

HARTFORD TOWNSHIP
LICKING COUNTY, OHIO

FINANCIAL STATEMENTS

DECEMBER 31, 1998 AND 1997

CJUNI & PANICHI
INC.
CERTIFIED PUBLIC ACCOUNTANTS
AND BUSINESS CONSULTING FIRM

HARTFORD TOWNSHIP
LICKING COUNTY, OHIO

FINANCIAL STATEMENTS

DECEMBER 31, 1998 AND 1997

CIUNI & PANICHI
INC.

CERTIFIED PUBLIC ACCOUNTANTS
AND BUSINESS CONSULTING FIRM

**HARTFORD TOWNSHIP
LICKING COUNTY, OHIO**

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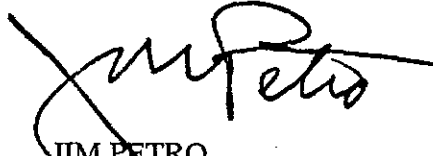
STATE OF OHIO
OFFICE OF THE AUDITOR
JIM PETRO, AUDITOR OF STATE

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Board of Trustees
Hartford Township

We have reviewed the independent auditor's report of the Hartford Township, Licking County, prepared by Ciuni & Panichi, Inc. for the audit period January 1, 1997 through December 31, 1998. 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 Hartford Township is responsible for compliance with these laws and regulations.



JIM PETRO
Auditor of State

January 7, 2000

Independent Auditors' Report

Board of Trustees
Hartford Township
Licking County, Ohio

We have audited the accompanying financial statements of Hartford Township, Licking County, Ohio (the "Township"), as of and for the years ended December 31, 1998 and 1997. 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 audits.

We conducted our audits 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 audits 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 audits provide 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 Ohio 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 fund cash balances of the Township, as of December 31, 1998 and 1997, and its 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 a report dated November 2, 1999 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 the officials of the Township authorized to receive this report under Section 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

Ciuni & Panichi Inc.

Cleveland, Ohio
November 2, 1999

**HARTFORD TOWNSHIP
LICKING COUNTY, OHIO**

**Combined Statement of Cash Receipts, Cash Disbursements, and
Changes in Fund Cash Balances - All Governmental Fund Types**

For the year ended December 31, 1998

	General Fund	Special Revenue	Debt Service	Capital Projects	Total (Memorandum Only)
Receipts:					
Taxes	\$ 21,336	\$ 132,521	\$ 16,882	\$ -	\$ 170,739
Intergovernmental	30,025	73,681	1,873	158,384	263,963
Licenses and permits	2,138	4,092	-	-	6,230
Interest	1,486	156	-	-	1,642
Miscellaneous	10	2,723	-	-	2,733
Total Receipts	<u>54,995</u>	<u>213,173</u>	<u>18,755</u>	<u>158,384</u>	<u>445,307</u>
Disbursements:					
Current:					
General Government	63,352	365	-	-	63,717
Public Safety	-	47,150	-	-	47,150
Public Works	-	176,166	-	-	176,166
Health	500	11,436	-	-	11,936
Capital Outlay	83,392	-	-	158,384	241,776
Debt Service:					
Principal Payment	-	-	11,200	-	11,200
Interest and Other	-	-	2,060	-	2,060
Total Disbursements	<u>147,244</u>	<u>235,117</u>	<u>13,260</u>	<u>158,384</u>	<u>554,005</u>
Receipts over/(under) disbursements	(92,249)	(21,944)	5,495	-	(108,698)

The accompanying notes are an integral part of these financial statements

**HARTFORD TOWNSHIP
LICKING COUNTY, OHIO**

**Combined Statement of Cash Receipts, Cash Disbursements, and
Changes in Fund Cash Balances - All Governmental Fund Types**

