

**PERRY**

**& Associates CPAs**

**PASSION** *Beyond the Numbers*

**VILLAGE OF HAMLER  
HENRY COUNTY**

**REGULAR AUDIT  
FOR THE YEARS ENDED DECEMBER 31, 2021 - 2020**



OHIO AUDITOR OF STATE  
KEITH FABER



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

Village Council  
Village of Hamler  
PO Box 435  
Hamler, OH 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, 2020 through December 31, 2021. 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

May 17, 2023

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VILLAGE OF HAMLER  
HENRY COUNTY

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## INDEPENDENT AUDITOR'S REPORT

Village of Hamler  
Henry County  
500 Hubbard Street  
Hamler, Ohio 43524

To the Village Council:

### ***Report on the Audit of the Financial Statements***

#### ***Unmodified and Adverse Opinions***

We have audited the financial statements of the Village of Hamler, Henry County, Ohio (the Village), which comprises the cash balances, receipts and disbursements for each governmental and proprietary fund type as of and for the years ended December 31, 2021 and 2020, and the related notes to the financial statements.

#### ***Unmodified Opinion on Regulatory Basis of Accounting***

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for each governmental and proprietary fund type as of and for the years ended December 31, 2021 and 2020, and the related notes to the financial statements, in accordance with the financial reporting provisions which Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit, described in Note 2.

#### ***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* section of our report, the accompanying financial statements 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, 2021 and 2020, or the changes in financial position or, where applicable, cash flows thereof for the years then ended.

#### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Village, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

As described in Note 2 of the financial statements, the financial statements are prepared by the Village on the basis of the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 2 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village's ability to continue as a going concern for a reasonable period of time.



***Auditor's Responsibilities for the Audit of the Financial Statements (Continued)***

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

***Emphasis of Matter***

As discussed in Note 13, during 2020, the Village adopted a change in accounting principle and removed the fund balance classification from the Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Regulatory Cash Basis) – All Governmental Fund Types.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated April 18, 2023, 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. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village's 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

April 18, 2023

**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, 2021**

	General	Special Revenue	Totals (Memorandum Only)
<b>Cash Receipts</b>			
Property and Other Local Taxes	\$ 8,290	\$ -	\$ 8,290
Municipal Income Tax	124,279	-	124,279
Intergovernmental	23,596	73,416	97,012
Fines, Licenses and Permits	3,404	-	3,404
Earnings on Investments	4,786	-	4,786
Miscellaneous	33,813	-	33,813
<i>Total Cash Receipts</i>	<u>198,168</u>	<u>73,416</u>	<u>271,584</u>
<b>Cash Disbursements</b>			
Current:			
Security of Persons & Property	29,470	-	29,470
Leisure Time Activities	358	-	358
Community Environment	7,122	-	7,122
Basic Utility Services	2,588	-	2,588
Transportation	22,814	18,641	41,455
General Government	76,935	-	76,935
Capital Outlay	-	8,848	8,848
<i>Total Cash Disbursements</i>	<u>139,287</u>	<u>27,489</u>	<u>166,776</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>58,881</u>	<u>45,927</u>	<u>104,808</u>
<b>Other Financing Receipts (Disbursements)</b>			
Sale of Capital Assets	23,303	-	23,303
Other Financing Uses	(31)	-	(31)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>23,272</u>	<u>-</u>	<u>23,272</u>
<i>Net Change in Fund Cash Balances</i>	82,153	45,927	128,080
<i>Fund Cash Balances, January 1</i>	<u>702,504</u>	<u>44,461</u>	<u>746,965</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 784,657</u>	<u>\$ 90,388</u>	<u>\$ 875,045</u>

