



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

HARTFORD TOWNSHIP
TRUMBULL COUNTY

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REPORT OF INDEPENDENT ACCOUNTANTS

Hartford Township
Trumbull County
P.O. Box 116
Hartford, Ohio 44424

To the Board of Trustees:

We have audited the accompanying financial statements of Hartford Township (the Township) as of and for the years ended December 31, 2001 and December 31, 2000. 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 auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Township as of December 31, 2001 and December 31, 2000, 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 11, 2002 on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

This report is intended solely for the information and use of management, the Board 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 11, 2002

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**HARTFORD TOWNSHIP
TRUMBULL COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2001**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Local Taxes	\$41,932	\$70,468	\$0	\$112,400
Charges for Services	0	4,052	0	4,052
Licenses, Permits, and Fees	3,933	11,739	0	15,672
Intergovernmental	78,627	63,374	92,983	234,984
Earnings on Investments	3,253	1,507	75	4,835
Other Revenue	12,422	13,656	0	26,078
	<u>140,167</u>	<u>164,796</u>	<u>93,058</u>	<u>398,021</u>
Total Cash Receipts				
	140,167	164,796	93,058	398,021
Cash Disbursements:				
Current:				
General Government	84,126	0	0	84,126
Public Safety	43,868	51,572	0	95,440
Public Works	5,210	99,967	0	105,177
Health	3,100	7,624	0	10,724
Debt Service:				
Redemption of Principal	0	0	0	0
Interest and Fiscal Charges	0	0	0	0
Capital Outlay	0	3,818	92,983	96,801
	<u>136,304</u>	<u>162,981</u>	<u>92,983</u>	<u>392,268</u>
Total Cash Disbursements				
	136,304	162,981	92,983	392,268
Total Receipts Over/(Under) Disbursements	<u>3,863</u>	<u>1,815</u>	<u>75</u>	<u>5,753</u>
Other Financing Receipts/(Disbursements):				
Transfers-In		3,500		3,500
Transfers-Out	(3,500)	0		(3,500)
	<u>(3,500)</u>	<u>3,500</u>	<u>0</u>	<u>0</u>
Total Other Financing Receipts/(Disbursements)				
	(3,500)	3,500	0	0
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	363	5,315	75	5,753
Fund Cash Balances, January 1, 2001	<u>57,079</u>	<u>134,268</u>	<u>6,763</u>	<u>198,110</u>
Fund Cash Balances, December 31, 2001	<u>\$57,442</u>	<u>\$139,583</u>	<u>\$6,838</u>	<u>\$203,863</u>

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

**HARTFORD TOWNSHIP
TRUMBULL COUNTY**

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

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Local Taxes	\$42,563	\$68,447	\$0	\$111,010
Licenses, Permits, and Fees	2,251	7,703	0	9,954
Fines, Forfeitures, and Penalties	1,196	0		1,196
Intergovernmental	68,668	61,668	0	130,336
Earnings on Investments	3,425	1,506	0	4,931
Other Revenue	13,611	11,133	0	24,744
Total Cash Receipts	<u>131,714</u>	<u>150,457</u>	<u>0</u>	<u>282,171</u>
Cash Disbursements:				
Current:				
General Government	91,356	0	0	91,356
Public Safety	30,543	41,921	0	72,464
Public Works	5,562	78,774	0	84,336
Health	3,100	3,741	0	6,841
Capital Outlay	0	525	0	525
Total Cash Disbursements	<u>130,561</u>	<u>124,961</u>	<u>0</u>	<u>255,522</u>
Total Receipts Over/(Under) Disbursements	<u>1,153</u>	<u>25,496</u>	<u>0</u>	<u>26,649</u>
Other Financing Receipts/(Disbursements):				
Transfers-In		8,000		8,000
Transfers-Out	(8,000)			(8,000)
Total Other Financing Receipts/(Disbursements)	<u>(8,000)</u>	<u>8,000</u>	<u>0</u>	<u>0</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>(6,847)</u>	<u>33,496</u>	<u>0</u>	<u>26,649</u>
Fund Cash Balances, January 1,2000	<u>63,926</u>	<u>100,772</u>	<u>6,763</u>	<u>171,461</u>
Fund Cash Balances, December 31, 2000	<u><u>\$57,079</u></u>	<u><u>\$134,268</u></u>	<u><u>\$6,763</u></u>	<u><u>\$198,110</u></u>

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

**HARTFORD TOWNSHIP
TRUMBULL COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000**

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 road and bridge maintenance, cemetery maintenance, police and fire protection.

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

Investments are included in fund cash balances. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains and losses at the time of sale are not recorded as receipts or disbursements, respectively.

STAR Ohio is recorded at share values 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 construct, maintain and repair Township roads.

**HARTFORD TOWNSHIP
TRUMBULL COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

3. Capital Projects 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 projects fund:

Issue II Fund - The Township received a grant from the State of Ohio for the Drake State Line Road Widening Project.

