



**HAMER TOWNSHIP  
HIGHLAND COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 2000-1999**



**JIM PETRO**  
**AUDITOR OF STATE**  

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**STATE OF OHIO**



HAMER TOWNSHIP  
HIGHLAND COUNTY

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## INDEPENDENT ACCOUNTANTS' REPORT

Hamer Township  
Highland County  
3815 Taylorsville Road  
Hillsboro, Ohio 45133

To the Board of Trustees:

We have audited the accompanying financial statements of Hamer Township, Highland County, Ohio, (the Township) as of and for the years ended December 31, 2000 and 1999. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the Township prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Township as of December 31, 2000 and 1999, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 22, 2001, 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 grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

This report is intended solely for the information and use of management, the Board of Trustees and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

**Jim Petro**  
Auditor of State

February 22, 2001

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**HAMER TOWNSHIP  
HIGHLAND COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL AND FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2000**

	<u>Governmental Fund Types</u>			<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Fiduciary Funds</u>	
<b>Cash Receipts:</b>				
Local Taxes	\$17,442	\$9,232	\$0	\$26,674
Intergovernmental	14,869	59,389	0	74,258
Licenses, Permits, and Fees	0	0	0	0
Interest	575	548	1,314	2,437
Other Revenue	57	3,340	0	3,397
	<u>32,943</u>	<u>72,509</u>	<u>1,314</u>	<u>106,766</u>
<b>Cash Disbursements:</b>				
Current:				
General Government	16,758	0	0	16,758
Public Safety	0	9,581	0	9,581
Public Works	0	37,469	0	37,469
Health	4,071	1,769	4,644	10,484
Capital Outlay	4,610	0	0	4,610
	<u>25,439</u>	<u>48,819</u>	<u>4,644</u>	<u>78,902</u>
Total Cash Disbursements	<u>25,439</u>	<u>48,819</u>	<u>4,644</u>	<u>78,902</u>
Total Receipts Over/(Under) Disbursements	7,504	23,690	(3,330)	27,864
Fund Cash Balances, January 1	<u>44,225</u>	<u>47,723</u>	<u>31,944</u>	<u>123,892</u>
<b>Fund Cash Balances, December 31</b>	<b><u>\$51,729</u></b>	<b><u>\$71,413</u></b>	<b><u>\$28,614</u></b>	<b><u>\$151,756</u></b>

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

**HAMER TOWNSHIP  
HIGHLAND COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL AND FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 1999**

	<b>Governmental Fund Types</b>			<b>Totals (Memorandum Only)</b>
	<b>General</b>	<b>Special Revenue</b>	<b>Fiduciary Funds</b>	
<b>Cash Receipts:</b>				
Local Taxes	\$15,752	\$8,219	\$0	\$23,971
Intergovernmental	13,643	59,735	0	73,378
Interest	575	459	1,644	2,678
Other Revenue	1,413	3,444	0	4,857
	<u>31,383</u>	<u>71,857</u>	<u>1,644</u>	<u>104,884</u>
<b>Total Cash Receipts</b>				
<b>Cash Disbursements:</b>				
Current:				
General Government	17,146	0	0	17,146
Public Safety	0	8,934	0	8,934
Public Works	0	52,771	0	52,771
Health	4,078	1,027	1,902	7,007
Capital Outlay	12,119	0	3,000	15,119
	<u>33,343</u>	<u>62,732</u>	<u>4,902</u>	<u>100,977</u>
<b>Total Cash Disbursements</b>				
Total Receipts Over/(Under) Disbursements	(1,960)	9,125	(3,258)	3,907
Fund Cash Balances, January 1	46,185	38,598	35,202	119,985
	<u>46,185</u>	<u>38,598</u>	<u>35,202</u>	<u>119,985</u>
<b>Fund Cash Balances, December 31</b>	<b><u>\$44,225</u></b>	<b><u>\$47,723</u></b>	<b><u>\$31,944</u></b>	<b><u>\$123,892</u></b>

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



**HAMER TOWNSHIP  
HIGHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000 AND 1999**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

Hamer Township, Highland County, (the Township) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Township is directed by a publicly-elected three-member Board of Trustees. The Township provides general governmental services, including road and bridge maintenance, and cemetery maintenance. The Township contracts with the City of Hillsboro to provide fire protection to the Township.

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

**B. Basis of Accounting**

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized 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 prescribed or permitted by the Auditor of State.

**C. Cash and Deposits**

The Township deposits all available funds in a "Now" checking account and certificates of deposit with commercial banks.

**D. Fund Accounting**

The Township uses fund accounting to segregate cash and investments that are restricted as to use. The Township classifies its funds into the following types:

**1. General Fund**

The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

**2. Special Revenue Funds**

These funds are used to account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. The Township had the following significant Special Revenue Funds:

Motor Vehicle License Tax Fund - This fund receives motor vehicle tax money for constructing, maintaining and repairing Township roads.