See accompanying notes to the basic financial statements

**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, 2021**

	Enterprise
<b>Operating Cash Receipts</b>	
Charges for Services	\$ 427,775
Miscellaneous	5,361
	433,136
<i>Total Operating Cash Receipts</i>	
<b>Operating Cash Disbursements</b>	
Personal Services	81,507
Fringe Benefits	14,878
Contractual Services	123,484
Supplies and Materials	30,163
Other	77
	250,109
<i>Total Operating Cash Disbursements</i>	
<i>Operating Income (Loss)</i>	183,027
<b>Non-Operating Receipts (Disbursements)</b>	
Intergovernmental Receipts	1,779
Other Debt Proceeds	1,578,479
Capital Outlay	(49,479)
Principal Retirement	(1,602,232)
Interest and Other Fiscal Charges	(14,708)
	(86,161)
<i>Total Non-Operating Receipts (Disbursements)</i>	
<i>Net Change in Fund Cash Balance</i>	96,866
<i>Fund Cash Balances, January 1</i>	753,337
<i>Fund Cash Balances, December 31</i>	\$ 850,203

*See accompanying notes to the basic financial statements*

**VILLAGE OF HAMLER  
HENRY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2021**

**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 all proprietary fund types 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.

***State Highway Fund*** – The state highway fund accounts for and reports that portion of the gas tax and motor vehicle tax money for maintaining state highways within the village.

***Permissive Motor Vehicle License Tax Fund*** – Permissive tax revenue is used for planning, constructing, improving, maintaining and repairing public streets and highways in 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, 2021  
(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.

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

***Utility Improvement Fund*** – The utility improvement fund accounts for loan proceeds from the Ohio Water Development Authority restricted to the utility plant expansion. A utility surcharge recorded in this fund will repay this loan.

***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 (C). 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 (C) 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 2021 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.

VILLAGE OF HAMLER  
HENRY COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2021  
(Continued)

**Note 2 – Summary of Significant Accounting Policies (Continued)**

***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.

***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. For regulatory purposes nonspendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the Village and the nonexpendable portion of the corpus in permanent funds.

***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*. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end.

***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.

For regulatory purposes, limited disclosure related to fund balance is included in Note 11.

**Note 3 – Compliance**

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the Enterprise Debt Service Reserve Fund for the year ended December 31, 2021.

**VILLAGE OF HAMLER  
HENRY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2021  
(Continued)**

**Note 4 – Budgetary Activity**

Budgetary activity for the years ending December 31, 2021 follows:

<b>2021 Budgeted vs. Actual Receipts</b>			
<b>Fund Type</b>	<b>Budgeted Receipts</b>	<b>Actual Receipts</b>	<b>Variance</b>
General	\$ 176,060	\$ 221,471	\$ 45,411
Special Revenue	65,078	73,416	8,338
Enterprise	462,300	2,013,394	1,551,094
Total	\$ 703,438	\$ 2,308,281	\$ 1,604,843

<b>2021 Budgeted vs. Actual Budgetary Basis Expenditures</b>			
<b>Fund Type</b>	<b>Appropriation Authority</b>	<b>Budgetary Expenditures</b>	<b>Variance</b>
General	\$ 248,840	\$ 139,318	\$ 109,522
Special Revenue	86,568	27,489	59,079
Enterprise	521,368	1,916,528	(1,395,160)
Total	\$ 856,776	\$ 2,083,335	\$ (1,226,559)

**Note 5 – Deposits**

To improve cash management, cash received by the Village is pooled. Monies for all funds are maintained in this pool. The Ohio Revised Code prescribes allowable deposits and investments. The Ohio Revised Code prescribes allowable deposits. A summary of the Village's deposit accounts are as follows:

	<b>2021</b>
Demand Deposits	\$ 1,535,539
Certificates of Deposit	189,709
Total Deposits	\$ 1,725,248

The Village does not use a separate payroll clearing account. The expenditures included in the accompanying financial statement reflect net payroll plus all remitted payroll withholdings. At December 31, 2021, the Village is holding \$0 in unremitted employee payroll withholdings

**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.

Public utilities are also taxed on personal and real property located within the Village.

