



**VILLAGE OF HARTFORD
LICKING COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2001 - 2000



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

VILLAGE OF HARTFORD
LICKING COUNTY

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REPORT OF INDEPENDENT ACCOUNTANTS

Village Council
Village of Hartford
Licking County
P.O. Box 154
Croton, Ohio 43013

We have audited the accompanying financial statements of the Village of Hartford (the Village) as of and for the years ended December 31, 2001 and December 31, 2000. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits 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 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 Village 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 Village 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 March 1, 2002 on our consideration of the Village'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 audits.

This report is intended solely for the information and use of the audit committee, management, Village Council 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.

JIM PETRO
Auditor of State

March 1, 2002

**VILLAGE OF HARTFORD
LICKING 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>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Property Tax and Other Local Taxes	\$8,532	\$0	\$8,532
Intergovernmental Receipts	36,027	9,721	45,748
Fines, Licenses, and Permits	6,702	0	6,702
Earnings on Investments	2,180	1,645	3,825
Miscellaneous	7	0	7
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	53,448	11,366	64,814
Cash Disbursements:			
Current:			
Security of Persons and Property	34,126	0	34,126
Public Health Services	570	0	570
Leisure Time Activities	1,683	0	1,683
Transportation	0	8,910	8,910
General Government	19,302	0	19,302
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	55,681	8,910	64,591
Total Receipts Over/(Under) Disbursements	(2,233)	2,456	223
Fund Cash Balances, January 1	<hr/>	<hr/>	<hr/>
	66,223	49,192	115,415
Fund Cash Balances, December 31	<u>\$63,990</u>	<u>\$51,648</u>	<u>\$115,638</u>

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

VILLAGE OF HARTFORD
LICKING COUNTY

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCE - AGENCY FUND
FOR THE YEAR ENDED DECEMBER 31, 2001

	<u>Agency</u>
Non-Operating Cash Receipts:	
Fees and fines collected	<u>\$9,379</u>
Non-Operating Cash Disbursements:	
Fees and fines distributed	<u>8,523</u>
Excess of Receipts Over Disbursements	856
Fund Cash Balance, January 1	<u>180</u>
Fund Cash Balance, December 31	<u><u>\$1,036</u></u>

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

**VILLAGE OF HARTFORD
LICKING 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>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Property Tax and Other Local Taxes	\$8,921	\$0	\$8,921
Intergovernmental Receipts	43,270	10,110	53,380
Fines, Licenses, and Permits	8,906	0	8,906
Earnings on Investments	3,057	2,502	5,559
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	64,154	12,612	76,766
	<hr/>	<hr/>	<hr/>
Cash Disbursements:			
Current:			
Security of Persons and Property	27,101	0	27,101
Public Health Services	557	0	557
Leisure Time Activities	2,309	0	2,309
Transportation	0	10,865	10,865
General Government	23,754	0	23,754
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	53,721	10,865	64,586
	<hr/>	<hr/>	<hr/>
Total Receipts Over/(Under) Disbursements	10,433	1,747	12,180
Fund Cash Balances January 1	55,790	47,445	103,235
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, December 31	<u>\$66,223</u>	<u>\$49,192</u>	<u>\$115,415</u>

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

VILLAGE OF HARTFORD
LICKING COUNTY

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCE - AGENCY FUND
FOR THE YEAR ENDED DECEMBER 31, 2000

	<u>Agency</u>
Non-Operating Cash Receipts:	
Fees and fines collected	<u>\$8,995</u>
Non-Operating Cash Disbursements:	
Fees and fines distributed	<u>9,092</u>
Excess of Receipts Under Disbursements	(97)
Fund Cash Balance, January 1	<u>277</u>
Fund Cash Balance, December 31	<u><u>\$180</u></u>

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

**VILLAGE OF HARTFORD
LICKING COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Village of Hartford, Licking County, (the Village) 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 Village is directed by a publicly-elected six-member Council. The Village provides a variety of services including park operations and police services.

The Village's management believes these financial statements present all activities for which the Village 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 or losses at the time of sale are recorded as receipts or disbursements, respectively.

STAR Ohio is recorded at share values reported by the mutual fund.

D. Fund Accounting

The Village uses fund accounting to segregate cash and investments that are restricted as to use. The Village 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 Fund

This fund is 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 Village had the following significant Special Revenue Fund:

Street Construction, Maintenance and Repair Fund - This fund receives gasoline tax and motor vehicle tax money for constructing, maintaining and repairing Village streets.

