

**HAMILTON TOWNSHIP**  
*WARREN COUNTY, OHIO*

**FINANCIAL STATEMENTS  
FOR THE YEAR ENDED  
DECEMBER 31, 2017**





# Dave Yost • Auditor of State

Board of Trustees  
Hamilton Township  
7780 South State Route 48  
Maineville, OH 45039

We have reviewed the *Independent Auditor's Report* of Hamilton Township, Warren County, prepared by Bastin & Company, LLC, for the audit period January 1, 2017 through December 31, 2017. 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. Hamilton Township is responsible for compliance with these laws and regulations.

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

Dave Yost  
Auditor of State

May 22, 2018

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**HAMILTON TOWNSHIP**  
*WARREN COUNTY*

**TABLE OF CONTENTS**

<b>TITLE</b>	<b>PAGE</b>
Independent Auditor’s Report.....	1
Management’s Discussion and Analysis (MD&A).....	3
<b>Basic Financial Statements</b>	
Government-Wide Financial Statements	
Statement of Net Position - Cash Basis.....	10
Statement of Activities - Cash Basis.....	11
Fund Financial Statements	
Statement of Assets and Fund Balances - Cash Basis – Governmental Funds.....	12
Statement of Receipts, Disbursements and Changes in Fund Balances – Cash Basis - Governmental Funds.....	13
Notes to the Basic Financial Statements .....	14
<b>Supplementary Information</b>	
Schedule of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budget Basis – General Fund.....	32
Schedule of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budget Basis – Police Fund.....	33
Schedule of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budget Basis – Fire and EMS Fund.....	34
Schedule of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budget Basis – Road and Bridge Fund.....	35
Notes to Supplementary Information .....	36
Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> .....	37

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# Bastin & Company, LLC

*Certified Public Accountants*

## **INDEPENDENT AUDITOR'S REPORT**

Hamilton Township  
Warren County  
7780 South State Route 48  
Hamilton Township, Ohio 45039

To the Board of Trustees:

### ***Report on the Financial Statements***

We have audited the accompanying cash-basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Hamilton Township, Warren County, Ohio (the Township), as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for preparing and fairly presenting these financial statements in accordance with the cash accounting basis Note 2 describes. This responsibility includes determining that the cash accounting basis is acceptable for the circumstances. Management is also responsible for designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

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

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Township's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Township's internal control. Accordingly, we express no 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.

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Hamilton Township, Warren County, Ohio, as of December 31, 2017, and the respective changes in cash financial position thereof for the year then ended in accordance with the accounting basis described in Note 2.

### ***Accounting Basis***

We draw attention to Note 2 of the financial statements, which describes the accounting basis. The financial statements are prepared on the cash basis of accounting, which differs from generally accepted accounting principles. We did not modify our opinion regarding this matter.

### ***Other Matters***

#### ***Supplemental Information***

Our audit was conducted to opine on the financial statements taken as a whole.

The budgetary comparison schedules for the General, Police, Fire and EMS, and Road and Bridge Funds are not a required part of the financial statements.

These budgetary comparison schedules are management's responsibility, and derive from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected these schedules to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling these schedules directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and in accordance with auditing standards generally accepted in the United States of America. In our opinion, these schedules are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

#### ***Other Information***

We applied no procedures to management's discussion & analysis as listed in the table of contents. Accordingly, we express no opinion or any other assurance on it.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated April 26, 2018 on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Bastin & Company, LLC". The signature is written in black ink on a light-colored background.

Cincinnati, Ohio  
April 26, 2018



**Hamilton Township**  
*Warren County, Ohio*  
*Management's Discussion and Analysis*  
*Unaudited*

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This discussion and analysis of Hamilton Township (the Township's) financial performance provides an overall review of the Township's financial activities for the year ended December 31, 2017, (within the limitations of the Township's cash basis of accounting).

The intent of this discussion and analysis is to look at the Township's financial performance as a whole; readers should also review the financial statements and notes to the basic financial statements to enhance their understanding of the Township's financial performance.

**Highlights**

Key highlights for 2017 are as follows:

- The Township's total general receipts are primarily property taxes, other local taxes, and payments in lieu of taxes. General receipts represent \$7,353,373, or 85 percent, of the total cash received for governmental activities during the year.
- The Township had \$7,686,291 in disbursements; only \$1,258,818 of these disbursements were offset by program specific charges for services and sales, grants and contributions.
- Net position of governmental activities increased \$925,900, or approximately ten percent.

**Using the Basic Financial Statements**

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement (GASB) No. 34, as applicable to the Township's cash basis of accounting.

**Report Components**

The statement of net position and the statement of activities provide information about the cash activities of the Township as a whole.

Fund financial statements provide a greater level of detail. Funds are created and maintained in the financial records of the Township as a way to segregate money whose use is restricted to a particular or specified purpose. These statements present financial information by fund, presenting funds with the largest balances, or most activity, in separate columns.

The notes to the financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

**Hamilton Township**  
*Warren County, Ohio*  
*Management's Discussion and Analysis*  
*Unaudited*

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**Basis of Accounting**

The basis of accounting is a set of guidelines that determine when financial events are recorded. The Township has elected to present its financial statements on a cash basis of accounting. This basis of accounting is a basis of accounting other than what is required by generally accepted accounting principles. Under the Township's cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

As a result of using the cash basis of accounting, certain assets and their related receipts (such as accounts receivable) and certain liabilities and their related disbursements (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the cash basis of accounting.

**Reporting the Township as a Whole**

The statement of net position and the statement of activities reflect how the Township did financially during 2017, within the limitations of the cash basis of accounting. The statement of net position presents the cash balances and investments of the governmental activities of the Township at year-end. The statement of activities compares cash disbursements with program receipts for each governmental program. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function draws from the Township's general receipts.

These statements report the Township's cash position and the changes in cash position. Keeping in mind the limitations of the cash basis of accounting, you can think of these changes as one way to measure the Township's financial health. Over time, increases or decreases in the Township's cash position is one indicator of whether the Township's financial health is improving or deteriorating. When evaluating the Township's financial condition, you should also consider other non-financial factors as well such as the Township's property tax base, the condition of the Township's capital assets and infrastructure, the extent of the Township's debt obligations, the reliance on non-local financial resources for operations and the need for continued growth in the major local receipt sources such as property taxes.

The statement of net position and the statement of activities are comprised of governmental activities only.

**Reporting the Township's Most Significant Funds**

Fund financial statements provide detailed information about the Township's major funds – not the Township as a whole. The Township establishes separate funds to better manage its many activities and to help demonstrate that money that is restricted as to how it may be used is being spent for the intended purpose. The funds of the Township are all reported as governmental type funds.

**Hamilton Township**  
*Warren County, Ohio*  
*Management's Discussion and Analysis*  
*Unaudited*

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*Governmental Funds* - The Township's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the Township's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Township's programs. The Township's significant governmental funds are presented in the financial statements in separate columns. The information for nonmajor funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The Township's major governmental funds are the General Fund, Police Fund, Fire and EMS Fund, and Road and Bridge Fund. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements.