**VILLAGE OF HAMLER  
HENRY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2021  
(Continued)**

**Note 6 – Taxes (Continued)**

***Property Taxes (Continued)***

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

***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.

Effective November 1, 2010 (through October 31, 2017), the corridor is for losses paid is between 60% and 70% of casualty premiums earned in the first \$250,000. Effective November 1, 2016, the OPRM elected to participate in a property loss corridor deductible. The property corridor includes losses paid between 70% and 75%. In 2018, the casualty loss corridor was eliminated and the property corridor was adjusted to losses paid between 65% and 70%. Effective November 1, 2019, the property loss corridor was adjusted to losses between 60% and 67.5% and remain unchanged effective November 1, 2021 and November 1, 2020. OPRM had 769 members as of December 31, 2021.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2021.

Assets	\$21,777,439
Liabilities	<u>(15,037,383)</u>
Members' Equity	<u>\$ 6,740,056</u>

You can read the complete audited financial statements for OPRM at the Plan's website, [www.ohioplan.org](http://www.ohioplan.org).



**VILLAGE OF HAMLER  
HENRY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2021  
(Continued)**

**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.

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, 2021.

***Social Security***

Some 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, 2021.

**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 2021. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2021.

Beginning January 1, 2019, OP&F changed its retiree health care model to a stipend-based health care model. A stipend funded by OP&F was placed in individual Health Reimbursement Accounts that retirees use to be reimbursed for health care expenses.

**Note 10 – Debt**

Debt outstanding at December 31, 2021 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
OPWC CE18P	\$ 28,427	0.00%
OPWC CE25Q	61,350	0.00%
OPWC CE28G	11,880	0.00%
OPWC CE45U	308,750	0.00%
OPWC CE24T	40,119	0.00%
OWDA 8186	1,215,541	1.02%
OWDA 8630	211,788	0.50%
OWDA 9392	1,173,794	1.41%
OWDA 9407	404,685	1.41%
Total	<u>\$ 3,456,334</u>	

**VILLAGE OF HAMLER  
HENRY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2021  
(Continued)**

**Note 10 – Debt (Continued)**

The Mortgage Revenue Bonds were 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. This loan was re-financed in 2021 by OWDA.

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.

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. The loan will be repaid in semi-annual installments of \$5,417 over 30 years. Payments are made from the Enterprise Debt Service Fund.

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 8186 relates to Water Treatment Plant Improvements. The loan will be repaid in semi-annual installments of \$24,629 over 30 years at a rate of 1.02%.

The Ohio Water Development Authority Loan 8630 relates to the Hubbard Street Watermain and Sanitary Sewer Extension. The loan will be repaid in semi-annual installments of \$5,874 over 20 years at a rate of 0.50%.

The Ohio Water Development Authority Loan 9407 relates to the refinance of the USDA-RD Loan Series 2005A. The loan will be repaid in semi-annual installments of \$10,203 over 23.5 years at a rate of 1.41%.

The Ohio Water Development Authority Loan 9392 relates to the refinance of the USDA-RD Loan Series 2005A. The loan will be repaid in semi-annual installments of \$29,594 over 23.5 years at a rate of 1.41%.

**VILLAGE OF HAMLER  
HENRY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2021  
(Continued)**

**Note 10 – Debt (Continued)**

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

Year ending December 31:	OPWC Loans	OWDA Loans
2022	\$ 11,341	\$ 99,901
2023	18,836	140,600
2024	18,836	140,600
2025	18,836	140,600
2026	18,836	140,600
2027-2031	80,978	703,000
2032-2036	80,978	703,000
2037-2041	80,978	691,252
2042-2046	74,545	564,666
2047-2051	46,362	172,403
Total	<u>\$ 450,526</u>	<u>\$ 3,496,622</u>

**Note 11 – Fund Balances**

Included in fund balance are amounts the Village cannot spend, including the balance of unclaimed monies which cannot be spent for five years and the unexpendable corpus of the permanent funds. Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end the balances of these amounts were zero.

