



OHIO AUDITOR OF STATE  
**KEITH FABER**





**HARPERSFIELD TOWNSHIP  
ASHTABULA COUNTY**

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# OHIO AUDITOR OF STATE KEITH FABER



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## INDEPENDENT AUDITOR'S REPORT

Harpersfield Township  
Ashtabula County  
4858 Cork-Cold Springs Road  
Geneva, Ohio 44041

To the Board of Trustees:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

***Opinion on Regulatory Basis of Accounting***

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated February 2, 2021, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control over financial reporting and compliance.



Keith Faber  
Auditor of State  
Columbus, Ohio

February 2, 2021

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**Harpersfield Township**  
*Ashtabula County, Ohio*  
**Combined Statement of Receipts, Disbursements and**  
**Changes in Fund Balances (Regulatory Cash Basis)**  
*All Governmental Fund Types*  
**For the Year Ended December 31, 2019**

	General	Special Revenue	Debt Service	Capital Projects	Totals (Memorandum Only)
<b>Cash Receipts</b>					
Property and Other Local Taxes	\$227,100	\$451,478	\$59,375	\$18,095	\$756,048
Licenses, Permits and Fees	41,941	5,970			47,911
Intergovernmental	43,390	156,163	7,537		207,090
Special Assessments		14,413			14,413
Earnings on Investments	562	61			623
Miscellaneous	23,862	10,795			34,657
<i>Total Cash Receipts</i>	<u>336,855</u>	<u>638,880</u>	<u>66,912</u>	<u>18,095</u>	<u>1,060,742</u>
<b>Cash Disbursements</b>					
Current:					
General Government	294,287	90,395			384,682
Public Safety	10,988	1,159	1,089		13,236
Public Works	10,330	503,672			514,002
Health	68,411	1,798			70,209
Conservation-Recreation	13,632	854			14,486
Capital Outlay	144,187	650			144,837
Debt Service:					
Principal Retirement			71,728		71,728
Interest and Fiscal Charges			18,095		18,095
<i>Total Cash Disbursements</i>	<u>541,835</u>	<u>598,528</u>	<u>90,912</u>	<u>0</u>	<u>1,231,275</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	(204,980)	40,352	(24,000)	18,095	(170,533)
<b>Other Financing Receipts (Disbursements)</b>					
Loans Issued	150,001				150,001
Sale of Capital Assets	8,503				8,503
Transfers In		1,000	36,927		37,927
Transfers Out	(37,927)				(37,927)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>120,577</u>	<u>1,000</u>	<u>36,927</u>	<u>0</u>	<u>158,504</u>
<i>Net Change in Fund Cash Balances</i>	(84,403)	41,352	12,927	18,095	(12,029)
<i>Fund Cash Balances, January 1</i>	<u>276,336</u>	<u>331,120</u>	<u>32,067</u>	<u>43,470</u>	<u>682,993</u>
<b>Fund Cash Balances, December 31</b>					
Restricted		372,472	44,994	61,565	479,031
Assigned	191,933				191,933
<i>Fund Cash Balances, December 31</i>	<u>\$191,933</u>	<u>\$372,472</u>	<u>\$44,994</u>	<u>\$61,565</u>	<u>\$670,964</u>

See accompanying notes to the basic financial statements

**Harpersfield Township**  
*Ashtabula County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

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**Note 1 – Reporting Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of Harpersfield Township, Ashtabula County, (the Township) as a body corporate and politic. A publicly elected three-member Board of Trustees directs the Township. The Township provides road and bridge maintenance, cemetery maintenance and fire protection services. The Township provides emergency fire services with Harpersfield Volunteer Fire Department.

***Public Entity Risk Pool, Jointly Governed Organizations and Joint Venture***

The Township participates in a public entity risk pool, jointly governed organizations and a joint venture. Notes 6, 10 and 11 to the financial statements provides additional information for these entities. The Township's management believes these financial statements present all activities for which the Township is financially accountable.

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

***Basis of Presentation***

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

***Fund Accounting***

The Township 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 Township 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 Township 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 Township had the following significant Special Revenue Funds:

***Gas Tax Fund*** This fund is used to account for a portion of the State Gasoline Tax restricted for maintenance and repair of roads within the Township.

***Fire Protection Fund*** This fund receives property tax money to provide fire services for Township residents.

***Motor Vehicle License Tax Fund*** This fund is used to account for a portion of motor vehicle license registration fees restricted for maintenance and repair of Township roads.