For the year ended December 31, 1998

	General Fund	Special Revenue	Debt Service	Capital Projects	Total (Memorandum Only)
Other Financing Sources (Uses):					
Operating Transfers - In	-	10,317	-	-	10,317
Operating Transfers - Out	(5,317)	-	(5,000)	-	(10,317)
Proceeds from Sale of Fixed Assets	15,000	-	-	-	15,000
Loan Proceeds	66,314	-	-	-	66,314
Other Financing Sources	2,953	-	-	-	2,953
Other Financing Uses	(3,736)	-	-	-	(3,736)
Total Other Financing Sources (Uses)	75,214	10,317	(5,000)	-	80,531
Receipts and Other Sources Over/ (Under) Disbursements and Other Uses	(17,035)	(11,627)	495	-	(28,167)
Fund Balance, January 1	19,657	22,249	81	-	41,987
Fund Balance, December 31	\$ 2,622	\$ 10,622	\$ 576	\$ -	\$ 13,820
Reserve for Encumbrances	\$ 1,006	\$ 4,952	\$ -	\$ -	\$ 5,958

The accompanying notes are an integral part of these financial statements

**HARTFORD TOWNSHIP
LICKING COUNTY, OHIO**

**Combined Statement of Cash Receipts, Cash Disbursements, and
Changes in Fund Cash Balances - All Governmental Fund Types**

For the year ended December 31, 1997

	General Fund	Special Revenue	Debt Service	Capital Projects	Total (Memorandum Only)
Receipts:					
Taxes	\$ 20,641	\$ 122,440	\$ 16,928	\$ -	\$ 160,009
Intergovernmental	26,221	70,726	1,866	-	98,813
Licenses and permits	1,640	2,822	-	-	4,462
Interest	2,073	109	-	-	2,182
Miscellaneous	10	10,040	-	-	10,050
Total Receipts	50,585	206,137	18,794	-	275,516
Disbursements:					
Current:					
General Government	49,615	2,711	-	-	52,326
Public Safety	-	48,244	-	-	48,244
Public Works	-	158,490	-	-	158,490
Health	1,361	4,743	-	-	6,104
Capital Outlay	-	-	-	-	-
Debt Service:					
Principal Payment	-	-	17,770	-	17,770
Interest and Other	-	-	3,438	-	3,438
Total Disbursements	50,976	214,188	21,208	-	286,372
Receipts over/(under) disbursements	(391)	(8,051)	(2,414)	-	(10,856)

The accompanying notes are an integral part of these financial statements

**HARTFORD TOWNSHIP
LICKING COUNTY, OHIO**

**Combined Statement of Cash Receipts, Cash Disbursements, and
Changes in Fund Cash Balances - All Governmental Fund Types**

For the year ended December 31, 1997

	General Fund	Special Revenue	Debt Service	Capital Projects	Total (Memorandum Only)
Other Financing Sources (Uses):					
Operating Transfers - In	-	5,000	2,018	-	7,018
Operating Transfers - Out	(7,018)	-	-	-	(7,018)
Other Financing Sources	14	1,614	-	-	1,628
Other Financing Uses	(1,512)	-	-	-	(1,512)
Total Other Financing Sources (Uses)	(8,516)	6,614	2,018	-	116
Receipts and Other Sources Over/ (Under) Disbursements and Other Uses	(8,907)	(1,437)	(396)	-	(10,740)
Fund Balance, January 1 (Restated)	28,564	23,686	477	-	52,727
Fund Balance, December 31	\$ 19,657	\$ 22,249	\$ 81	\$ -	\$ 41,987
Reserve for Encumbrances	\$ 3,984	\$ 8,084	\$ -	\$ -	\$ 12,068

The accompanying notes are an integral part of these financial statements

**HARTFORD TOWNSHIP
LICKING COUNTY, OHIO**

Notes to Financial Statements

December 31, 1998 and 1997

Note 1: Summary of Significant Accounting Policies

Description of the Entity

Hartford Township, Licking County, Ohio (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's management believes these financial statements present all activities for which the Township is financially accountable.

Basis of Accounting

These financial statements follow the basis of accounting prescribed or permitted by the Ohio 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 a payment is made 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 the State of Ohio.