**The Township as a Whole**

Table 1 provides a summary of the Township's net position for 2017 and 2016 on the cash basis:

(Table 1)  
**Net Position**

	Governmental Activities		
	2017	2016	Change
Assets			
Equity in Pooled Cash and Cash Equivalents	\$ 10,549,371	\$ 9,623,471	\$ 925,900
Net Position			
Restricted for:			
Roads and Bridges	\$ 1,371,143	\$ 972,307	\$ 398,836
Cemeteries	59,049	51,082	7,967
Police Protection	2,078,422	1,859,006	219,416
Fire and EMS Services	5,276,560	4,742,624	533,936
Street Lighting	61,117	50,134	10,983
Purposes of TIF Agreement	-	753,004	(753,004)
Unrestricted	1,703,080	1,195,314	507,766
Total Net Position	\$ 10,549,371	\$ 9,623,471	\$ 925,900

As mentioned previously, net position of governmental activities increased \$925,900, or approximately ten percent, during 2017. The increase in net position is primarily due to a reduction in general government, public safety and TIF related expenditures in 2017 compared to 2016.

**Hamilton Township**  
*Warren County, Ohio*  
*Management's Discussion and Analysis*  
*Unaudited*

Table 2 reflects the changes in net position on a cash basis in 2017 and 2016.

(Table 2)  
Change in Net Position

	Governmental Activities	
	2017	2016
Receipts:		
Program Receipts:		
Charges for Services and Sales	\$ 977,239	\$1,000,190
Operating Grants and Contributions	281,579	308,922
Total Program Receipts	1,258,818	1,309,112
General Revenues:		
Property and Other Local Taxes	5,964,836	5,846,112
Payments in Lieu of Taxes	0	7,792
Grants and Entitlements not Restricted to Specific Programs	1,178,545	1,095,940
Earnings on Investments	24,343	12,916
Miscellaneous	185,649	171,870
Total General Receipts	7,353,373	7,134,630
Total Receipts	8,612,191	8,443,742
Disbursements:		
Current		
General Government	639,978	868,566
Public Safety	4,817,208	5,082,816
Public Works	1,864,726	1,715,860
Public Health	45,907	51,201
Conservation-Recreation	146,677	53,093
Service Payments to Schools	0	530,745
Debt Service		
Principal	133,070	203,070
Interest and Fiscal Charges	38,725	45,925
Total Disbursements	7,686,291	8,551,276
Change in Net Position	925,900	(107,534)
Net Position at Beginning of Year	9,623,471	9,731,005
Net Position at End of Year	\$10,549,371	\$9,623,471

Program receipts represent only 15 percent of total receipts during 2017 and 2016 and are primarily comprised of restricted intergovernmental receipts such as state grants, zoning permits and inspection fees, cell tower fees, fines and forfeitures and charges for emergency medical services provided by the fire department.

**Hamilton Township**  
*Warren County, Ohio*  
*Management's Discussion and Analysis*  
*Unaudited*

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General receipts represent 85% of the Township's total receipts during 2017 and 2016. Property, other local taxes and payments in lieu of taxes comprised 81% and 82% of general receipts for 2017 and 2016, respectively. Grants and entitlements not restricted to specific programs make up 14 and 13 percent of total receipts for 2017 and 2016, respectively, and include revenue from the State of Ohio (i.e., Local Government Funds, Estate Tax, Homestead and Rollback allocation, etc.). Other receipts are insignificant and somewhat unpredictable receipt sources.

Disbursements for general government represent the overhead costs of running the Township and the support services provided for other government activities. These include the costs associated with providing Township administration, accounting, and planning & zoning.

Public safety represents the costs of police and fire protection and emergency medical services, which makes up 63% and 59% of the total disbursements for 2017 and 2016, respectively. Public Works includes the costs for the Road & Bridge Fund as well as the lighting districts, and makes up 24% and 20% of the total disbursements for 2017 and 2016, respectively. Public health includes the cost to maintain the Township's Cemetery, and Conservation-Recreation includes the personnel and maintenance costs for all of the Township's parks. Service payments to schools reports payments made to local school districts in accordance with the Township's TIF agreement. The Township's TIF District (and related TIF Fund) were wound down during 2016 and 2017, and both were closed as of December 31, 2017. See Note 11 for more information on the termination of the TIF Fund.

**Governmental Activities**

If you look at the Statement of Activities, you will see that the first column lists the major services provided by the Township. The next column identifies the costs of providing these services. The major program disbursements for governmental activities are for the protection and safety of the residents, both police and fire, which account for \$4,817,208 and \$5,082,816, or 63% and 59% of all governmental disbursements for 2017 and 2016, respectively. The next three columns of the Statement entitled Program Receipts identify amounts paid by people who are directly charged for the service and grants received by the Township that must be used to provide a specific service. The Net (Disbursements) Receipts column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service which ends up being paid from money provided by local taxpayers. These net costs are paid from the general receipts which are presented at the bottom of the Statement.

**Hamilton Township**  
*Warren County, Ohio*  
*Management's Discussion and Analysis*  
*Unaudited*

A comparison between the total cost of services and the net cost of services for 2017 and 2016 is presented in Table 3.

(Table 3)  
 Governmental Activities

	<u>Total Cost of Services 2017</u>	<u>Net Cost of Services 2017</u>	<u>Total Cost of Services 2016</u>	<u>Net Cost of Services 2016</u>
Current				
General Government	\$ 639,978	\$ 555,181	\$ 868,566	\$ 784,857
Public Safety	4,817,208	4,273,648	5,082,816	4,478,943
Public Works	1,864,726	1,269,546	1,715,860	1,141,962
Public Health	45,907	13,808	51,201	10,441
Conservation-Recreation	146,677	143,495	53,093	46,221
Service Payments to Schools	-	-	530,745	530,745
Debt Service				
Principal	133,070	133,070	203,070	203,070
Interest and Fiscal Charges	38,725	38,725	45,925	45,925
Total Disbursements	<u>\$ 7,686,291</u>	<u>\$ 6,427,473</u>	<u>\$ 8,551,276</u>	<u>\$ 7,242,164</u>

The dependence upon property tax and intergovernmental receipts is apparent as 85 percent of governmental activities are supported through these general receipts for 2017 and 2016.

**The Township's Funds**

Information about the Township's major funds is reported on the Statement of Assets and Fund Balances – Cash Basis and the Statement of Receipts, Disbursements and Changes in Fund Balances – Cash Basis. Total governmental funds had receipts of \$8,526,591 in 2017, while total disbursements were \$7,686,291.

The fund balance of the General Fund increased \$507,766 from the prior year. This was primarily due to management's continuing efforts to reduce expenditures.

**General Fund Budgeting Highlights**

The Township's budget is prepared according to Ohio law and is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

The General Fund's final budgeted disbursements were \$1,732,706 while actual disbursements came in at \$1,524,649, which put the Township's disbursements under budget by 12%.

The General Fund's final budgeted receipts were \$1,097,197 while actual receipts came in at \$1,257,773, which resulted in a positive budget variance of 15%.

Overall, the Township ended the year with \$369,633 more in the General Fund than what was estimated in the final budget.

**Hamilton Township**  
*Warren County, Ohio*  
*Management's Discussion and Analysis*  
*Unaudited*

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**Capital Assets and Debt Administration**

*Capital Assets* - The Township maintains inventory records on the Township's capital equipment and performs routine updates. The Township does not report non-cash assets on the financial statements.