***Debt Service Fund*** These funds account for and report financial resources that are restricted, committed, or assigned to expenditures for principal and interest. The Township had the following significant Debt Service Funds:

***Fire Truck Fund*** This fund receives property tax money for the payment of a bond note for the purchase of a fire truck.

***Building Fund*** This fund is for the payment of a bond note for the purchase of the Administration/Fire Station.

**Harpersfield Township**  
*Ashtabula County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

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***Basis of Accounting***

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

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

***Budgetary Process***

The Ohio Revised Code requires that each fund (except certain custodial funds) be budgeted annually.

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

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

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

A summary of 2019 budgetary activity appears in Note 3.

***Deposits and Investments***

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

***Capital Assets***

The Township 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 Township must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

**Harpersfield Township**  
*Ashtabula County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

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

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

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

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

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

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

**Note 3 – Budgetary Activity**

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

2019 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$522,356	\$495,359	(\$26,997)
Special Revenue	687,833	639,880	(47,953)
Debt Service	103,702	103,839	137
Capital Projects	17,000	18,095	1,095
Total	\$1,330,891	\$1,257,173	(\$73,718)

2019 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$641,366	\$721,239	(\$79,873)
Special Revenue	996,345	602,828	393,517
Debt Service	78,335	90,912	(12,577)
Total	\$1,716,046	\$1,414,979	\$301,067

**Harpersfield Township**  
*Ashtabula County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

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**Note 4 – Deposits**

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

	2019
Demand deposits	\$670,964

***Deposits***

Deposits are collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

At December 31, 2019, all deposits were collateralized.

**Note 5 – Property Taxes**

Real property taxes become a lien on January 1 preceding the October 1 date for which the Trustees adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction 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 Township.

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

**Note 6 – Risk Management**

***Risk Pool Membership***

The Township is exposed to various risks of property and casualty losses, and injuries to employees.

The Township insures against injuries to employees through the Ohio Bureau of Workers' Compensation.

The Township is a member of the Ohio Township Association Risk Management Authority (The Pool). The Pool assumes the risk of loss up to the limits of the Township's policy. The Pool covers the following risks:

- General liability and casualty
- Public official's liability
- Cyber
- Law enforcement liability
- Automobile liability
- Vehicles
- Property
- Equipment breakdown

The Pool reported the following summary of assets and actuarially-measured liabilities available to pay those liabilities as of December 31:

**Harpersfield Township**  
*Ashtabula County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

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2019

Cash and investments	\$35,207,320
Actuarial liabilities	\$ 10,519,942

**Note 7 – Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

Some 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 District contributed an amount equaling 14%, of participants’ gross salaries. The District has paid all contributions required through December 31, 2019.

***Social Security***

Several Township’s employees contributed to Social Security. These individuals include volunteer firemen and zoning board members. This plan provides retirement benefits, including survivor and disability benefits to participants.

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

**Note 8 – Postemployment Benefits**

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the traditional pension plan and combined plan was 0 percent during calendar year 2018. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0 percent during calendar year 2019.

**Note 9 – Debt**

Debt outstanding at December 31, 2019, was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
General Obligation Bonds - Fire Truck	\$148,890	3%
General Obligation Bonds - Admin/Fire Station	221,411	4.125%
Mack Truck Loan	137,500	3.375%
Total	<u>\$507,801</u>	

In 2012, the Township issued general obligation bonds to finance the purchase of a new fire truck for \$440,000 for 10 years with bonds maturing in 2022. The Township’s taxing authority collects the tax dollars. In 2012, the Township issued a property acquisition bond to finance the purchase of an administration/fire state building for \$300,000 for 20 years maturing in 2032. In 2019, the Township issued a loan for the purchase of a Mack Truck for \$150,000 for six years maturing in 2025.

**Harpersfield Township**  
*Ashtabula County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

**Amortization**

Amortization of the above debt, including interest, is scheduled as follows:

Year Ending December 31:	General	General	
	Obligation Bonds - Fire Truck	Obligation Bonds - Admin/Fire Station	Mack Truck Loan
2020	\$52,891	\$17,779	29,429
2021	52,891	18,051	28,586
2022	52,891	18,335	27,743
2023	0	18,631	26,899
2024	0	18,938	26,054
2025-2029	0	99,766	12,711
2030-2032	0	64,450	0
Total	<u>\$158,673</u>	<u>\$255,950</u>	<u>\$151,422</u>

**Note 10 – Jointly Governed Organizations**

***Harpersfield-Geneva Joint Economic Development District 1***

The City of Geneva and Harpersfield Township formed the Harpersfield-Geneva Joint Economic Development District (JEDD) 1 under Chapter 715.72 through 715.83 of the Ohio Revised Code. JEDD 1 was formed in 1996. The purpose of the JEDD is to facilitate economic development to create or preserve jobs and employment opportunities and to improve the economic welfare of the people in the State, the County, the Township and City the JEDD serves. The JEDD is administered by a board of locally appointed officials and local business leaders.

