



**HARTFORD TOWNSHIP
TRUMBULL COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 1999-1998



**JIM PETRO
AUDITOR OF STATE**

STATE OF OHIO

TABLE OF CONTENTS

TITLE	PAGE
Report of Independent Accountants	1
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Governmental Fund Types For the Year Ended December 31, 1999	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Governmental Fund Types For the Year Ended December 31, 1998	4
Notes to the Financial Statements	5
Report of Independent Accountants on Compliance and on Internal Control Required by <i>Government Auditing Standards</i>	11

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REPORT OF INDEPENDENT ACCOUNTANTS

Hartford Township
Trumbull County
P.O. Box 116
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To the Board of Trustees:

We have audited the accompanying financial statements of Hartford Township, Trumbull 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 described 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 reserves for encumbrances of Hartford Township as of December 31, 1999 and December 31, 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 May 26, 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 the 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

May 26, 2000

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

	<u>Governmental Fund Types</u>			Total (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Project</u>	
Cash receipts:				
Local taxes	\$36,846	\$61,139		\$97,985
License, Permits and Fees	4,478	9,893		14,371
Intergovernmental Receipts	82,387	63,634		146,021
Interest	3,136	1,081	128	4,345
All Other Revenue	<u>8,771</u>	<u>12,290</u>		<u>21,061</u>
Total cash receipts	<u>135,618</u>	<u>148,037</u>	<u>128</u>	<u>283,783</u>
Cash disbursements:				
Current:				
General government	92,298			92,298
Public Safety	27,648	39,553		67,201
Public Works	5,162	73,068		78,230
Health	3,050	4,602		7,652
Debt Service:				
Redemption of principal		15,500		15,500
Interest		1,721		1,721
Capital outlay		<u>496</u>		<u>496</u>
Total program disbursements	<u>128,158</u>	<u>134,940</u>		<u>263,098</u>
Total receipts over/(under) program disbursements	<u>7,460</u>	<u>13,097</u>	<u>128</u>	<u>20,685</u>
Transfers-in		2,000		2,000
Transfers-out	<u>(2,000)</u>			<u>(2,000)</u>
Total other financing receipts/(disbursements)	<u>(2,000)</u>	<u>2,000</u>		
Excess of cash receipts and other financing receipts over/(under) cash disbursements and other financing disbursements	5,460	15,097	128	20,685
Fund cash balances January 1, 1999	<u>58,466</u>	<u>85,675</u>	<u>6,635</u>	<u>150,776</u>
Fund cash balances, December 31, 1999	<u>\$63,926</u>	<u>\$100,772</u>	<u>\$6,763</u>	<u>\$171,461</u>

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

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND
CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1998

	<u>Governmental Fund Types</u>			Total (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Project</u>	
Cash receipts:				
Local taxes	\$33,923	\$60,805		\$94,728
License, Permits and Fees	4,623	4,881		9,504
Fines and Forfeitures	6,388	35		6,423
Intergovernmental Receipts	56,619	60,332		116,951
Interest	3,109	1,036	103	4,248
All Other Revenue	<u>12,012</u>	<u>4,393</u>		<u>16,405</u>
Total cash receipts	<u>116,674</u>	<u>131,482</u>	<u>103</u>	<u>248,259</u>
Cash disbursements:				
Current:				
General government	95,194			95,194
Public Safety	30,030	31,155		61,185
Public Works	1,429	74,811		76,240
Health	2,687	1,576		4,263
Debt Service:				
Redemption of principal		15,500		15,500
Interest		2,731		2,731
Capital outlay	<u>370</u>	<u>562</u>		<u>932</u>
Total program disbursements	<u>129,710</u>	<u>126,335</u>		<u>256,045</u>
Total receipts over/(under) program disbursements	<u>(13,036)</u>	<u>5,147</u>	<u>103</u>	<u>(7,786)</u>
Transfers-in				
Transfers-out	(13,712)	13,712		(13,712)
Proceeds of Notes	<u>10,550</u>			<u>10,550</u>
Total other financing receipts/(disbursements)	<u>(3,162)</u>	<u>13,712</u>		<u>10,550</u>
Excess of cash receipts and other financing receipts over/(under) cash disbursements and other financing disbursements	(16,198)	18,859	103	2,764
Fund cash balances January 1, 1998	<u>74,664</u>	<u>66,816</u>	<u>6,532</u>	<u>148,012</u>
Fund cash balances, December 31, 1998	<u>\$58,466</u>	<u>\$85,675</u>	<u>\$6,635</u>	<u>\$150,776</u>