Gasoline Tax Fund - This fund receives gasoline tax money to pay for constructing, maintaining and repairing Township roads.

**HAMER TOWNSHIP  
HIGHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000 AND 1999  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Road and Bridge Fund - This fund receives property tax money for constructing, maintaining and repairing Township roads and bridges.

Cemetery Fund - This fund receives proceeds from the sale of cemetery lots for maintaining Township cemeteries.

Fire Levy Fund - This fund receives property tax money for providing fire protection to Township residents.

Permissive Motor Vehicle License Tax Fund - This fund receives proceeds from taxes levied on all motor vehicle license sold in the Township for road maintenance and repairs.

**3. Fiduciary Funds (Expendable and Nonexpendable Trust Funds)**

These funds are used to account for resources restricted by legally binding trust agreements for which the Township is acting in an agency capacity. The township had expendable and nonexpendable trust funds bequested to the Township for cemetery care.

**E. Budgetary Process**

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

**1. 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 Board of Trustees must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Appropriations lapse at year end.

**2. Estimated Resources**

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

**3. Encumbrances**

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated. There were no material encumbrances outstanding at December 31, 2000 and 1999.

A summary of 2000 and 1999 budgetary activity appears in Note 3.

**F. Property, Plant and Equipment**

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

**HAMER TOWNSHIP  
HIGHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000 AND 1999  
(Continued)**

**2. EQUITY IN POOLED CASH AND DEPOSITS**

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

	<u>2000</u>	<u>1999</u>
Demand deposits	\$125,356	\$93,892
Certificates of deposit	<u>26,400</u>	<u>30,000</u>
Total deposits	<u><u>\$151,756</u></u>	<u><u>\$123,892</u></u>

**Deposits:** Deposits are insured by the Federal Depository Insurance Corporation.

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2000 and 1999 follows:

2000 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$24,318	\$32,943	\$8,625
Special Revenue	69,394	72,509	3,115
Fiduciary	<u>1,644</u>	<u>1,314</u>	<u>(330)</u>
Total	<u><u>\$95,356</u></u>	<u><u>\$106,766</u></u>	<u><u>\$11,410</u></u>

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$56,630	\$25,439	\$31,191
Special Revenue	107,511	48,819	58,692
Fiduciary	<u>4,644</u>	<u>4,644</u>	<u>0</u>
Total	<u><u>\$168,785</u></u>	<u><u>\$78,902</u></u>	<u><u>\$89,883</u></u>

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$24,362	\$31,383	\$7,021
Special Revenue	67,878	71,857	3,979
Fiduciary	<u>1,683</u>	<u>1,644</u>	<u>(39)</u>
Total	<u><u>\$93,923</u></u>	<u><u>\$104,884</u></u>	<u><u>\$10,961</u></u>

**HAMER TOWNSHIP  
HIGHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000 AND 1999  
(Continued)**

**3. BUDGETARY ACTIVITY (Continued)**

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$49,925	\$33,343	\$16,582
Special Revenue	91,483	62,732	28,751
Fiduciary	4,902	4,902	0
Total	\$146,310	\$100,977	\$45,333

**4. PROPERTY TAX**

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

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

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

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

**5. RETIREMENT SYSTEMS**

The Township's officials belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. The plans provide retirement benefits, including post-retirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2000 and 1999, PERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries through June 2000 and 8.13% thereafter. The Township has paid all contributions required through December 31, 2000.

**6. RISK MANAGEMENT**

The Township has obtained from the Ohio Township Association Risk Management Authority for the following risks:

- Comprehensive property
- General Liability
- Wrongful Acts

The Township also provides group health insurance to officials through private carriers.



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## REPORT ON COMPLIANCE AND ON INTERNAL CONTROL REQUIRED BY GOVERNMENT AUDITING STANDARDS

Hamer Township  
Highland County  
3815 Taylorsville Road  
Hillsboro, Ohio 45133

To the Board of Trustees:

We have audited the accompanying financial statements of Hamer Township, Highland County, Ohio (the Township), as of and for the years ended December 31, 2000 and 1999, and have issued our report thereon dated February 22, 2001. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### Compliance

As part of obtaining reasonable assurance about whether the Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on determination of financial statement amounts. 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 no instances of noncompliance that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated February 22, 2001.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered Township's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Township in a separate letter dated February 22, 2001.

Hamer Township  
Highland County  
Report on Compliance and on Internal Control Required by  
*Government Auditing Standards*  
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This report is intended for the information and use of management and the Board of Trustees, and is not intended to be and should not be used by anyone other than these specified parties.

**Jim Petro**  
Auditor of State

February 22, 2001



STATE OF OHIO  
OFFICE OF THE AUDITOR  

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JIM PETRO, AUDITOR OF STATE

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**HAMER TOWNSHIP**

**HIGHLAND 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  
MARCH 27, 2001**