*Debt* - At December 31, 2017, the Township's outstanding debt totaled \$1,459,481. For further information regarding the Township's debt, refer to Note 8 to the basic financial statements.

**Current Issues**

The challenge for all townships is to provide quality services to the public while staying within the restrictions imposed by limited funding. The Township's financial condition remained constant during 2017. The Township intends to maintain this positive financial condition by carefully monitoring the activity in all of the Township's funds and by taking actions necessary to keep our funds, and the Township as a whole, on stable financial ground.

**Contacting the Township's Financial Management**

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Township's finances and to reflect the Township's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to the Fiscal Office at 7780 South State Route 48, Hamilton Township, Ohio 45039.

**Hamilton Township**  
*Warren County, Ohio*  
*Statement of Net Position - Cash Basis*  
*December, 31, 2017*

	Governmental Activities
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	\$ 10,549,371
<i>Total Assets</i>	<i>\$ 10,549,371</i>
 <b>Net Position</b>	
Restricted for:	
Roads and Bridges	\$ 1,371,143
Cemeteries	59,049
Police Protection	2,078,422
Fire and EMS Services	5,276,560
Street Lighting	61,117
Unrestricted	1,703,080
<i>Total Net Position</i>	<i>\$ 10,549,371</i>

See accompanying notes to the basic financial statements



**Hamilton Township**  
*Warren County, Ohio*  
*Statement of Activities - Cash Basis*  
*For the Year Ended December 31, 2017*

	Program Cash Receipts				Net (Disbursements) Receipts and Changes in Net Position
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Total Governmental Activities
<b>Governmental Activities</b>					
Current:					
General Government	\$ 639,978	\$ 84,797	\$ -	\$ -	\$ (555,181)
Public Safety	4,817,208	490,419	53,141	-	(4,273,648)
Public Works	1,864,726	366,742	228,438	-	(1,269,546)
Public Health	45,907	32,099	-	-	(13,808)
Conservation-Recreation	146,677	3,182	-	-	(143,495)
Debt Service:					
Principal Retirement	133,070	-	-	-	(133,070)
Interest and Fiscal Charges	38,725	-	-	-	(38,725)
<i>Total Governmental Activities</i>	<u>\$ 7,686,291</u>	<u>\$ 977,239</u>	<u>\$ 281,579</u>	<u>\$ -</u>	<u>(6,427,473)</u>
General Receipts:					
Property and Other Taxes Levied for:					
General Purposes					670,492
Public Safety					4,340,841
Public Works					953,503
Grants and Entitlements not Restricted to Specific Programs					1,178,545
Earnings on Investments					24,343
Miscellaneous					185,649
Total General Receipts					<u>7,353,373</u>
<i>Change in Net Position</i>					925,900
<i>Net Position Beginning of Year</i>					<u>9,623,471</u>
<i>Net Position End of Year</i>					<u>\$ 10,549,371</u>

See accompanying notes to the basic financial statements

**Hamilton Township**  
*Warren County, Ohio*  
*Statement of Assets and Fund Balances - Cash Basis*  
*Governmental Funds*  
*December 31, 2017*

	General Fund	Police Fund	Fire and EMS Fund	Road and Bridge Fund	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>						
Equity in Pooled Cash and Cash Equivalents	\$ 1,703,080	\$ 2,002,735	\$ 4,743,620	\$ 690,796	\$ 1,409,140	\$ 10,549,371
<i>Total Assets</i>	<u>\$ 1,703,080</u>	<u>\$ 2,002,735</u>	<u>\$ 4,743,620</u>	<u>\$ 690,796</u>	<u>\$ 1,409,140</u>	<u>\$ 10,549,371</u>
<b>Fund Balances</b>						
Restricted						
Roads and Bridges	\$ -	\$ -	\$ -	\$ 690,796	\$ 680,347	\$ 1,371,143
Cemeteries	-	-	-	-	59,049	59,049
Police Protection	-	2,002,735	-	-	75,687	2,078,422
Fire and EMS Services	-	-	4,743,620	-	532,940	5,276,560
Street Lighting	-	-	-	-	61,117	61,117
Total Restricted	<u>-</u>	<u>2,002,735</u>	<u>4,743,620</u>	<u>690,796</u>	<u>1,409,140</u>	<u>8,846,291</u>
Assigned						
Following Year's Budget	303,170	-	-	-	-	303,170
Encumbrances	95,001	-	-	-	-	95,001
Total Assigned	<u>398,171</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>398,171</u>
Unassigned (Deficit)	<u>1,304,909</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,304,909</u>
<i>Total Fund Balances</i>	<u>\$ 1,703,080</u>	<u>\$ 2,002,735</u>	<u>\$ 4,743,620</u>	<u>\$ 690,796</u>	<u>\$ 1,409,140</u>	<u>\$ 10,549,371</u>

See accompanying notes to the basic financial statements

**Hamilton Township**  
*Warren County, Ohio*  
*Statement of Receipts, Disbursements and Changes in Fund Balances - Cash Basis*  
*Governmental Funds*  
*For the Year Ended December 31, 2017*

	General Fund	Police Fund	Fire and EMS Fund	Road and Bridge Fund	Other Governmental Funds	Total Governmental Funds
<b>Receipts</b>						
Property and Other Local Taxes	\$ 670,492	\$ 2,089,516	\$ 2,251,325	\$ 756,810	\$ 196,693	\$ 5,964,836
Charges for Services	12,744	56,667	15,495	-	373,834	458,740
Licenses, Permits and Fees	174,082	87	-	-	24,299	198,468
Fines and Forfeitures	-	24,911	-	-	-	24,911
Intergovernmental	331,111	313,266	329,819	112,536	234,223	1,320,955
Special Assessments	-	-	-	-	358,516	358,516
Earnings on Investments	18,794	-	-	-	5,549	24,343
Miscellaneous	50,550	44,271	58,434	17,037	5,530	175,822
<i>Total Receipts</i>	<u>1,257,773</u>	<u>2,528,718</u>	<u>2,655,073</u>	<u>886,383</u>	<u>1,198,644</u>	<u>8,526,591</u>
<b>Disbursements</b>						
Current:						
General Government	639,978	-	-	-	-	639,978
Public Safety	-	2,216,315	2,262,091	-	189,712	4,668,118
Public Works	598,148	-	-	620,701	600,841	1,819,690
Health	21,775	-	-	-	24,132	45,907
Conservation-Recreation	146,677	-	-	-	-	146,677
Capital Outlay	-	8,428	-	-	185,698	194,126
Debt Service:						
Principal Retirement	23,070	-	-	-	110,000	133,070
Interest and Fiscal Charges	-	-	-	-	38,725	38,725
<i>Total Disbursements</i>	<u>1,429,648</u>	<u>2,224,743</u>	<u>2,262,091</u>	<u>620,701</u>	<u>1,149,108</u>	<u>7,686,291</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(171,875)</u>	<u>303,975</u>	<u>392,982</u>	<u>265,682</u>	<u>49,536</u>	<u>840,300</u>
<b>Other Financing Sources (Uses)</b>						
Sale of Capital Assets	1,000	600	84,000	-	-	85,600
Advances In	62,000	-	-	-	62,000	124,000
Advances Out	(62,000)	-	-	-	(62,000)	(124,000)
Transfers In	753,004	-	-	-	148,725	901,729
Transfers Out	(74,363)	(74,362)	-	-	(753,004)	(901,729)
<i>Total Other Financing Sources (Uses)</i>	<u>679,641</u>	<u>(73,762)</u>	<u>84,000</u>	<u>-</u>	<u>(604,279)</u>	<u>85,600</u>
<i>Net Change in Fund Balances</i>	507,766	230,213	476,982	265,682	(554,743)	925,900
<i>Fund Balances Beginning of Year</i>	<u>1,195,314</u>	<u>1,772,522</u>	<u>4,266,638</u>	<u>425,114</u>	<u>1,963,883</u>	<u>9,623,471</u>
<i>Fund Balances End of Year</i>	<u>\$ 1,703,080</u>	<u>\$ 2,002,735</u>	<u>\$ 4,743,620</u>	<u>\$ 690,796</u>	<u>\$ 1,409,140</u>	<u>\$ 10,549,371</u>