Financial information can be obtained by contacting Tammy Caya, Administrative Assistant at 44 North Forest Street, Geneva, Ohio 44041.

***Harpersfield-Geneva Joint Economic Development District 2***

The City of Geneva and Harpersfield Township formed the Harpersfield-Geneva Joint Economic Development District (JEDD) 2 under Chapter 715.72 through 715.83 of the Ohio Revised Code. JEDD 2 was formed in 2005. The purpose of the JEDD is to facilitate economic development to create or preserve jobs and employment opportunities and to improve the economic welfare of the people in the State, the County, the Township and City the JEDD serves. The JEDD is administered by a board of locally appointed officials and local business leaders.

Financial information can be obtained by contacting Tammy Caya, Administrative Assistant at 44 North Forest Street, Geneva, Ohio 44041.

***Harpersfield-Geneva Joint Economic Development District 3***

The City of Geneva and Harpersfield Township formed the Harpersfield-Geneva Joint Economic Development District (JEDD) 3 under Chapter 715.72 through 715.83 of the Ohio Revised Code. JEDD 3 was formed in 2014 to provide sanitary sewers to each JEDD District. The purpose of the JEDD is to facilitate economic development to create or preserve jobs and employment opportunities and to improve the economic welfare of the people in the State, the County, the Township and City the JEDD serves. The JEDD is administered by a board of locally appointed officials and local business leaders.

**Harpersfield Township**  
*Ashtabula County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

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Financial information can be obtained by contacting Tammy Caya, Administrative Assistant at 44 North Forest Street, Geneva, Ohio 44041.

**Note 11 – Joint Venture**

***Harpersfield-Geneva Joint Economic Development District 3***

The Township has an agreement with the City of Geneva for the JEDD 3 sewer project. The original agreement was that the sewer construction would not happen until a hotel was built to create the necessary funds. The Trustees voted to amend this agreement which granted the City of Geneva to install the sewer without the funding in place to pay the loan payments. No funds have been certified for the loan payments as there are not sufficient funds available to certify. The Township is responsible for 50% of the costs. The Trustees amended the JEDD 3 agreement to state that the City of Geneva will discontinue sending the JEDD 3 income tax and will apply those funds to the 50% semi-annual payments with the balance of the payments being drawn as a loan from the City of Geneva Waste Water Treatment funds.

Financial information can be obtained by contacting Tammy Caya, Administrative Assistant at 44 North Forest Street, Geneva, Ohio 44041.



**Hapersfield Township**  
*Ashtabula County, Ohio*  
**Combined Statement of Receipts, Disbursements and**  
**Changes in Fund Balances (Regulatory Cash Basis)**  
*All Governmental Fund Types*  
**For the Year Ended December 31, 2018**

