



**HARPERSFIELD TOWNSHIP
ASHTABULA COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 1999-1998



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

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REPORT OF INDEPENDENT ACCOUNTANTS

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

To the Board of Trustees:

We have audited the accompanying financial statements of Harpersfield Township, Ashtabula County, Ohio, (the Township) as of and for the years ended December 31, 1999 and December 31, 1998. 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 and reserve for encumbrances of the Township as of December 31, 1999 and 1998, 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 June 7, 2000 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.

This report is intended solely for the information and use of management, the Board 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.

A handwritten signature in black ink, appearing to read "Jim Petro".

Jim Petro
Auditor of State

June 7, 2000

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

	Governmental Fund Types			Fiduciary Fund Types		Totals (Memorandum Only)	
	General	Special Revenue	Debt Service	Capital Project	Expendable Trust		Agency
Cash Receipts:							
Local Taxes	\$94,719	\$195,990	\$28,407			\$319,116	
Intergovernmental	47,267	98,344	3,047	\$71,875		220,533	
Licenses, Permits, and Fees	3,935	5,941				9,876	
Special Assessments		6,766				6,766	
Earnings on Investments	13,560	1,188		10,376	\$5	25,129	
Other Revenue	9,828	20,629				30,457	
Total Cash Receipts	169,309	328,858	31,454	82,251	5	611,877	
Cash Disbursements:							
Current:							
General Government	124,543	43,026				167,569	
Public Works	5,120	228,925				234,045	
Health	18,925	2,840			41	21,806	
Debt Service:							
Redemption of Principal			62,048			62,048	
Interest and Fiscal Charges			16,967			16,967	
Capital Outlay		37,412		79,933		117,345	
Total Cash Disbursements	148,588	312,203	79,015	79,933	41	619,780	
Total Receipts Over/(Under) Disbursements	20,721	16,655	(47,561)	2,318	(36)	(7,903)	
Other Financing Receipts/(Disbursements):							
Proceeds from Sale of Public Debt:							
Sale of Bonds				233,800		233,800	
Transfers-In	47		6,360			6,407	
Transfers-Out	(6,360)				(47)	(6,407)	
Total Other Financing Receipts/(Disbursements)	(6,313)		6,360	233,800	(47)	233,800	
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	14,408	16,655	(41,201)	236,118	(83)	225,897	
Fund Cash Balances, January 1	253,016	212,500	50,425		305	1,220	517,466
Fund Cash Balances, December 31	\$267,424	\$229,155	\$9,224	\$236,118	\$222	\$1,220	\$743,363

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

**HARPERSFIELD TOWNSHIP
 COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
 CHANGES IN FUND CASH BALANCES
 ALL GOVERNMENTAL AND SIMILAR FIDUCIARY FUND TYPES
 FOR THE YEAR ENDED DECEMBER 31, 1998**

	Governmental Fund Types			Fiduciary Fund Types		Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Expendable Trust	Agency	
Cash Receipts:						
Local Taxes	\$107,059	\$162,650	\$28,233			\$297,942
Intergovernmental	63,586	85,423	3,074			152,083
Licenses, Permits, and Fees	3,403	5,108				8,511
Special Assessments		5,116				5,116
Earnings on Investments	10,373	970		\$4		11,347
Other Revenue	27,907	48,209			\$60	76,176
Total Cash Receipts	212,328	307,476	31,307	4	60	551,175
Cash Disbursements:						
Current:						
General Government	104,335	46,272				150,607
Public Safety	200					200
Public Works	7,303	219,710				227,013
Health	17,301	1,836		43		19,180
Debt Service:						
Redemption of Principal			26,034			26,034
Interest and Fiscal Charges			5,070			5,070
Capital Outlay	237	11,509				11,746
Total Cash Disbursements	129,376	279,327	31,104	43		439,850
Total Receipts Over/(Under) Disbursements	82,952	28,149	203	(39)	60	111,325
Other Financing Receipts/(Disbursements):						
Transfers-In		3,238	6,720			9,958
Transfers-Out	(7,520)		(2,438)			(9,958)
Total Other Financing Receipts/(Disbursements)	(7,520)	3,238	4,282			
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	75,432	31,387	4,485	(39)	60	111,325
Fund Cash Balances, January 1	177,615	181,113	45,940	344	1,160	406,172
Fund Cash Balances, December 31	\$253,047	\$212,500	\$50,425	\$305	\$1,220	\$517,497
Reserve for Encumbrances, December 31		\$2,144				\$2,144

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

**HARPERSFIELD TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Harpersfield Township, Ashtabula 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, cemetery maintenance, fire protection and emergency medical services. The Township contracts with the Harpersfield Volunteer Fire Department and Northwest Ambulance Service to provide fire and ambulance services, respectively.

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 Investments

The Township maintained a general operating (NOW) account and invested in STAR Ohio during the audit period.

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:

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

**HARPERSFIELD TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2. Special Revenue Funds

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

Fire Levy Fund - This fund receives property tax money for maintaining/purchasing equipment and covering costs for providing emergency fire services.