See accompanying notes to the basic financial statements

**Hamilton Township**  
*Warren County, Ohio*  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2017*

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**Note 1 – Reporting Entity**

Hamilton Township, Warren County, Ohio (the Township), is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Township is directed by a publicly elected three-member Board of Trustees. The Township also has an elected Township Fiscal Officer.

***Primary Government***

The primary government consists of all funds, departments, boards and agencies that are not legally separate from the Township. The Township provides general government services, maintenance of Township roads and bridges, police and fire protection, emergency medical services, and cemetery maintenance.

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

**Note 2 – Summary of Significant Accounting Policies**

As discussed further in the Basis of Accounting section of this Note, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting.

***Basis of Presentation***

The Township's basic financial statements consist of government-wide financial statements, including a statement of net position and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

***Government-Wide Financial Statements*** The statement of net position and the statement of activities display information about the Township as a whole. These statements include the financial activities of the primary government. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions.

The statement of net position presents the cash and investment balances, of the governmental and activities of the Township at year end. The statement of activities compares disbursements with program receipts for each of the Township's governmental and business-type activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Township is responsible. Program receipts include charges paid by the recipient of the program's goods or services, grants and contributions restricted to meeting the operational or capital requirements of a particular program and receipts of interest earned on grants that are required to be used to support a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function is self-financing on a cash basis or draws from the Township's general receipts.

**Hamilton Township**  
*Warren County, Ohio*  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2017*

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***Fund Financial Statements*** During the year, the Township segregates transactions related to certain Township functions or activities in separate funds to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Township at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column.

***Fund Accounting***

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

***Governmental Funds*** Governmental funds are those through which most governmental functions of the Township are financed. The following are the Township's major governmental funds:

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

*Police Fund:* This fund accounts for proceeds from property taxes and other cash receipts restricted for police department operations and protection services.

*Fire and EMS Fund:* This fund accounts for proceeds from property taxes and other cash receipts restricted for fire department and life squad protection and emergency services.

*Road and Bridge Fund:* This fund accounts for proceeds from property taxes and other cash receipts restricted for road and bridge construction and maintenance.

The other governmental funds of the Township account for and report grants and other resources, whose use is restricted, committed or assigned to a particular purpose.

***Basis of Accounting***

The Township's financial statements are prepared using the cash basis of accounting. Receipts are recorded in the Township's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred. Any such modifications made by the Township are described in the appropriate section in this note.

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued liabilities and the related expenses) are not recorded in these financial statements.

**Hamilton Township**  
*Warren County, Ohio*  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2017*

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***Cash and Investments***

To improve cash management, cash received by the Township is pooled and invested. Individual fund integrity is maintained through Township records. Interest in the pool is presented as “Equity in Pooled Cash and Cash Equivalents.”

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or negative receipts (contra revenue), respectively.

During 2017, the Township invested in nonnegotiable certificates of deposit. The nonnegotiable certificates of deposit are reported at cost.

Interest earnings are allocated to Township funds according to State statutes, grant requirements, or debt related restrictions. Interest receipts credited to the General Fund during 2017 were \$18,794.

***Inventory and Prepaid Items***

The Township reports disbursements for inventories and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

***Capital Assets***

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets in the accompanying financial statements.

***Accumulated Leave***

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

***Employer Contributions to Cost-Sharing Pension Plans***

The Township recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 6 and 7, the employer contributions include portions for pension benefits and for postretirement healthcare benefits.

***Long-Term Obligations***

The Township’s cash basis financial statements do not report liabilities for bonds or other long-term obligations. Proceeds of debt are reported when the cash is received and principal and interest payments are reported when paid.

**Hamilton Township**  
*Warren County, Ohio*  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2017*

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***Net Position***

Net position is reported as restricted when there are limitations imposed on its use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position restricted for other purposes includes resources restricted for maintaining roads and bridges, cemeteries, police, fire and EMS, and street lighting.

The Township's policy is to first apply restricted resources when an obligation is incurred for purposes for which both restricted and unrestricted net position is available.

***Fund Balance***

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

***Nonspendable*** The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or are legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of interfund loans.

***Restricted*** Fund balance is reported as 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*** The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (resolution) of Township Trustees. Those committed amounts cannot be used for any other purpose unless the Township Trustees remove or change the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, the committed fund balance classification may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by Township Trustees, separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints is not considered to be legally enforceable. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

***Assigned*** Amounts in the assigned fund balance classification are intended to be used by the Township for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by Township Trustees or a Township official delegated that authority by resolution, or by State Statute. State Statute authorizes the Township Clerk to assign fund balance for purchases on order provided such amounts have been lawfully appropriated.

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

**Hamilton Township**  
*Warren County, Ohio*  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2017*

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

***Interfund Transactions***

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Subsidies from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular disbursements to the funds that initially paid for them are not presented in the financial statements.

**Note 3 – Deposits and Investments**

Monies held by the Township are classified by State statute into three categories.

Active monies are public monies determined to be necessary to meet current demands upon the Township treasury. Active monies must be maintained either as cash in the Township treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that the Trustees have identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts, including passbook accounts.

Interim monies held by the Township can be deposited or invested in the following securities:

1. United States Treasury bills, bonds notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;



**Hamilton Township**  
*Warren County, Ohio*  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2017*

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3. No-load money market mutual funds consisting exclusively of obligations described in (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
4. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
5. Bonds and other obligations of the State of Ohio, and with certain limitations bonds and other obligations of political subdivisions of the State of Ohio;
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred eighty days in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met; and
8. Written repurchase agreements in the securities described in (1) or (2) provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and the term of the agreement must not exceed thirty days.

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the Township, and must be purchased with the expectation that it will be held to maturity.

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the clerk/treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

***Deposits***

Custodial credit risk is the risk that in the event of bank failure, the Township will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, \$7,332,445 of the Township's bank balance of \$10,651,765 was exposed to custodial credit risk because those deposits were uninsured and uncollateralized. Although all statutory requirements for the deposit of money had been followed, non-compliance with federal requirements could potentially subject the Township to a successful claim by the FDIC.