The fund balance of special revenue funds is either restricted or committed. The fund balance of debt service funds and capital projects fund are restricted committed or assigned. The fund balance of permanent funds that is not part of the nonspendable corpus is either restricted or committed. These restricted, committed and assigned amounts in the special revenue, debt service, capital projects and permanent funds would include the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

**Note 12 – COVID-19**

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio’s state of emergency ended in June, 2021 while the national state of emergency continues. During 2021, the Village received COVID-19 funding. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Village. The impact on the Village’s future operating costs, revenues, and additional 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, 2020**

	General	Special Revenue	Totals (Memorandum Only)
<b>Cash Receipts</b>			
Property and Other Local Taxes	\$ 10,130	\$ -	\$ 10,130
Municipal Income Tax	119,438	-	119,438
Intergovernmental	25,661	83,698	109,359
Fines, Licenses and Permits	3,488	-	3,488
Earnings on Investments	3,971	1,423	5,394
Miscellaneous	13,265	-	13,265
<i>Total Cash Receipts</i>	<u>175,953</u>	<u>85,121</u>	<u>261,074</u>
<b>Cash Disbursements</b>			
Current:			
Security of Persons & Property	33,983	32,807	66,790
Leisure Time Activities	6,976	-	6,976
Community Environment	5,464	-	5,464
Basic Utility Services	487	-	487
Transportation	2,629	10,753	13,382
General Government	96,871	33,926	130,797
Capital Outlay	-	6,133	6,133
<i>Total Cash Disbursements</i>	<u>146,410</u>	<u>83,619</u>	<u>230,029</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>29,543</u>	<u>1,502</u>	<u>31,045</u>
<b>Other Financing Receipts (Disbursements)</b>			
Sale of Capital Assets	23,291	-	23,291
Other Financing Uses	(14,055)	-	(14,055)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>9,236</u>	<u>-</u>	<u>9,236</u>
<i>Net Change in Fund Cash Balances</i>	38,779	1,502	40,281
<i>Fund Cash Balances, January 1</i>	<u>663,725</u>	<u>42,959</u>	<u>706,684</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 702,504</u>	<u>\$ 44,461</u>	<u>\$ 746,965</u>

See accompanying notes to the basic financial statements

**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, 2020**

	Enterprise
<b>Operating Cash Receipts</b>	
Charges for Services	\$ 451,298
Miscellaneous	12,574
	<u>463,872</u>
<i>Total Operating Cash Receipts</i>	
<b>Operating Cash Disbursements</b>	
Personal Services	54,870
Fringe Benefits	8,761
Contractual Services	28,777
Supplies and Materials	134,656
	<u>227,064</u>
<i>Total Operating Cash Disbursements</i>	
<i>Operating Income (Loss)</i>	<u>236,808</u>
<b>Non-Operating Receipts (Disbursements)</b>	
Other Debt Proceeds	303,620
Capital Outlay	(303,620)
Principal Retirement	(50,470)
Interest and Other Fiscal Charges	(73,803)
	<u>(124,273)</u>
<i>Total Non-Operating Receipts (Disbursements)</i>	
<i>Net Change in Fund Cash Balance</i>	<u>112,535</u>
<i>Fund Cash Balances, January 1</i>	<u>640,802</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 753,337</u>

*See accompanying notes to the basic financial statements*

**VILLAGE OF HAMLER  
HENRY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020**

**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 all proprietary fund types 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.

***State Highway Fund*** – The state highway fund accounts for and reports that portion of the gas tax and motor vehicle tax money for maintaining state highways within the village.

***Permissive Motor Vehicle License Tax Fund*** – Permissive tax revenue is used for planning, constructing, improving, maintaining and repairing public streets and highways in the village.

***Coronavirus Relief Fund*** – This fund accounts for coronavirus relief fund activity.

***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.

VILLAGE OF HAMLER  
HENRY COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2020  
(Continued)

**Note 2 – Summary of Significant Accounting Policies (Continued)**

***Fund Accounting (Continued)***

***Enterprise Funds (Continued)***

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

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

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

***Utility Improvement Fund*** – The utility improvement fund accounts for loan proceeds from the Ohio Water Development Authority restricted to the utility plant expansion. A utility surcharge recorded in this fund will repay this loan.