**VILLAGE OF HARTFORD
LICKING COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

3. Fiduciary Fund (Agency Fund)

A fund for which the Village is acting in an agency capacity is classified as an agency fund. The Village had the following significant Agency Fund:

Mayor's Court Fund - This fund receives monies from collections on fines imposed from tickets issued by the Village's police protection force. Funds are collected in part on behalf of the State of Ohio.

E. Budgetary Process

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

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund level of control, and appropriations may not exceed estimated resources. The Council 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 Village to reserve (encumber) appropriations when commitments are made.

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.

2. EQUITY IN POOLED CASH AND INVESTMENTS

The Village 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:

**VILLAGE OF HARTFORD
LICKING COUNTY**

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

2. EQUITY IN POOLED CASH AND INVESTMENTS (Continued)

	2001	2000
Demand deposits	\$ 20,546	\$ 23,291
STAR Ohio	96,128	92,304
Total deposits and investments	\$116,674	\$115,595

Deposits: Deposits are either insured by the Federal Depository Insurance Corporation.

Investments: 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 ended December 31, 2001 and December 31, 2000 was as follows:

2001 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$43,354	\$53,448	\$10,094
Special Revenue	10,110	11,366	1,256
Total	\$53,464	\$64,814	\$11,350

2001 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$110,097	\$55,681	\$54,416
Special Revenue	58,781	8,910	49,871
Total	\$168,878	\$64,591	\$104,287

2000 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$41,371	\$64,154	\$22,783
Special Revenue	10,077	12,612	2,535
Total	\$51,448	\$76,766	\$25,318

2000 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$99,637	\$53,721	\$45,916
Special Revenue	55,046	10,865	44,181
Total	\$154,683	\$64,586	\$90,097

**VILLAGE OF HARTFORD
LICKING COUNTY**

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

4. PROPERTY TAX

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

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 Village.

5. RETIREMENT SYSTEM

The Village'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 2001 and 2000, PERS members contributed 8.5% of their gross salaries. The Village 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 Village has paid all contributions required through December 31, 2001.

6. RISK POOL MEMBERSHIP

The Village belongs to the Ohio Government Risk Management Plan (the "Plan"), an unincorporated non-profit association with over 600 governmental entity members providing a formalized, jointly administered self-insurance risk management program and other administrative services.

Pursuant to Section 2744.081 of the Ohio Revised Code, the Plan is deemed a separate legal entity. The Plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages, modified for each member's needs. The Plan pays judgments, settlements and other expenses resulting from covered claims that exceed the member's deductible.

The Plan uses conventional insurance coverages and reinsures these coverages 100%, rather than using a risk pool of member funds to pay individual and collective losses. Therefore, the individual members are only responsible for their self-retention (deductible) amounts which vary from member to member.



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**REPORT OF ON COMPLIANCE AND ON INTERNAL CONTROL REQUIRED BY
GOVERNMENT AUDITING STANDARDS**

Village Council
Village of Hartford
Licking County
P.O. Box 154
Croton, Ohio 43013

We have audited the accompanying financial statements of the Village of Hartford (the Village) as of and for the years ended December 31, 2001 and December 31, 2000, and have issued our report thereon dated March 1, 2002. We conducted our audits 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 Village'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 audits 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*. However, we noted a certain immaterial instance of noncompliance that we have reported to management of the Village in a separate letter dated March 1, 2002.

Internal Control Over Financial Reporting

In planning and performing our audits, we considered the Village'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.

Village of Hartford
Licking County
Report 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 audit committee, management and Village Council, and is not intended to be and should not be used by anyone other than these specified parties.

JIM PETRO
Auditor of State

March 1, 2002

VILLAGE OF HARTFORD
LICKING COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2001 AND 2000

Finding Number	Finding Summary	Fully Corrected?	Explanation
1999-30645-001	Ohio Rev. Code 5705.41(B) - Expenditures exceeded appropriations in one fund.	Yes	Finding No Longer Applicable; the Village is in Compliance.
1999-30645-002	Ohio Rev. Code 5705.41 (D) - Not properly certifying funds were available.	No	Not Fully Corrected; This finding is included in the management letter.



STATE OF OHIO
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VILLAGE OF HARTFORD

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.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
APRIL 2, 2002**