3. Capital Project Funds

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through enterprise or trust funds). The Township had the following significant capital project fund:

Issue II Fund - The Township received a grant from the State of Ohio for the State Road improvement project.

4. Trust and Agency Funds

This fund is used to reflect moneys held in trust for others by the Township.

Unclaimed Moneys Fund - An Agency fund to account for stale-dated checks that were removed from the reconciliation by the Clerk.

Cemetery Bequest Funds - Expendable trust funds of the Township.

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 function 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 canceled, and re-appropriated in the subsequent year.

A summary of 1999 and 1998 budgetary activity appears in Note 3.

**HARPERSFIELD TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

G. Unpaid Vacation and Sick Leave

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the basis of accounting used by the Township.

2. EQUITY IN POOLED CASH AND INVESTMENTS

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

	<u>1999</u>	<u>1998</u>
Demand deposits	\$352,450	\$418,773
Investments:		
STAR Ohio	390,691	98,389
Cemetery Bequests	<u>222</u>	<u>335</u>
Total investments	<u>390,913</u>	<u>98,724</u>
Total deposits and investments	<u><u>\$743,363</u></u>	<u><u>\$517,497</u></u>

Deposits: Deposits are either (1) insured by the Federal Depository Insurance Corporation or (2) collateralized by the financial institution's public entity deposit pool.

Investments: Investments in STAR Ohio are not evidenced by securities that exist in physical or book-entry form. Bequest funds are maintained in a pass book savings account in the name of the Township on behalf of the payee.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 1999 and 1998 follows:

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$144,050	\$169,356	\$25,306
Special Revenue	266,775	328,858	62,083
Debt Service	5,217	37,814	32,597
Capital Projects	78,529	316,051	237,522
Trust and Agency	<u>0</u>	<u>5</u>	<u>5</u>
Total	<u><u>\$494,571</u></u>	<u><u>\$852,084</u></u>	<u><u>\$357,513</u></u>

**HARPERSFIELD TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$397,097	\$154,948	\$242,149
Special Revenue	509,275	312,203	197,072
Debt Service	84,972	79,015	5,957
Capital Projects	312,329	79,933	232,396
Trust and Agency	1,525	41	1,484
Total	<u>\$1,305,198</u>	<u>\$626,140</u>	<u>\$679,058</u>

1998 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$161,255	\$212,328	\$51,073
Special Revenue	301,755	310,714	8,959
Debt Service	55,289	38,027	(17,262)
Capital Projects	78,529	0	(78,529)
Trust and Agency	0	4	4
Total	<u>\$596,828</u>	<u>\$561,073</u>	<u>(\$35,755)</u>

1998 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$311,493	\$136,896	\$174,597
Special Revenue	453,204	281,471	171,733
Debt Service	61,546	33,542	28,004
Capital Projects	78,529	0	78,529
Non-Expendable Trust	1,504	43	1,461
Total	<u>\$906,276</u>	<u>\$451,952</u>	<u>\$454,324</u>

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.

**HARPERSFIELD TOWNSHIP
 NOTES TO THE FINANCIAL STATEMENTS
 DECEMBER 31, 1999 AND 1998
 (Continued)**

4. PROPERTY TAX (Continued)

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 employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including postretirement 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 1999 and 1998, PERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries. The Township has paid all contributions required through December 31, 1999.

6. RISK MANAGEMENT

The Township has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Vehicles
- Errors and omissions

The Township also provides health insurance and dental and vision coverage to full-time employees through a private carrier.

7. RESTATEMENT OF FUND BALANCES

For the year commencing January 1, 1998, the UAN network changed the chart of accounts which eliminated the Special Assessment Fund Type. The Township had two Special Assessment funds in 1997, a Public Works Assessment Fund and a Special Assessment Bond Retirement Fund. This change required certain adjustments to be recorded to the January 1, 1998 beginning fund balances as compared to the December 31, 1997 ending fund balances in the following funds:

<u>Fund</u>	<u>Previously Stated Balance at 12/31/97</u>	<u>Reclassification</u>	<u>Restated Balance at 1/1/98</u>
Special Revenue	\$178,317	\$2,796	\$181,113
Debt Service	43,502	2,438	45,940
Special Assessment	5,234	(5,234)	-

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OFFICE OF THE AUDITOR

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**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND ON INTERNAL CONTROL
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 the accompanying financial statements of Harpersfield Township, Ashtabula County, Ohio (the Township), as of and for the years ended December 31, 1999 and 1998, and have issued our report thereon dated June 7, 2000. 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.

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 June 7, 2000.

Harpersfield Township Board of Trustees
Ashtabula County
Report of Independent Accountants on Compliance and on
Internal Control Required by *Government Auditing Standards*
Page 2

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.

A handwritten signature in black ink, appearing to read "Jim Petro". The signature is fluid and cursive, with a large loop at the end.

Jim Petro
Auditor of State

June 7, 2000



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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HARPERSFIELD TOWNSHIP

ASHTABULA COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JUNE 27, 2000**