**Hamilton Township**  
*Warren County, Ohio*  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2017*

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The Township has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by:

Eligible securities pledged to the Township and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least one hundred five percent of the deposits being secured; or

Participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State.

**Note 4 – Property Taxes**

Property taxes include amounts levied against all real and public utility property located in the Township. Property tax revenue received during 2017 for real and public utility property taxes represents collections of 2016 taxes.

2017 real property taxes are levied after October 1, 2017, on the assessed value as of January 1, 2017, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2017 real property taxes are collected in and intended to finance 2018.

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits later payment dates to be established.

Public utility personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2017 public utility property taxes which became a lien December 31, 2016, are levied after October 1, 2017, and are collected in 2018 with real property taxes.

The full tax rate for all Township operations for the year ended December 31, 2017, was \$10.30 per \$1,000 of assessed value. The assessed values of real property and public utility tangible property upon which 2017 property tax receipts were based are as follows:

Real Property Tax Assessed Valuation	\$ 652,667,320
Public Utility Personal Property Assessed Valuation	<u>18,220,100</u>
Total	<u>\$ 670,887,420</u>

The County Treasurer collects property taxes on behalf of all taxing districts in the county, including the Township. The County Auditor periodically remits to the Township its portion of the taxes collected.

**Hamilton Township**  
*Warren County, Ohio*  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2017*

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**Note 5 – Risk Management**

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 2017, the Township contracted for various types of insurance coverage as follows:

- Property Coverage
- Inland Marine
- General Liability
- Comprehensive Auto
- Public Officials and Management Liability
- Law Enforcement Activity Liability
- Cyber Liability
- Crime
- Excess Liability

Settled claims have not exceeded coverage in any of the last three years and there was no significant reduction in coverage from the prior year.

The Township pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs. The System administers and pays all claims.

***Self-Insurance***

The Township provides optional health insurance for eligible employees through the Jefferson Health Plan (the Plan) which is a claims-servicing, self-insurance pool organized under Ohio Revised Code Chapter 167 for the purpose of establishing and carrying out a cooperative program to administer medical, prescription, vision and dental benefits for employees of the participating members and their eligible dependents. The Plan contracts with third-party administrators to process and pay health, dental, life and vision claims incurred by its members.

The Township is obligated to pay a monthly fee based on an estimate of its share of the Plan's costs for the fiscal year. Included in this estimate are claims by eligible employees, which are payable by the Township, the Township's share of the medical, prescription, vision and dental insurance premiums, and its proportionate share of the administrative costs of the Plan. The actual balance of the Township's account is determined on a monthly basis and such balance is required to meet or exceed the claims that have been incurred but not reported (IBNR) and to maintain adequate reserves or current funding to meet or exceed its claims fluctuation reserve requirements. If the Township is in a deficit position, it has two fiscal years to make up the negative reserve amount or an insufficient IBNR and three fiscal years to make up insufficient claims fluctuation reserves.

**Hamilton Township**  
*Warren County, Ohio*  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2017*

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The Township may withdraw from the Plan with as much notice as is possible for the termination, allowing the Plan time to determine any withdrawal balance owed to or by the Township. Any outstanding reserve balances are held by the Plan for a maximum period of six months to satisfy the payment of claims incurred before termination. The Township would then have the option to pay all claims incurred prior to the termination of membership so that any reserves could be released sooner. If the Township would be found to be in a deficit position and wishing to leave the Plan, it would be required to repay its deficit in full within 90 days of the effective withdrawal date. Additionally, such terminating member will be required to pay any claims incurred prior to termination notification.

The Township joined the Plan on September 1, 2016 and amounts paid to the Plan during 2017 and 2016 totaled \$458,162 and \$89,104, respectively.

**Note 6 – Defined Benefit Pension Plan**

***Plan Description – Ohio Public Employees Retirement System (OPERS)***

Plan Description - Township employees, other than full-time firefighters, participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan and the combined plan is a cost-sharing, multiple-employer defined benefit pension plan with defined contribution features. While members (e.g. Township employees) may elect the member-directed plan and the combined plan, substantially all employee members are in OPERS' traditional plan; therefore, the following disclosure focuses on the traditional pension plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the traditional plan. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about OPERS' fiduciary net position that may be obtained by visiting <https://www.opers.org/financial/reports.shtml>, by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 800-222-7377.

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members were categorized into three groups with varying provisions of the law applicable to each group. The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the traditional plan as per the reduced benefits adopted by SB 343 (see OPERS CAFR referenced above for additional information, including requirements for reduced and unreduced benefits):

**Hamilton Township**  
*Warren County, Ohio*  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2017*

<b>Group A</b> Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	<b>Group B</b> 20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	<b>Group C</b> Members not in other Groups and members hired on or after January 7, 2013
<b>State and Local</b>	<b>State and Local</b>	<b>State and Local</b>
<b>Age and Service Requirements:</b> Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	<b>Age and Service Requirements:</b> Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	<b>Age and Service Requirements:</b> Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
<b>Formula:</b> 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	<b>Formula:</b> 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	<b>Formula:</b> 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35
<b>Public Safety</b>	<b>Public Safety</b>	<b>Public Safety</b>
<b>Age and Service Requirements:</b> Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	<b>Age and Service Requirements:</b> Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	<b>Age and Service Requirements:</b> Age 52 with 25 years of service credit or Age 56 with 15 years of service credit
<b>Law Enforcement</b>	<b>Law Enforcement</b>	<b>Law Enforcement</b>
<b>Age and Service Requirements:</b> Age 52 with 15 years of service credit	<b>Age and Service Requirements:</b> Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	<b>Age and Service Requirements:</b> Age 48 with 25 years of service credit or Age 56 with 15 years of service credit
<b>Public Safety and Law Enforcement</b>	<b>Public Safety and Law Enforcement</b>	<b>Public Safety and Law Enforcement</b>
<b>Formula:</b> 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	<b>Formula:</b> 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	<b>Formula:</b> 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25

Final average Salary (FAS) represents the average of the three highest years of earnings over a member's career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member's career.

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount.

When a benefit recipient has received benefits for 12 months, an annual cost of living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those retiring prior to January 7, 2013, the COLA will continue to be a 3 percent simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

Funding Policy - The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

**Hamilton Township**  
*Warren County, Ohio*  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2017*

	<u>State and Local</u>	<u>Public Safety</u>	<u>Law Enforcement</u>
<b>2017 Statutory Maximum Contribution Rates</b>			
Employer	14.0%	18.1%	18.1%
Employee	10.0%	*	**
<b>2017 Actual Contribution Rates</b>			
Employer:			
Pension	13.0%	17.1%	17.1%
Post-employment Health Care Benefits	1.0%	1.0%	1.0%
Total Employer	<u>14.0%</u>	<u>18.1%</u>	<u>18.1%</u>
Employee	<u>10.0%</u>	<u>12.0%</u>	<u>13.0%</u>

\* This rate is determined by OPERS' Board and has no maximum rate established by ORC.

\*\* This rate is also determined by OPERS' Board, but is limited by ORC to not more than 2 percent greater than the Public Safety rate.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll.

The Township's contractually required contribution was \$315,809 for 2017.