	General	Special Revenue	Debt Service	Capital Projects	Totals (Memorandum Only)
<b>Cash Receipts</b>					
Property and Other Local Taxes	\$240,435	\$459,293	\$68,156	\$16,693	\$784,577
Licenses, Permits and Fees	41,995	2,298			44,293
Intergovernmental	43,411	652,107	7,686		703,204
Special Assessments		14,488			14,488
Earnings on Investments	515	32			547
Miscellaneous	24,433	26,202			50,635
<i>Total Cash Receipts</i>	<u>350,789</u>	<u>1,154,420</u>	<u>75,842</u>	<u>16,693</u>	<u>1,597,744</u>
<b>Cash Disbursements</b>					
Current:					
General Government	188,968	78,148			267,116
Public Safety	12,242	1,048	1,785		15,075
Public Works	12,092	478,147			490,239
Health	70,727	928			71,655
Conservation-Recreation	870	517,327			518,197
Capital Outlay	55,747				55,747
Debt Service:					
Principal Retirement			57,260		57,260
Interest and Fiscal Charges			17,975		17,975
<i>Total Cash Disbursements</i>	<u>340,646</u>	<u>1,075,598</u>	<u>77,020</u>	<u>0</u>	<u>1,493,264</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>10,143</u>	<u>78,822</u>	<u>(1,178)</u>	<u>16,693</u>	<u>104,480</u>
<b>Other Financing Receipts (Disbursements)</b>					
Transfers In			22,345		22,345
Transfers Out	(22,345)				(22,345)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(22,345)</u>	<u>0</u>	<u>22,345</u>	<u>0</u>	<u>0</u>
<i>Net Change in Fund Cash Balances</i>	<u>(12,202)</u>	<u>78,822</u>	<u>21,167</u>	<u>16,693</u>	<u>104,480</u>
<i>Fund Cash Balances, January 1</i>	<u>288,538</u>	<u>252,298</u>	<u>10,900</u>	<u>26,777</u>	<u>578,513</u>
<b>Fund Cash Balances, December 31</b>					
Restricted		331,120	32,067	43,470	406,657
Assigned	276,336				276,336
<i>Fund Cash Balances, December 31</i>	<u>\$276,336</u>	<u>\$331,120</u>	<u>\$32,067</u>	<u>\$43,470</u>	<u>\$682,993</u>

See accompanying notes to the basic financial statements

**Harpersfield Township**  
*Ashtabula County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

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**Note 1 – Reporting Entity**

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***Basis of Presentation***

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***Fire Truck Fund*** This fund receives property tax money for the payment of a bond note for the purchase of a fire truck.

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**Harpersfield Township**  
*Ashtabula County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

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***Basis of Accounting***

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

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

***Budgetary Process***

The Ohio Revised Code requires that each fund (except certain custodial funds) be budgeted annually.

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

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

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

A summary of 2018 budgetary activity appears in Note 3.

***Deposits and Investments***

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

***Capital Assets***

The Township 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 Township must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

**Harpersfield Township**  
*Ashtabula County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

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

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

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

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

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

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

**Note 3 – Budgetary Activity**

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

2018 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$342,930	\$350,789	\$7,859
Special Revenue	1,164,702	1,154,420	(10,282)
Debt Service	72,485	98,187	25,702
Capital Projects	22,000	16,693	(5,307)
Total	\$1,602,117	\$1,620,089	\$17,972

2018 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$576,068	\$385,493	\$190,575
Special Revenue	755,992	1,106,732	(350,740)
Debt Service	54,090	77,020	(22,930)
Total	\$1,386,150	\$1,569,245	(\$183,095)

**Harpersfield Township**  
*Ashtabula County*  
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**Note 4 – Deposits**

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

	<u>2018</u>
Demand deposits	<u><u>\$682,993</u></u>

***Deposits***

Deposits are collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

At December 31, 2018, all deposits were collateralized.

**Note 5 – Property Taxes**

Real property taxes become a lien on January 1 preceding the October 1 date for which the Trustees adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction 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 Township.

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

**Note 6 – Risk Management**

***Risk Pool Membership***

The Township is exposed to various risks of property and casualty losses, and injuries to employees.

The Township insures against injuries to employees through the Ohio Bureau of Workers' Compensation.

The Township is a member of the Ohio Township Association Risk Management Authority (The Pool). The Pool assumes the risk of loss up to the limits of the Township's policy. The Pool covers the following risks:

- General liability and casualty
- Public official's liability
- Cyber
- Law enforcement liability
- Automobile liability
- Vehicles
- Property
- Equipment breakdown

The Pool reported the following summary of assets and actuarially-measured liabilities available to pay those liabilities as of December 31:

**Harpersfield Township**  
*Ashtabula County*  
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2018

Cash and investments	\$33,097,416
Actuarial liabilities	\$7,874,610

**Note 7 – Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

Some 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 District contributed an amount equaling 14%, of participants' gross salaries. The District has paid all contributions required through December 31, 2018.

***Social Security***

Several Township employees contributed to Social Security. These individuals include volunteer firemen and zoning board members. This plan provides retirement benefits, including survivor and disability benefits to participants.

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

**Note 8 – Postemployment Benefits**

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

**Note 9 – Debt**

Debt outstanding at December 31, 2018, was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
General Obligation Bonds - Fire Truck	\$195,429	3%
General Obligation Bonds - Admin/Fire Station	234,100	4.125%
Total	<u>\$429,529</u>	

In 2012, the Township issued general obligation bonds to finance the purchase of a new fire truck for \$440,000 for 10 years with bonds maturing in 2022. The Township's taxing authority collects the tax dollars. In 2012, the Township issued a property acquisition bond to finance the purchase of an administration/fire state building for \$300,000 for 20 years maturing in 2032.