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:

General Fund

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

Special Revenue Fund

These funds are used to account for proceeds from specific sources (other than trusts or for capital projects) that are restricted to expenditure for specific purposes.

Debt Service Fund

These funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principle, interest and related costs.

**HARTFORD TOWNSHIP
LICKING COUNTY, OHIO**

Notes to Financial Statements

December 31, 1998 and 1997

Note 1: Summary of Significant Accounting Policies (Continued)

Fund Accounting (Continued)

Capital Projects Fund

This fund is used for a road construction grant from the Ohio Public Works Commission.

Budgetary Process

The Ohio Revised Code requires that each Township 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 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.

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 certify estimated resources.

Encumbrances

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year-end are canceled, and reappropriated in the subsequent year.

A summary of 1998 and 1997 budgetary activity appears in Note 3.

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.

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 cash basis of accounting used by the Township.

**HARTFORD TOWNSHIP
LICKING COUNTY, OHIO**

Notes to Financial Statements

December 31, 1998 and 1997

Note 1: Summary of Significant Accounting Policies (Continued)

Total Columns on Financial Statements

Total columns on the financial statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. This data is not comparable to a consolidation. Interfund-type eliminations have not been made in the aggregation of this data.

Note 2: Equity in Pooled Cash and Investments

The Township maintains a cash 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>1998</u>	<u>1997</u>
Demand deposits	\$ 12,654	\$ 32,330
State Treasury Asset Reserve of Ohio	<u>1,166</u>	<u>9,657</u>
	<u>\$ 13,820</u>	<u>\$ 41,987</u>

Deposits are either: 1) insured by the Federal Depository Insurance Corporation (FDIC); 2) collateralized by securities specifically pledged by the financial institution to the Township; or 3) collateralized by the financial institution's public entity deposit pool.

Note 3: Budgetary Activity

The Township's budgetary activity for the years ended December 31, 1998 and 1997 were as follows:

1998 Budgeted vs. Actual Receipts

Fund Type	Receipts		Favorable (Unfavorable) Variance
	Budgeted	Actual	
General	\$ 139,714	\$ 139,262	\$ (452)
Special Revenue	219,868	223,490	3,622
Debt Service	18,841	18,755	(86)
Capital Projects	<u>-</u>	<u>158,384</u>	<u>158,384</u>
Total	<u>\$ 378,423</u>	<u>\$ 539,891</u>	<u>\$ 161,468</u>

**HARTFORD TOWNSHIP
LICKING COUNTY, OHIO**

Notes to Financial Statements

December 31, 1998 and 1997

Note 3: Budgetary Activity (Continued)

1998 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Reserve for Encumbrances</u>	<u>Favorable (Unfavorable) Variance</u>
General	\$ 159,444	\$ 156,297	\$ 1,006	\$ 2,141
Special Revenue	241,174	235,117	4,952	1,105
Debt Service	19,015	18,260	-	755
Capital Projects	-	158,384	-	(158,384)
Total	\$ 419,633	\$ 568,058	\$ 5,958	\$ (154,383)

1997 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Receipts</u>		<u>Favorable (Unfavorable) Variance</u>
	<u>Budgeted</u>	<u>Actual</u>	
General	\$ 83,952	\$ 50,599	\$ (33,353)
Special Revenue	234,616	212,751	(21,865)
Debt Service	22,103	20,812	(1,291)
Capital Projects	-	-	-
Total	\$ 340,671	\$ 284,162	\$ (56,509)

1997 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Reserve for Encumbrances</u>	<u>Favorable (Unfavorable) Variance</u>
General	\$ 95,452	\$ 59,506	\$ 3,984	\$ 31,962
Special Revenue	231,462	214,188	8,084	9,190
Debt Service	27,128	21,208	-	5,920
Capital Projects	-	-	-	-
Total	\$ 354,042	\$ 294,902	\$ 12,068	\$ 47,072

**HARTFORD TOWNSHIP
LICKING COUNTY, OHIO**

Notes to Financial Statements

December 31, 1998 and 1997

Note 4: Property Tax

Real property taxes become a lien on January 1 proceeding the October 1 date for which rates are adopted by the 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.