***Plan Description – Ohio Police & Fire Pension Fund (OPF)***

Plan Description – Township full-time firefighters participate in Ohio Police and Fire Pension Fund (OPF), a cost-sharing, multiple-employer defined benefit pension plan administered by OPF. OPF provides retirement and disability pension benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. OPF issues a publicly available financial report that includes financial information and required supplementary information and detailed information about OPF fiduciary net position. The report that may be obtained by visiting the OPF website at [www.op-f.org](http://www.op-f.org) or by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

Upon attaining a qualifying age with sufficient years of service, a member of OPF may retire and receive a lifetime monthly pension. OPF offers four types of service retirement: normal, service commuted, age/service commuted and actuarially reduced. Each type has different eligibility guidelines and is calculated using the member's average annual salary. The following discussion of the pension formula relates to normal service retirement.

For members hired after July 1, 2013, the minimum retirement age is 52 for normal service retirement with at least 25 years of service credit. For members hired on or before after July 1, 2013, the minimum retirement age is 48 for normal service retirement with at least 25 years of service credit.

**Hamilton Township**  
*Warren County, Ohio*  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2017*

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The annual pension benefit for normal service retirement is equal to a percentage of the allowable average annual salary. The percentage equals 2.5 percent for each of the first 20 years of service credit, 2.0 percent for each of the next five years of service credit and 1.5 percent for each year of service credit in excess of 25 years. The maximum pension of 72 percent of the allowable average annual salary is paid after 33 years of service credit.

Under normal service retirement, retired members who are at least 55 years old and have been receiving OPF benefits for at least one year may be eligible for a cost-of-living allowance adjustment. The age 55 provision for receiving a COLA does not apply to those who are receiving a permanent and total disability benefit and statutory survivors.

Members retiring under normal service retirement, with less than 15 years of service credit on July 1, 2013, and members whose pension benefit became effective on or after July 1, 2013, will receive a COLA equal to a percentage of the member's base pension benefit where the percentage is the lesser of three percent or the percentage increase in the consumer price index, if any, over the 12 month period that ends on the thirtieth day of September of the immediately preceding year, rounded to the nearest one-tenth of one percent.

Funding Policy - The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

	Police	Firefighters
<b>2017 Statutory Maximum Contribution Rates</b>		
Employer	19.50%	24.00%
Employee	12.25%	12.25%
 <b>2017 Actual Contribution Rates</b>		
Employer:		
Pension	19.00%	23.50%
Post-employment Health Care Benefits	0.50%	0.50%
Total Employer	19.50%	24.00%
Employee	12.25%	12.25%

Employer contribution rates are expressed as a percentage of covered payroll. The Township's contractually required contribution to OPF was \$246,818 for 2017.

**Hamilton Township**  
*Warren County, Ohio*  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2017*

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**Note 7 - Postemployment Benefits**

***Ohio Public Employees Retirement System***

Plan Description - The Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: the traditional pension plan, a cost-sharing, multiple-employer defined benefit pension plan; the member-directed plan, a defined contribution plan; and the combined plan, a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

In March 2016, OPERS received two favorable rulings from the Internal Revenue Service (IRS) allowing OPERS to consolidate all health care assets into the OPERS 115 Health Care Trust. Transition to the new health care trust structure was completed July 1, 2016. OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care trust, which funds multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement to qualifying benefit recipients of both the Traditional Pension and the Combined plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including OPERS sponsored health care coverage. OPERS funds a Retiree Medical Account (RMA) for participants in the Member-Directed Plan. At retirement or refund, participants can be reimbursed for qualified medical expenses from their vested RMA balance.

In order to qualify for postemployment health care coverage, age and service retirees under the traditional pension and combined plans must have twenty or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 45. See OPERS' CAFR referenced below for additional information.

The Ohio Revised Code permits, but does not require OPERS to provide health care to its eligible benefit recipients. Authority to establish and amend health care coverage is provided to the Board in Chapter 145 of the Ohio Revised Code.

Disclosures for the health care plan are presented separately in the OPERS financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/financial/reports.shtml>, by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 222-5601 or 800-222-7377.

Funding Policy - The Ohio Revised Code provides the statutory authority requiring public employers to fund postemployment health care through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2017, state and local employers contributed at a rate of 14.0 percent of earnable salary and public safety and law enforcement employers contributed at 18.1 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.



**Hamilton Township**  
*Warren County, Ohio*  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2017*

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Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 2.0 percent during calendar year 2016, and was 1.0 percent during calendar year 2017. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the Member-Directed Plan for 2017 was 4.0 percent.

Substantially all of the Township's contribution allocated to fund postemployment health care benefits relates to the cost-sharing, multiple employer trusts. The corresponding contribution for the years ended December 31, 2017, 2016, and 2015 was \$40,092, \$38,900, and \$40,395, respectively. The full amount has been contributed for all three years.

***Ohio Police and Fire Pension Fund***

Plan Description - The Township contributes to the Ohio Police and Fire Pension Fund (OPF) sponsored healthcare program, a cost-sharing, multiple-employer defined post-employment healthcare plan administered by OPF. OPF provides health care benefits including coverage for medical, prescription drug, dental, vision, Medicare Part B Premium, and long-term care to retirees, qualifying benefit recipients and their eligible dependents.

OPF provides access to postretirement health care coverage for any person who receives or is eligible to receive a monthly service, disability, or statutory survivor benefit, or is a spouse or eligible dependent child of such person. The health care coverage provided by OPF meets the definition of an Other Post Employment Benefit (OPEB) as described in Government Accounting Standards Board (GASB) Statement No. 45.

The Ohio Revised Code allows, but does not mandate, OPF to provide OPEB benefits. Authority for the OPF Board of Trustees to provide health care coverage to eligible participants and to establish and amend benefits is codified in Chapter 742 of the Ohio Revised Code.

OPF issues a publicly available financial report that includes financial information and required supplementary information for the plan. The report may be obtained by visiting the OPF website at [www.op-f.org](http://www.op-f.org) or by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

Funding Policy – The Ohio Revised Code provides for contribution requirements of the participating employers and of plan members to the OPF defined benefit pension plan. Participating employers are required to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently 19.5 percent and 24 percent of covered payroll for police and fire employer units, respectively. The Ohio Revised Code states that the employer contribution may not exceed 19.5 percent of covered payroll for police employer units and 24 percent of covered payroll for fire employer units. Active members do not make contributions to the OPEB Plan.

OPF maintains funds for health care in two separate accounts. One for health care benefits under an IRS Code Section 115 trust and one for Medicare Part B reimbursements administered as an Internal Revenue Code 401(h) account, both of which are within the defined benefit pension plan, under the authority granted by the Ohio Revised Code to the OPF Board of Trustees.

**Hamilton Township**  
*Warren County, Ohio*  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2017*

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. For 2017, the portion of employer contributions allocated to health care was 0.5 percent of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h).

The OPF Board of Trustees is also authorized to establish requirements for contributions to the health care plan by retirees and their eligible dependents or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The Township's contribution to OPF for the years ended December 31, 2017, 2016, and 2015 were \$5,183, \$4,754, and \$4,326, respectively. The full amount has been contributed for all three years.