**Harpersfield Township**  
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**Amortization**

Amortization of the above debt, including interest, is scheduled as follows:

Year Ending December 31:	General Obligation Bonds - Fire Truck	General Obligation Bonds - Admin/Fire Station
2019	\$52,891	\$17,517
2020	52,891	17,779
2021	52,891	18,051
2022	52,891	18,335
2023	0	18,631
2024-2028	0	98,027
2029-2032	0	85,127
Total	\$211,564	\$273,467

**Note 10 – Jointly Governed Organizations**

***Harpersfield-Geneva Joint Economic Development District 1***

The City of Geneva and Harpersfield Township formed the Harpersfield-Geneva Joint Economic Development District (JEDD) 1 under Chapter 715.72 through 715.83 of the Ohio Revised Code. JEDD 1 was formed in 1996. The purpose of the JEDD is to facilitate economic development to create or preserve jobs and employment opportunities and to improve the economic welfare of the people in the State, the County, the Township and City the JEDD serves. The JEDD is administered by a board of locally appointed officials and local business leaders.

Financial information can be obtained by contacting Tammy Caya, Administrative Assistant at 44 North Forest Street, Geneva, Ohio 44041.

***Harpersfield-Geneva Joint Economic Development District 2***

The City of Geneva and Harpersfield Township formed the Harpersfield-Geneva Joint Economic Development District (JEDD) 2 under Chapter 715.72 through 715.83 of the Ohio Revised Code. JEDD 2 was formed in 2005. The purpose of the JEDD is to facilitate economic development to create or preserve jobs and employment opportunities and to improve the economic welfare of the people in the State, the County, the Township and City the JEDD serves. The JEDD is administered by a board of locally appointed officials and local business leaders.

Financial information can be obtained by contacting Tammy Caya, Administrative Assistant at 44 North Forest Street, Geneva, Ohio 44041.

***Harpersfield-Geneva Joint Economic Development District 3***

The City of Geneva and Harpersfield Township formed the Harpersfield-Geneva Joint Economic Development District (JEDD) 3 under Chapter 715.72 through 715.83 of the Ohio Revised Code. JEDD 3 was formed in 2014 to provide sanitary sewers to each JEDD District. The purpose of the JEDD is to facilitate economic development to create or preserve jobs and employment opportunities and to improve the economic welfare of the people in the State, the County, the Township and City the JEDD serves. The JEDD is administered by a board of locally appointed officials and local business leaders.

Financial information can be obtained by contacting Tammy Caya, Administrative Assistant at 44 North Forest Street, Geneva, Ohio 44041.

**Harpersfield Township**  
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**Note 11 – Joint Venture**

***Harpersfield-Geneva Joint Economic Development District 3***

The Township has an agreement with the City of Geneva for the JEDD 3 sewer project. The original agreement was that the sewer construction would not happen until a hotel was built to create the necessary funds. The Trustees voted to amend this agreement which granted the City of Geneva to install the sewer without the funding in place to pay the loan payments. No funds have been certified for the loan payments as there are not sufficient funds available to certify. The Township is responsible for 50% of the costs). The County Prosecutor is assisting with this matter.

Financial information can be obtained by contacting Tammy Caya, Administrative Assistant at 44 North Forest Street, Geneva, Ohio 44041.



# OHIO AUDITOR OF STATE KEITH FABER



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

Harpersfield Township  
Ashtabula County  
4858 Cork-Cold Springs Road  
Geneva, Ohio 44041

To the Board of Trustees:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements by fund type of Harpersfield Township, Ashtabula County, (the Township) as of and for the years ended December 31, 2019 and 2018, and the related notes to the financial statements, and have issued our report thereon dated February 2, 2021, wherein we noted the Township followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

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

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

***Compliance and Other Matters***

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

***Purpose of this Report***

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



Keith Faber  
Auditor of State  
Columbus, Ohio

February 2, 2021

# OHIO AUDITOR OF STATE KEITH FABER



**HARPERSFIELD TOWNSHIP**

**ASHTABULA 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 2/23/2021**

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

This report is a matter of public record and is available online at  
[www.ohioauditor.gov](http://www.ohioauditor.gov)