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. DESCRIPTION OF THE ENTITY

Hartford Township, Trumbull 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, park operations (leisure time activities), police and fire protection and emergency medical services.

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 had a NOW account with Cortland Bank. The Township had an investment in Star Ohio (the State Treasurer's investment pool) which is valued at amounts reported by the State Treasurer.

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:

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

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

Fire District - This fund receives property tax money for the general operation of the fire department.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Police District - This fund receives property tax money for the general operation of the police department.

3. Capital Projects Fund

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).

E. BUDGETARY PROCESS

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

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Appropriations lapse at year end.

2. Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered 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.

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.

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

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 at December 31 was as follows:

	<u>1999</u>	<u>1998</u>
Demand deposit	\$154,277	\$134,430
STAR Ohio	<u>17,184</u>	<u>16,346</u>
Total Deposits and Investments	<u>\$171,461</u>	<u>\$150,776</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: The investment in STAR Ohio is not evidenced by securities that exist in physical or book-entry form.

3. BUDGETARY ACTIVITY

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

1999 Budgeted VS. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$112,309	\$135,618	\$23,309
Special Revenue	142,708	150,037	7,329
Non-Expendable Trust	546	128	(418)
	_____	_____	_____
Total	<u>\$255,563</u>	<u>\$285,783</u>	<u>\$30,220</u>

1999 Budgeted VS. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$179,876	\$130,158	\$49,718
Special Revenue	208,396	134,940	73,456
Capital Projects	7,180		7,180
	_____	_____	_____
Total	<u>\$395,452</u>	<u>\$265,098</u>	<u>\$130,354</u>

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

3. BUDGETARY ACTIVITY (Continued)

1998 Budgeted VS. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$116,814	\$127,224	\$10,410
Special Revenue	144,628	145,194	566
Capital Projects	100	103	3
	<u> </u>	<u> </u>	<u> </u>
Total	<u>\$261,542</u>	<u>\$272,521</u>	<u>\$10,979</u>

1998 Budgeted VS. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$193,776	\$143,422	\$50,354
Special Revenue	255,738	126,335	129,403
Non-Expendable Trust	7,048	0	7,048
	<u> </u>	<u> </u>	<u> </u>
Total	<u>\$456,562</u>	<u>\$269,757</u>	<u>\$186,805</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.

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

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

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

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

5. DEBT

Debt outstanding at December 31, 1999 was as follows:

	Principal	Interest Rate
General Obligation Note	\$15,500	5.55%

The general obligation note is for a fire tanker and is collateralized solely by the Township's taxing authority.

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

Year ending December 31:	Fire Tanker
2000	\$16,360

6. RETIREMENT SYSTEMS

The Township's 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 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, members of PERS 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.

7. RISK MANAGEMENT

The Township is a member of the Ohio Township Association Risk Management Authority. The plan assumes the risk of loss up to the limits of the Township policy. The following risks are covered by the plan:

- Municipal general liability
- Public officials' liability
- Police professional liability
- Municipal automobile
- Municipal property coverage

The Township has obtained commercial insurance for Error and Omissions.

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

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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***

Hartford Township
Trumbull County
P.O. Box 81
Hartford, Ohio 44491

To the Board of Trustees:

We have audited the accompanying financial statements of Hartford Township, Trumbull County, Ohio (the Township), as of and for the years ended December 31, 1999 and December 31, 1998, and have issued our report thereon dated May 26, 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 May 26, 2000.

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

May 26, 2000



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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HARTFORD TOWNSHIP

TRUMBULL 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
JULY 13, 2000**