The assessed valuation of property in the Township was as follows at December 31:

	<u>1998</u>	<u>1997</u>
Real Property:		
Residential/Agricultural	\$ 19,561,900	\$ 18,680,270
Other	486,040	486,040
Tangible Personal Property:		
General	86,220	189,710
Public Utilities	<u>2,106,140</u>	<u>2,107,880</u>
Total Valuation	\$ <u>22,240,300</u>	\$ <u>21,463,900</u>

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

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

Note 5: Retirement Systems

Full-time 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 post-retirement health care, 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 1998 and 1997, 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, 1998.

**HARTFORD TOWNSHIP
LICKING COUNTY, OHIO**

Notes to Financial Statements

December 31, 1998 and 1997

Note 6: Debt Obligations

Debt outstanding at December 31 consisted of the following:

	<u>1998</u>	<u>1997</u>
6.2% interest-bearing note to bank with annual payments of \$11,200, plus interest; final payment due October 1, 2000; proceeds used for dump truck purchase	\$ 22,400	\$ 33,600
5.45% interest-bearing note to bank with annual payments of \$13,263, plus interest; final payment due May 10, 2003; proceeds used for road grader purchase	\$ <u>66,314</u> <u>88,714</u>	\$ <u>-</u> <u>33,600</u>

The annual principal payments due on these notes as of December 31, 1998 are as follows:

1999	\$ 24,463
2000	24,463
2001	13,263
2002	13,263
2003	<u>13,262</u>
	<u>\$ 88,714</u>

Note 7: Risk Management

The Township carries an insurance package from Ohio Government Risk Management Plan, which includes insurance coverage for the following:

- General liability and casualty
- Public official's liability
- Vehicle

Note 8: Year 2000

The Year 2000 issue is the result of shortcomings in many electronic data processing systems and other equipment that may adversely affect the government's operations as early as fiscal 1999.

**HARTFORD TOWNSHIP
LICKING COUNTY, OHIO**

Notes to Financial Statements

December 31, 1998 and 1997

Note 8: Year 2000 (Continued)

Hartford Township has completed an inventory of computer systems and other electronic equipment necessary to conduct Township operations:

- The Township leases the Auditor of State's Uniform Accounting Network (UAN) system for its financial operations. The Auditor of State is responsible for remediating these systems and is solely responsible for any costs associated with this project.
- Tax collection for the Township is handled by Licking County. The County is responsible for remediating this system, and is solely responsible for any costs associated with this project.

Because of the unprecedented nature of the Year 2000 issue, its effects and the success of related remediation efforts will not be fully determinable until the year 2000 and thereafter. Management cannot assure that the Township is or will be Year 2000 ready, that the Township's remediation efforts will be successful in whole or in part, or that parties with whom the Township does business will be Year 2000 ready.

Note 9: Restatement of Prior Year's Fund Balance

Prior to 1995, the Township paid off a loan obtained to maintain the Township Firehouse. The funds used to repay the note were generated through a tax levy. The Township held any additional funds received from the tax levy in a Special Assessment fund to be used for the maintenance of the Firehouse. Because the main purpose of the Special Assessment fund is to maintain the Township Firehouse, it was determined that it would more appropriately be classified as a Special Revenue fund. As a result, a restatement of the beginning fund balances of the Special Revenue and Special Assessment funds was made:

	<u>Special Revenue</u>	<u>Special Assessment</u>
Beginning Fund Balance, as previously reported	\$ 20,750	\$ 2,936
Adjustment for reclassification of funds	<u>2,936</u>	<u>(2,936)</u>
Restated Fund Balance	\$ <u>23,686</u>	\$ <u>-</u>

**Report on Compliance and on Internal Control
Over Financial Reporting Based on an Audit of
Financial Statements Performed in Accordance
with *Government Auditing Standards***

Board of Trustees
Hartford Township
Licking County, Ohio

We have audited the accompanying financial statements of Hartford Township, Licking County, Ohio (the "Township"), as of and for the years ended December 31, 1998 and 1997, and have issued our report thereon dated November 2, 1999. We conducted our audits 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 misstatements, we performed tests of the Township's compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audits, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings and questioned costs as items 98-01 to 98-08. We also noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated November 2, 1999.