***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 (C). 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 (C) 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 2020 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.

VILLAGE OF HAMLER  
HENRY COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2020  
(Continued)

**Note 2 – Summary of Significant Accounting Policies (Continued)**

***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.

***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. For regulatory purposes nonspendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the Village and the nonexpendable portion of the corpus in permanent funds.

***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*. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end.

***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.

For regulatory purposes, limited disclosure related to fund balance is included in Note 11.

**Note 3 – Compliance**

Contrary to Ohio law, the Village did not certify to the county auditor the total amount from all sources available for expenditures from each fund for the year ended December 31, 2020.



**VILLAGE OF HAMLER  
HENRY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2020  
(Continued)**

**Note 3 – Compliance (Continued)**

Contrary to Ohio law, the Village did not pass an appropriation measure based on the revised tax budget or the official certificate of estimated resources or amendments of the certificate for the year ended December 31, 2020.

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in all funds for the year ended December 31, 2020.

**Note 4 – Budgetary Activity**

Budgetary activity for the years ending December 31, 2020 follows:

<b>2020 Budgeted vs. Actual Receipts</b>			
<b>Fund Type</b>	<b>Budgeted Receipts</b>	<b>Actual Receipts</b>	<b>Variance</b>
General	\$ -	\$ 199,244	\$ 199,244
Special Revenue	-	85,121	85,121
Enterprise	-	767,492	767,492
Total	\$ -	\$ 1,051,857	\$ 1,051,857

<b>2020 Budgeted vs. Actual Budgetary Basis Expenditures</b>			
<b>Fund Type</b>	<b>Appropriation Authority</b>	<b>Budgetary Expenditures</b>	<b>Variance</b>
General	\$ -	\$ 160,465	\$ (160,465)
Special Revenue	-	83,619	(83,619)
Enterprise	-	654,957	(654,957)
Total	\$ -	\$ 899,041	\$ (899,041)

**Note 5 – Deposits**

To improve cash management, cash received by the Village is pooled. Monies for all funds are maintained in this pool. The Ohio Revised Code prescribes allowable deposits and investments. The Ohio Revised Code prescribes allowable deposits. A summary of the Village's deposit accounts are as follows:

	<b>2020</b>
Demand Deposits	\$ 1,313,989
Certificates of Deposit	186,313
Total Deposits	\$ 1,500,302

The Village does not use a separate payroll clearing account. The expenditures included in the accompanying financial statement reflect net payroll plus all remitted payroll withholdings. At December 31, 2020, the Village is holding \$0 in unremitted employee payroll withholdings.

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

**VILLAGE OF HAMLER  
HENRY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2020  
(Continued)**

**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.

Public utilities are also taxed on personal and real property located within the Village.

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

***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, 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. 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. Effective November 1, 2020, the OPRM's property retention increased from 33% to 55%, while the casualty treaty remains unchanged and still assumes 100% of the first \$250,000 casualty treaty. OPRM had 771 members as of December 31, 2020.

**VILLAGE OF HAMLER  
HENRY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2020  
(Continued)**

**Note 7 - Risk Management (Continued)**

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2020.

Assets	\$18,826,974
Liabilities	<u>(13,530,267)</u>
Members' Equity	<u>\$ 5,296,707</u>

You can read the complete audited financial statements for OPRM at the Plan's website, [www.ohioplan.org](http://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.

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, 2020.

***Social Security***

Some 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, 2020.

**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 2020. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2020.

Beginning January 1, 2019, OP&F changed its retiree health care model to a stipend-based health care model. A stipend funded by OP&F was placed in individual Health Reimbursement Accounts that retirees use to be reimbursed for health care expenses.