**Note 8 – Debt**

A summary of the Township's long-term debt activity for the year ended December 31, 2017, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Governmental Activities:					
General Obligation:					
Series 2011 Bonds - 2% to 4%	\$ 1,085,000	\$ -	\$(110,000)	\$ 975,000	\$ 110,000
OPWC Loan Payable - 0%	507,551	-	(23,070)	484,481	23,070
Total Governmental Activities	<u>\$ 1,592,551</u>	<u>\$ -</u>	<u>\$(133,070)</u>	<u>\$ 1,459,481</u>	<u>\$ 133,070</u>

The general obligation bonds and OPWC loan payable are supported by the full faith and credit of the Township and are payable from unvoted property tax receipts to the extent that other resources are not available to meet annual principal and interest payments.

**Hamilton Township**  
*Warren County, Ohio*  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2017*

The following is a summary of the Township's future annual debt service requirements:

	Series 2011 Bonds		OPWC Loan Payable	
	Principal	Interest	Principal	Interest
2018	\$ 110,000	\$ 34,325	\$ 23,070	\$ -
2019	105,000	31,025	23,070	-
2020	105,000	27,875	23,070	-
2021	100,000	24,725	23,070	-
2022	100,000	21,225	23,070	-
2023-2027	455,000	53,125	115,350	-
2028-2032	-	-	115,350	-
2033-2037	-	-	115,350	-
2038	-	-	23,081	-
Total	\$ 975,000	\$ 192,300	\$ 484,481	\$ -

The Ohio Revised Code provides that net general obligation debt of the Township, exclusive of certain exempt debt, issued without a vote of the electors shall never exceed 5.5 percent of the tax valuation of the Township. The Revised Code further provides that total voted and unvoted net debt of the Township less the same exempt debt shall never exceed amount equal to 10.5 percent of its tax valuation. The effects of the debt limitations at December 31, 2017, were an overall debt margin of approximately \$70,000,000 and an unvoted debt margin of approximately \$37,000,000.

Leases

The Township leases vehicles and other equipment under noncancelable leases. The Township disbursed \$81,062 to pay lease costs for the year ended December 31, 2017. Future lease payments are as follows:

Year	Amount
2018	\$ 133,867
2019	133,867
2020	83,075
2021	56,151
	\$ 406,960

**Hamilton Township**  
*Warren County, Ohio*  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2017*

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**Note 9 – Interfund Activity**

Transfers

During 2017, the following transfers were made:

Transfer from Fund	Transfer to Fund	Amount
General Fund	Bond Retirement Fund	\$ 74,363
Police Fund	Bond Retirement Fund	74,362
TIF Fund	General Fund	753,004
		\$ 901,729

The General Fund transferred \$74,363 to the Bond Retirement Fund to provide resources for current year debt service.

The Police Fund transferred \$74,362 to the Bond Retirement Fund for current year debt service related to the police department’s pro-rata use of the Township’s administration building.

The TIF Fund transferred \$753,004 to the General Fund in connection with the winding down of the TIF Fund, more fully described in Note 11.

Advances

During 2017, the General Fund advanced out \$62,000 to the Lighting District Special Revenue Fund to provide resources for current operating expenses. Also during 2017, the Lighting District Special Revenue Fund repaid this \$62,000 advance to the General Fund.

**Note 10 – Contingent Liabilities**

The Township is defendant in several lawsuits. Although management cannot presently determine the outcome of these suits, they believe the resolution of these matters will not materially adversely affect the Township’s financial condition.

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

**Note 11 – Termination of TIF Fund**

On April 15, 2015 the Board of Trustees approved Resolution #15-0415, authorizing the termination of the Tax Increment Financing Exemption (TIF) established in Resolution #01-1212. After termination and payment of all obligations of the TIF, the Township transferred in 2017 the remaining funds of \$753,004 to the General Fund for future use on Township related road and bridge projects. As of December 31, 2017 the Township's TIF Fund is closed.

## Supplementary Information

**Hamilton Township**  
Warren County, Ohio  
*Schedule of Receipts, Disbursements and Changes*  
*In Fund Balance - Budget and Actual - Budget Basis*  
*General Fund*  
*For the Year Ended December 31, 2017*

	Budgeted Amounts			Variance with Final Budget Favorable (Unfavorable)
	Original	Final	Actual	
<b>Receipts</b>				
Property and Other Local Taxes	\$ 645,034	\$ 645,034	\$ 670,492	\$ 25,458
Charges for Services	10,650	10,650	12,744	2,094
Licenses, Permits and Fees	161,000	161,000	174,082	13,082
Intergovernmental	271,313	271,313	331,111	59,798
Interest	4,200	4,200	18,794	14,594
Other	5,000	5,000	50,550	45,550
<i>Total Receipts</i>	<u>1,097,197</u>	<u>1,097,197</u>	<u>1,257,773</u>	<u>160,576</u>
<b>Disbursements</b>				
Current				
General Government				
Administration				
Personal Services	225,998	225,998	225,706	292
Other	472,598	472,598	420,478	52,120
Zoning				
Personal Services	45,454	46,454	46,300	154
Other	38,571	38,571	33,106	5,465
Public Works				
Other	600,000	693,502	598,148	95,354
Health				
Other	21,800	21,800	21,775	25
Conservation and Recreation				
Personal Services	15,600	15,600	15,078	522
Other	195,113	195,113	140,988	54,125
Debt Service				
Principal Retirement	23,070	23,070	23,070	-
<i>Total Disbursements</i>	<u>1,638,204</u>	<u>1,732,706</u>	<u>1,524,649</u>	<u>208,057</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(541,007)</u>	<u>(635,509)</u>	<u>(266,876)</u>	<u>368,633</u>
<b>Other Financing Sources (Uses)</b>				
Sale of Capital Assets	-	-	1,000	1,000
Advances In	-	62,000	62,000	-
Advances Out	-	(62,000)	(62,000)	-
Transfers In	753,004	753,004	753,004	-
Transfers Out	(74,363)	(74,363)	(74,363)	-
<i>Total Other Financing Sources (Uses)</i>	<u>678,641</u>	<u>678,641</u>	<u>679,641</u>	<u>1,000</u>
<i>Net Change in Fund Balance</i>	137,634	43,132	412,765	369,633
<i>Fund Balance at Beginning of Year</i>	998,020	998,020	998,020	-
<i>Prior Year Encumbrances</i>	197,294	197,294	197,294	-
<i>Fund Balance at End of Year</i>	<u>\$ 1,332,948</u>	<u>\$ 1,238,446</u>	<u>\$ 1,608,079</u>	<u>\$ 369,633</u>

**Hamilton Township**  
Warren County, Ohio  
*Schedule of Receipts, Disbursements and Changes*  
*In Fund Balance - Budget and Actual - Budget Basis*  
*Police Fund*  
*For the Year Ended December 31, 2017*