Internal Control Over Financial Reporting

In planning and performing our audits, we considered the 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 do 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 operations 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 November 2, 1999.

This report is intended solely for the information and use of the Township and management, and is not intended to be and should not be used by anyone other than these specified parties.

Cimini & Cimini, Inc.

Cleveland, Ohio
November 2, 1999

HARTFORD TOWNSHIP, LICKING COUNTY, OHIO

SCHEDULE OF FINDINGS AND QUESTIONED COSTS OMB CIRCULAR A-133 SECTION .505 DECEMBER 31, 1998 AND 1997

1. SUMMARY OF AUDITOR'S RESULTS

(d)(I)(i)	Type of Financial Statement Opinion	Unqualified
(d)(I)(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(I)(ii)	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(I)(iii)	Was there any material reported noncompliance at the financial statement level (GAGAS)?	Yes
(d)(I)(iv)	Were there any material internal control weakness conditions reported for major federal programs?	Not Applicable
(d)(I)(iv)	Were there any other reportable internal control weakness conditions reported for major federal programs?	Not Applicable
(d)(I)(v)	Type of Major Programs' Compliance Opinion	Not Applicable
(d)(I)(vi)	Are there any reportable findings under Section .510?	No
(d)(I)(vii)	Major Programs	Not Applicable
(d)(I)(viii)	Dollar Threshold: Type A/B Programs	Not Applicable
(d)(I)(ix)	Low Risk Auditee?	Not Applicable

2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS

NO.

COMPLIANCE - REPORTABLE CONDITION

98-01 Section 5705.39, Ohio Revised Code, requires that a Township's total appropriation measure not exceed the total estimated revenue.

Appropriations exceeded the certificate of estimated revenue from the county auditor for the following funds:

<u>Fund</u>	<u>Year</u>	<u>Appropriation</u>	<u>Certificate</u>	<u>Difference</u>
General	1998	159,444	70,857	88,587
Motor Vehicle License	1998	13,246	11,503	1,743
Gasoline Tax	1998	55,907	52,907	3,000
Road and Bridge	1998	106,427	101,376	5,051
Cemetery	1998	12,849	11,196	1,653
General	1997	95,452	83,952	11,500
General Bond Retirement	1997	24,191	19,166	5,025

HARTFORD TOWNSHIP, LICKING COUNTY, OHIO

SCHEDULE OF FINDINGS AND QUESTIONED COSTS OMB CIRCULAR A-133 SECTION .505 DECEMBER 31, 1998 AND 1997

- 98-02 Section 5705.40, Ohio Revised Code, requires a Township to comply with the same provisions of the law when filing an amended or supplemented appropriation as they did when filing the original.

There was no documentation that the Township passed an amended appropriation ordinance even though their original appropriations were amended.

- 98-03 Section 5705.41(A), Ohio Revised Code, prohibits an expenditure from any bond fund until authorized by the taxing authority.

While performing the audit, it was noted that an expenditure relating to roadwork was made out of the bond fund. The Clerk stated that the debt service fund had available cash and the obligation had to be met.

- 98-04 Section 5705.41(B) and (D), Ohio Revised Code, prohibits a political subdivision or taxing unit from expending or encumbering money unless it has been properly appropriated. In addition, no orders or contracts involving the expenditure of money are to be made unless there is a certificate of the fiscal officer that the amount required for the order or contract has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances.