**VILLAGE OF HAMLER  
HENRY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2020  
(Continued)**

**Note 10 – Debt**

Debt outstanding at December 31, 2020 was as follows:

	<b>Principal</b>	<b>Interest Rate</b>
USDA Mortgage Revenue Bonds	\$ 1,529,000	4.25%
OPWC CE18P	30,365	0.00%
OPWC CE25Q	65,184	0.00%
OPWC CE28G	15,840	0.00%
OPWC CE45U	325,000	0.00%
OPWC CE24T	41,633	0.00%
OWDA 8186	1,249,729	1.02%
OWDA 8630	223,336	0.50%
Total	\$ 3,480,087	

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.

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. The loan will be repaid in semi-annual installments of \$5,417 over 30 years. Payments are made from the Enterprise Debt Service Fund.

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 8186 relates to Water Treatment Plant Improvements. The loan will be repaid in semi-annual installments of \$24,629 over 30 years at a rate of 1.02%.

The Ohio Water Development Authority Loan 8630 relates to the Hubbard Street Watermain and Sanitary Sewer Extension. The loan will be repaid in semi-annual installments of \$5,874 over 20 years at a rate of 0.50%.

**VILLAGE OF HAMLER  
HENRY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2020  
(Continued)**

**Note 10 – Debt (Continued)**

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

Year ending December 31:	USDA Mortgage Revenue Bonds	OPWC Loans	OWDA Loans
2021	\$ 99,983	\$ 21,517	\$ 58,665
2022	101,495	18,836	60,104
2023	100,880	18,836	61,006
2024	100,223	18,836	61,006
2025	100,523	18,836	61,006
2026-2030	502,308	83,618	305,030
2031-2035	501,270	80,978	305,030
2036-2040	502,643	80,978	305,030
2041-2045	502,098	78,394	246,290
2046-2050	-	57,193	221,661
Total	<u>\$ 2,511,423</u>	<u>\$ 478,022</u>	<u>\$ 1,684,828</u>

**Note 11 – Fund Balances**

Included in fund balance are amounts the Village cannot spend, including the balance of unclaimed monies which cannot be spent for five years and the unexpendable corpus of the permanent funds. Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end the balances of these amounts were zero.

The fund balance of special revenue funds is either restricted or committed. The fund balance of debt service funds and capital projects fund are restricted committed or assigned. The fund balance of permanent funds that is not part of the nonspendable corpus is either restricted or committed. These restricted, committed and assigned amounts in the special revenue, debt service, capital projects and permanent funds would include the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

**Note 12 – COVID-19**

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

During 2020, the Village received CARES Act funding. Of the amounts received, \$30,000 was sub-granted to other governments and organization, and \$3,874 was returned to the granting agency. These amounts are reflected as general government expenditures in the Coronavirus Relief Special Revenue Fund on the accompanying financial statements.

**VILLAGE OF HAMLER  
HENRY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2020  
(Continued)**

**Note 13 – Change in Accounting Principles**

For 2020, the Village has made changes to their cash basis reporting model. These changes include modifications to the definition of fiduciary funds, adding a separate Combined Statement of Additions, Deductions and Changes in Fund Balances (Regulatory Cash Basis) -- All Fiduciary Fund Types, and removing the fund balance classifications from the Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis) – All Governmental Fund Types.

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

Village of Hamler  
Henry County  
500 Hubbard Street  
Hamler, Ohio 43524

To the Village Council:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the cash balances, receipts, and disbursements for each governmental and proprietary fund type as of and for the years ended December 31, 2021 and 2020 and the related notes to the financial statements of the Village of Hamler, Henry County (the Village) and have issued our report thereon dated April 18, 2023, wherein we noted the Village followed financial reporting provisions Ohio Rev. Code § 117.38 and Ohio Admin. Code 117-2-03(C) permit. We also noted that the Village adopted a change in accounting principle and removed the fund balance classification from the Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Regulatory Cash Basis) – All Governmental Fund Types.

***Report on Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statements, we considered the Village's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purposes of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Village's financial statements will not be prevented, or detected and corrected, on a timely basis. 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 deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of audit findings as items 2021-001 through 2021-004 that we consider to be material weaknesses.

***Report on Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the Village's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of audit findings as items 2021-003 and 2021-004.

