material Weakness

Bank Reconciliations

Prior to closing out the financial records each month, the bank account balances should be reconciled to the combined fund balances. This procedure is an important method of detecting errors in the financial records and bank account records. After this procedure is completed, any errors found should be immediately corrected, the financial records closed, and month end financial information generated by the Fiscal Officer.

We noted the Village has a general checking account that is utilized for day to day transactions of the Village, with the exception of utility receipts. A separate bank account is established for the sole purpose of collecting utility receipts. At month end, the Utility Superintendent presents the Fiscal Officer with the total utility receipts collected for the month for the Fiscal Officer to post the receipts into the accounting system and transfer the utility receipts to the general checking account.

The Village did not post the utility receipts collected in December 2018 to the accounting system and did not perform the transfer from the utility bank account to the general checking account until January 2019. The Village does not include the utility bank account in the monthly reconciliation. An audit adjustment was posted to properly include utility receipts collected in December 2018.

The Village did not post the utility receipts collected in December 2019 to the accounting system and did not perform the transfer from the utility bank account to the general checking account until January 2020. The Village does not include the utility bank account in the monthly reconciliation. An audit adjustment was posted to properly include utility receipts collected in December 2019.

We recommend the Fiscal Officer present evidence to Council which indicates all bank balances have been reconciled to the cash journal fund balances each month without significant other adjusting factors on the reconciliation. If other adjusting factors are present, supporting documentation should be maintained for these differences. The Fiscal Officer should also timely transfer monies from the utility bank account to the general checking account and include the utility bank account in the monthly bank reconciliation.

VILLAGE OF HAMLER
HENRY COUNTY

SCHEDULE OF AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

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

FINDING NUMBER 2019-002 (Continued)

Bank Reconciliations (Continued)

The finance committee should then periodically verify items appearing on the monthly bank reconciliation. If an adjustment is necessary, specific documentation should be maintained that documents what makes up the adjustment, including the nature of the transaction(s) and amount(s).

Management's Response – We did not receive a response from officials to this finding.

FINDING NUMBER 2019-003

Material Weakness/Noncompliance

Ohio Revised Code Section 5705.10(I) provides that all money paid into any fund shall be used only for the purpose for which such fund is established. Furthermore, § 5705.10(D) requires all revenue derived from a source other than the general property tax and which the law prescribes shall be used for a particular purpose, be paid into a special fund for such purpose.

The following errors were noted in 2019:

- The Street Maintenance Fund over reported activity by \$3,551. The State Highway Fund and Permissive Tax Fund under reported activity by \$2,342 and \$1,209, respectively.

The following errors were noted in 2018:

- The Street Maintenance Fund over reported activity by \$4,041. The State Highway Fund and Permissive Tax Fund under reported activity by \$2,971 and \$1,070, respectively.

These errors were corrected on the Village's financial statements and accounting records and were the result of the Fiscal Officer posting intergovernmental revenues to the incorrect funds.

Failure to properly post receipts could lead to the overstatement of fund balances.

Financial activity should be properly reported in the accounting ledgers, so management can better assess whether or not financial goals are being met on an ongoing basis. Further, we recommend the Village Fiscal Officer and Village Council carefully review the Village Officer's Handbook, and ensure both receipts and expenditures are being posted to the proper funds.

Management's Response – We did not receive a response from officials to this finding.

VILLAGE OF HAMLER
HENRY COUNTY

SCHEDULE OF AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

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

FINDING NUMBER 2019-004

Material Weakness/Noncompliance

Budgetary Controls

The budget is an instrument of public policy: A governing board expresses its desires for using a government's limited resources through its appropriations. Ohio Revised Code Section 5705 deals with a variety of budgetary requirements that all subdivisions must comply with in order to ensure fiscal responsibility.

In performing the audit, we noted several violations of budgetary law which, although they do not in and of themselves, result in errors in financial reporting, may lead to the Village making financial decisions based on incorrect or incomplete information. We noted the following:

- **Violations of 5705.41(B)** stating no subdivision is to expend money unless it has been appropriated (expenditures exceeded appropriations); and
- **Violations of 5705.41(D)** relating to expenditures having prior certification of availability of funds.

Although Council approves budgets for revenue and expenses and receives monthly reports of budget and actual information, it does not ensure that budgetary forms are properly completed and submitted to the County Budget Commission timely.

Council should review the requirements of ORC section 5705 to be familiar with these laws and to make sure the Village is complying with applicable sections. If Council does not consider these necessary steps should be taken to make sure amounts are encumbered (purchase orders are used and assigned to each purchase prior to ordering), certifications of available funds are done by the Village Fiscal Officer prior to purchasing and unencumbered balances are tracked for each line item.

The Village did not have a control procedure in place to ensure that appropriations and estimated receipts, as authorized by the Village Board and approved by the County Budget Commission, were reconciled to the appropriations and estimated receipts posted to the accounting system.

This resulted in varying amounts posted to the accounting system and information available to the Village Officials to monitor year-to-date total comparison of budgeted amounts versus actual amounts was not accurate.

We recommend the Village implement procedures to ensure estimated receipts and appropriations are accurately posted to the accounting system and reconciled to the amounts approved by the budget commission after each amendment.

Management's Response – Officials did not provide a response to this finding.

**VILLAGE OF HAMLER
HENRY COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018**

Finding Number	Finding Summary	Status	Additional Information
2017-001	Financial Reporting	Not Corrected	Repeated as Finding 2019-001
2017-002	Ohio Revised Code Section 5705.10	Not Corrected	Repeated as Finding 2019-003
2017-003	Ohio Revised Code Section 5705.39	Corrected	N/A
2017-004	Ohio Revised Code Section 5705.41(D)	Not Corrected	Repeated as Finding 2019-004
2017-005	Bank Reconciliations	Not Corrected	Repeated as Finding 2019-002
2017-006	Tracking of Business Withholdings	Corrected	N/A

This page intentionally left blank.

OHIO AUDITOR OF STATE KEITH FABER



VILLAGE OF HAMLER

HENRY COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

This is a true and correct copy of the report, which is required to be filed pursuant to Section 117.26, Revised Code, and which is filed in the Office of the Ohio Auditor of State in Columbus, Ohio.



Certified for Release 3/11/2021

88 East Broad Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at
www.ohioauditor.gov