During our review of expenditures, it was noted that the majority of purchase orders were issued after the Township received the invoice. In addition, no formal appropriation for the Ohio Public Works Commission road contract was found in the minutes for 1998.

Also noted was the fact that the Township does not include unpaid encumbrances in the report totals. Our testing revealed the following unpaid encumbrances for 1998 and 1997:

<u>Fund</u>	<u>Year</u>	<u>Amount</u>
General	1998	1,006
Special Revenue	1998	4,952
General	1997	3,984
Special Revenue	1997	8,084

- 98-05 Section 5549.21, Ohio Revised Code, prohibits a Township from expending general operating levy monies on machinery and equipment to be used for road construction and maintenance. All payments must be made from the township road fund. In addition, if the expenditure exceeds \$15,000, competitive bidding is required.

During our review of expenditures, it was noted that an expenditure for road equipment was made out of the general fund and not the road and bridge fund. In addition, the expenditure was greater than \$15,000 and there is no documentation that competitive bidding procedures were followed.

HARTFORD TOWNSHIP, LICKING COUNTY, OHIO

SCHEDULE OF FINDINGS AND QUESTIONED COSTS OMB CIRCULAR A-133 SECTION .505 DECEMBER 31, 1998 AND 1997

- 98-06 Section 5575.01, Ohio Revised Code, requires a Township to follow competitive bidding procedures on contracts for maintenance or repair of roads where the amount exceeds \$15,000.

During our review of expenditures, it was noted that drainage work was performed on a road for an amount exceeding \$15,000 and there is no documentation that proper competitive bidding procedures were followed.

- 98-07 Sections 4115.04 and 4115.05, Ohio Revised Code, requires that a Township require the prevailing wages for the projects going out to bid. They need to make sure that the contractors who are awarded the contracts agree, in the contract, to pay the prevailing wage.

While reviewing the bid documentation and the contracts, we did not note any documentation that the Township is requiring contractors to pay the prevailing wage. The Clerk noted that this is usually included in the bid documentation, but we did not note any documentation to verify his claim.

- 98-08 Section 5705.36, Ohio Revised Code, requires that a Township request from the county budget commission an amended certificate of estimated resources at the time notes are issued. The new certificate should include an increase in the estimate of bond retirement receipts equal to the amount allocated to this fund for repayment of the notes, including interest.

There is no evidence that an amended certificate was obtained from the county budget commission to account for the notes that were issued during 1998.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

Not applicable.

HARTFORD TOWNSHIP, LICKING COUNTY, OHIO

SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A-133 SECTION .315(b)
DECEMBER 31, 1998 AND 1997

There were no prior audit findings and questioned costs related to federal awards.

**HARTFORD TOWNSHIP
LICKING COUNTY, OHIO**

RESPONSE TO FINDINGS ASSOCIATED WITH AUDIT
CONDUCTED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*
FOR THE YEAR ENDED DECEMBER 31, 1998 AND 1997

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
98-01	The Township will monitor appropriations to ensure that they do not exceed estimated revenues.	Not Applicable	Mike Ullom
98-02	The Township will file amended or supplemental appropriations correctly and timely with proper documentation in the minutes.	Not Applicable	Mike Ullom
98-03	The Township will not use funds from the bond fund without prior authorization from the taxing authority	Not Applicable	Mike Ullom
98-04	The Township will issue purchase orders correctly.	Not Applicable	Mike Ullom
98-05	The Township will transfer General Fund money to the proper fund before expending.	Not Applicable	Mike Ullom
98-06	The Township will follow proper bidding procedures if the contract is expected to exceed \$15,000.	Not Applicable	Mike Ullom
98-07	The Township will maintain proper documentation for projects in regard to prevailing wages.	Not Applicable	Mike Ullom
98-08	The Township will request amended certificates of estimated resources when required.	Not Applicable	Mike Ullom



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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800-282-0370
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HARTFORD TOWNSHIP
LICKING 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.

By: *Susan Babbitt*

Date: **JAN 13 2000**