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
<b>Receipts</b>				
Property and Other Local Taxes	\$ 2,016,577	\$ 1,944,577	\$ 2,089,516	\$ 144,939
Charges for Services	59,926	59,926	56,667	(3,259)
Licenses, Permits and Fees	5,000	5,000	87	(4,913)
Fines and Forfeitures	16,250	16,250	24,911	8,661
Intergovernmental	338,563	338,563	313,266	(25,297)
Other	33,900	33,900	44,271	10,371
<i>Total Receipts</i>	<u>2,470,216</u>	<u>2,398,216</u>	<u>2,528,718</u>	<u>130,502</u>
<b>Disbursements</b>				
Current				
Public Safety				
Police Protection				
Personal Services	1,349,327	1,399,327	1,366,733	32,594
Other	995,186	1,033,537	878,824	154,713
Capital Outlay	10,000	11,972	8,428	3,544
<i>Total Disbursements</i>	<u>2,354,513</u>	<u>2,444,836</u>	<u>2,253,985</u>	<u>190,851</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>115,703</u>	<u>(46,620)</u>	<u>274,733</u>	<u>321,353</u>
<b>Other Financing Sources (Uses)</b>				
Sale of Capital Assets	-	-	600	600
Transfers Out	(74,363)	(74,363)	(74,362)	1
<i>Total Other Financing Sources (Uses)</i>	<u>(74,363)</u>	<u>(74,363)</u>	<u>(73,762)</u>	<u>601</u>
<i>Net Change in Fund Balance</i>	41,340	(120,983)	200,971	321,954
<i>Fund Balance at Beginning of Year</i>	1,658,440	1,658,440	1,658,440	-
<i>Prior Year Encumbrances</i>	<u>114,082</u>	<u>114,082</u>	<u>114,082</u>	<u>-</u>
<i>Fund Balance at End of Year</i>	<u>\$ 1,813,862</u>	<u>\$ 1,651,539</u>	<u>\$ 1,973,493</u>	<u>\$ 321,954</u>

**Hamilton Township**  
Warren County, Ohio  
*Schedule of Receipts, Disbursements and Changes*  
*In Fund Balance - Budget and Actual - Budget Basis*  
*Fire and EMS Fund*  
*For the Year Ended December 31, 2017*

	<u>Budgeted Amounts</u>			Variance with Final Budget Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Receipts</b>				
Property and Other Local Taxes	\$ 2,192,074	\$ 2,192,074	\$ 2,251,325	\$ 59,251
Charges for Services	13,500	13,500	15,495	1,995
Intergovernmental	319,277	319,277	329,819	10,542
Other	40,000	40,000	58,434	18,434
<i>Total Receipts</i>	<u>2,564,851</u>	<u>2,564,851</u>	<u>2,655,073</u>	<u>90,222</u>
<b>Disbursements</b>				
Current				
Public Safety				
Fire and EMS Services				
Personal Services	1,570,855	1,570,855	1,494,614	76,241
Other	990,874	1,094,155	934,243	159,912
<i>Total Disbursements</i>	<u>2,561,729</u>	<u>2,665,010</u>	<u>2,428,857</u>	<u>236,153</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>3,122</u>	<u>(100,159)</u>	<u>226,216</u>	<u>326,375</u>
<b>Other Financing Sources (Uses)</b>				
Sale of Capital Assets	-	-	84,000	84,000
<i>Total Other Financing Sources (Uses)</i>	<u>-</u>	<u>-</u>	<u>84,000</u>	<u>84,000</u>
<i>Net Change in Fund Balance</i>	3,122	(100,159)	310,216	410,375
<i>Fund Balance at Beginning of Year</i>	4,148,991	4,148,991	4,148,991	-
<i>Prior Year Encumbrances</i>	117,647	117,647	117,647	-
<i>Fund Balance at End of Year</i>	<u>\$ 4,269,760</u>	<u>\$ 4,166,479</u>	<u>\$ 4,576,854</u>	<u>\$ 410,375</u>



**Hamilton Township**  
Warren County, Ohio  
*Schedule of Receipts, Disbursements and Changes*  
*In Fund Balance - Budget and Actual - Budget Basis*  
*Road and Bridge Fund*  
*For the Year Ended December 31, 2017*

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
<b>Receipts</b>				
Property and Other Local Taxes	\$ 731,994	\$ 731,994	\$ 756,810	\$ 24,816
Intergovernmental	111,856	111,856	112,536	680
Other	8,532	8,532	17,037	8,505
<i>Total Receipts</i>	<u>852,382</u>	<u>852,382</u>	<u>886,383</u>	<u>34,001</u>
<b>Disbursements</b>				
Current				
Public Works				
Roads and Bridges				
Personal Services	452,413	452,413	397,590	54,823
Other	289,794	289,794	242,308	47,486
<i>Total Disbursements</i>	<u>742,207</u>	<u>742,207</u>	<u>639,898</u>	<u>102,309</u>
<i>Net Change in Fund Balance</i>	110,175	110,175	246,485	136,310
<i>Fund Balance at Beginning of Year</i>	339,060	339,060	339,060	-
<i>Prior Year Encumbrances</i>	<u>86,054</u>	<u>86,054</u>	<u>86,054</u>	<u>-</u>
<i>Fund Balance at End of Year</i>	<u>\$ 535,289</u>	<u>\$ 535,289</u>	<u>\$ 671,599</u>	<u>\$ 136,310</u>

**Hamilton Township**  
*Warren County, Ohio*  
*Notes to Supplementary Information*  
*December 31, 2017*

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**Note 1 – Budgetary Process**

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations ordinance, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the Township may appropriate.

The appropriations ordinance is the Township’s authorization to spend resources and sets limits on disbursements plus encumbrances at the level of control selected by the Township. The legal level of control has been established at the fund, function, department, and object level for all funds.

The certificate of estimated resources may be amended during the year if projected increases or decreases in receipts are identified by the Township Fiscal Officer. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificate of estimated resources in effect at the time final appropriations were passed by the Township Trustees.

The appropriations ordinance is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation ordinance for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Township Trustees during the year.

**Note 2 – Budgetary Basis of Accounting**

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Schedule of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budget Basis presented for the General, Police, Fire and EMS, and TIF Funds are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The differences between the budgetary basis and the cash basis are outstanding year-end encumbrances, which are treated as disbursements (budgetary basis) rather than as restricted, committed or assigned fund balance (cash basis). The following table summarizes the adjustments necessary to reconcile the cash basis statements to the budgetary basis schedules.

	General	Police	Fire & EMS	Road and Bridge
Change in Fund Balance - Cash Basis	\$ 507,766	\$ 230,213	\$ 476,982	\$ 265,682
Encumbrances	(95,001)	(29,242)	(166,766)	(19,197)
Change in Fund Balance - Budgetary Basis	<u>\$ 412,765</u>	<u>\$ 200,971</u>	<u>\$ 310,216</u>	<u>\$ 246,485</u>

# Bastin & Company, LLC

*Certified Public Accountants*

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

Hamilton Township  
Warren County  
7780 South State Route 48  
Hamilton Township, Ohio 45039

To the Board of Trustees:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the cash-basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Hamilton Township, Warren County, (the Township) as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements and have issued our report thereon dated April 26, 2018, wherein we noted the Township uses a special purpose framework other than generally accepted accounting principles.

### ***Internal Control Over Financial Reporting***

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent, or detect and timely correct a material misstatement of the Township's financial statements. 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.

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. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

### ***Compliance and Other Matters***

As part of reasonably assuring whether the Township's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

***Purpose of this Report***

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

A handwritten signature in cursive script that reads "Bastin & Company, LLC". The signature is written in black ink on a light-colored background.

Cincinnati, Ohio  
April 26, 2018



# 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  
JUNE 5, 2018