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 object level of control and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Appropriations lapse at year end.

2. Estimated Resources

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

3. Encumbrances

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances at year end are cancelled, and re-appropriated in the subsequent year. The Township did not encumber all commitments required by Ohio law.

A summary of 2001 and 2000 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.

**HARTFORD TOWNSHIP
TRUMBULL COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

G. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Township's basis of accounting.

2. EQUITY IN POOLED CASH AND INVESTMENTS

The Township maintains a cash and investment 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:

	2000	2001
Demand deposits	\$179,825	\$184,820
STAR Ohio	<u>18,285</u>	<u>19,043</u>
Total Deposits and Investments	<u>\$198,110</u>	<u>\$203,863</u>

Deposits: Deposits are either insured by the Federal Depository Insurance Corporation or collateralized by securities specifically pledged by the financial institution to the Township.

Investments: Investments in STAR Ohio are not evidenced by securities that exist in physical or book-entry form.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ended December 31, 2001 and December 31, 2000 follows:

2001 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$150,362	\$140,167	(\$10,195)
Special Revenue	153,967	168,296	14,329
Capital Projects	<u>99,500</u>	<u>93,058</u>	<u>(6,442)</u>
Total	<u>\$403,829</u>	<u>\$401,521</u>	<u>(\$2,308)</u>

2001 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$179,507	\$139,804	\$39,703
Special Revenue	254,044	162,981	91,063
Capital Projects	<u>106,262</u>	<u>92,983</u>	<u>13,279</u>
Total	<u>\$539,813</u>	<u>\$395,768</u>	<u>\$144,045</u>

**HARTFORD TOWNSHIP
TRUMBULL COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

3. BUDGETARY ACTIVITY (continued)

2000 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$128,480	\$131,714	\$3,234
Special Revenue	138,982	158,457	19,475
Capital Project	99,606	0	(99,606)
Total	\$367,068	\$290,171	(\$76,897)

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$170,348	\$138,561	\$31,787
Special Revenue	211,064	124,961	86,103
Capital Projects	106,368	0	106,368
Total	\$487,780	\$263,522	\$224,258

Contrary to Ohio law, the Township did not properly certify expenditures for 35% of the expenditures tested.

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding 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.

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.

**HARTFORD TOWNSHIP
TRUMBULL COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

5. 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 2001 and 2000, members of PERS contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries for 2001 and from January 1, 2000 through June 30, 2000. PERS temporarily reduced the employer contribution rate to 8.13%, effective July 1, 2000 through December 31, 2000. The Township has paid all contributions required through December 31, 2001.

6. RISK MANAGEMENT

Commercial Insurance

The Township has obtained commercial insurance for the following risks:

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

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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 116
Hartford, Ohio 44424

To the Board of Trustees:

We have audited the accompanying financial statements of Hartford Township (the Township) as of and for the years ended December 31, 2001 and December 31, 2000, and have issued our report thereon dated June 11, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 the 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 an instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2001-41178-001.

Internal Control Over Financial Reporting

In planning and performing our audit, 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 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 some 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 11, 2002.

Hartford Township
Trumbull County
Report of Independent Accountants on Compliance and on
Internal Control Required by *Government Auditing Standards*
Page 2

This report is intended solely for the information and use of the 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 11, 2002

HARTFORD TOWNSHIP
TRUMBULL COUNTY

SCHEDULE OF FINDING
DECEMBER 31, 2001 AND DECEMBER 31, 2000

FINDING RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS

Noncompliance Citation

FINDING NUMBER 2001-41178-001

Ohio Rev. Code Section 5705.41(D) provides that no subdivision or taxing unit shall make any contract or order any expenditure of money unless there is attached thereto a certificate of the fiscal officer of the subdivision that the amount required to meet the same has been lawfully appropriated for such purpose and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances.

This section also provides two "exceptions" to the above requirements:

- a. Then and Now Certificate - If no certificate is furnished as required, upon receipt of the fiscal officer's certificate that a sufficient sum was appropriated and free of any previous encumbrances, both at the time the contract was made and at the time of completing the certification, the Township Trustees may authorize the issuance of a warrant in payment of the amount due upon such contract or order by resolution within 30 days from the receipt of such certificate, if such expenditure is otherwise valid.
- b. If the amount involved is less than one thousand dollars, the fiscal officer may authorize it to be paid without the affirmation of the Township Trustees.

Proper certification of funds by the Township Clerk was not obtained for thirty-five percent of the expenditures tested in 2000 and 2001.

Unless the certification meets one of the two exceptions, the Clerk should certify funds before the Township monies are obligated using a regular, blanket or super blanket certificate (as further permitted by ORC 5705.41 (D)). This certificate should be signed by the Township Clerk.



STATE OF OHIO
OFFICE OF THE AUDITOR

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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 9, 2002**