***Purpose of This Report***

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village's internal control or on compliance. This report is an integral part of an audit performed in accordance with *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*

April 18, 2023



**VILLAGE OF HAMLER  
HENRY COUNTY**

**SCHEDULE OF AUDIT FINDINGS  
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2021-001**

**Material Weakness**

**Financial Reporting**

The Village should have procedures and controls in place to prevent and detect errors in financial reporting.

Receipts and disbursements were not always posted or classified correctly. The following errors were noted:

- A debt payment for an OPWC loan was incorrectly posted to the General Fund instead of the Enterprise Debt Service Reserve Fund in 2021;
- The sale of assets was misclassified as Miscellaneous instead of Sale of Capital Assets in the General Fund in 2021 and 2020;
- Receipts for income taxes were misclassified as Intergovernmental instead of Municipal Income Tax in the General Fund in 2020;
- Debt payments for OPWC loan CE24T were misclassified as Other instead of Principal Retirement in the Enterprise Debt Service Reserve Fund in 2021;
- Debt Proceeds and the corresponding Capital Outlay and Principal Retirement disbursements were not recorded for the USDA-RD Mortgage Revenue Bonds refinance in 2021;
- Debt proceeds and the corresponding Capital Outlay disbursements were not recorded for OPWC loan CE45U, OWDA loan 8186, and OWDA loan 8630;
- Debt payments for the USDA-RD Mortgage Revenue Bonds and OWDA Loan 8186 were not properly allocated between Principal Retirement and Interest and Other Fiscal Charges in 2020; and
- An incorrect transfer was made from the General Fund to the Street Fund to account for payroll funds being paid from the General Fund that should have been paid from the Street Fund.

Not posting receipts and disbursements 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.

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.

**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, 2021 AND 2020**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
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**FINDING NUMBER 2021-002**

**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 2020 to the accounting system and did not perform the transfer from the utility bank account to the general checking account until January 2021. 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 2020.

The Village did not post the utility receipts collected in December 2021 to the accounting system and did not perform the transfer from the utility bank account to the general checking account until January 2022. 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 2021.

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.

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.

VILLAGE OF HAMLER  
HENRY COUNTY

SCHEDULE OF AUDIT FINDINGS  
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

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

FINDING NUMBER 2021-003

**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 2021:

- The Street Construction Maintenance and Repair Fund over reported activity by \$3,056. The State Highway Fund and Permissive Motor Vehicle License Tax Fund under reported activity by \$1,788 and \$1,268, respectively.

The following errors were noted in 2020:

- The State Highway Fund over reported activity by \$1,144. The Permissive Motor Vehicle License Tax Fund under reported activity by \$1,144. The Village incorrectly recorded CRF Fund activity in the General Fund.

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, 2021 AND 2020

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

FINDING NUMBER 2021-004

**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:

- **A violation of 5705.36** stating that on or about the first day of each fiscal year, the fiscal officer of each subdivision and other taxing unit shall certify to the county auditor the total amount from all sources available for expenditures from each fund;
- **A violation of 5705.38** stating that on or about the first day of each fiscal year, the taxing authority of each subdivision or other taxing unit shall pass an appropriation measure, and thereafter during the year it may pass any supplemental appropriation measures as it finds necessary, based on the revised tax budget or the official certificate of estimated resources or amendments of the certificate; and
- **Violations of 5705.41(B)** stating no subdivision is to expend money unless it has been appropriated (expenditures exceeded appropriations).

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 for 2020.

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** – We did not receive a response from officials to this finding.

**VILLAGE OF HAMLER  
HENRY COUNTY**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

Finding Number	Finding Summary	Status	Additional Information
2019-001	Financial Reporting	Not Corrected	Repeated as Finding 2021-001
2019-002	Bank Reconciliations	Not Corrected	Repeated as Finding 2021-002
2019-003	ORC 5705.10	Not Corrected	Repeated as Finding 2021-003
2019-004	Budgetary Controls	Not Corrected	Repeated as Finding 2021-004

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# 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 5/30/2023**

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](http://www.ohioauditor.gov)