

**VILLAGE OF HARTFORD**

**AUDIT REPORT**

**JANUARY 1, 2016 - DECEMBER 31, 2017**

**Wilson, Phillips & Agin, CPA's, Inc.  
1100 Brandywine Blvd. Building G  
Zanesville, Ohio 43701**





# Dave Yost • Auditor of State

Village Council  
Village of Hartford  
PO Box 253  
Croton, OH 43013

We have reviewed the *Independent Auditors' Report* of the Village of Hartford, Licking County, prepared by Wilson, Phillips & Agin, CPA's, Inc., for the audit period January 1, 2016 through December 31, 2017. 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 Village of Hartford is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost  
Auditor of State

July 16, 2018

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**VILLAGE OF HARTFORD  
LICKING COUNTY  
JANUARY 1, 2016 - DECEMBER 31, 2017**

**TABLE OF CONTENTS**

Table of Contents	( i )
Independent Auditors' Report	1-2
Financial Statements	
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types For the Year Ended December 31, 2017	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Proprietary Fund Types and Fiduciary Fund Types For the Year Ended December 31, 2017	4
2017 Notes to the Financial Statements	5
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types For the Year Ended December 31, 2016	12
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Proprietary Fund Types and Fiduciary Fund Types For the Year Ended December 31, 2016	13
2016 Notes to the Financial Statements	14
Independent Auditors' Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statement Performed in Accordance with Government Auditing Standards.	21
Schedule of Audit Findings	23
Schedule of Prior Audit Findings	27

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**WILSON, PHILLIPS & AGIN, CPA'S, INC.  
1100 BRANDYWINE BLVD. BUILDING G  
ZANESVILLE, OHIO 43701**

**INDEPENDENT AUDITORS' REPORT**

Village of Hartford  
Licking County  
P.O. Box 253  
Hartford, Ohio 43013

To the Village Council:

**Report on the Financial Statements**

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type and related notes of the Village of Hartford, Licking County, as of and for the years ended December 31, 2017 and 2016.

**Management's Responsibility For the Financial Statements**

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Village's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Village's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

**Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles**

As described in Note 2 of the financial statements, the Village prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States, to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory basis of accounting and GAAP are not reasonably determinable, are presumed to be material.

Though the Village does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis permitted is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

#### **Adverse Opinion on U.S. Generally Accepted Accounting Principles**

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village of Hartford as of December 31, 2017 and 2016, or changes in financial position or cash flows thereof for the years then ended.

#### **Opinion on Regulatory Basis of Accounting**

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of the Village of Hartford, Licking County as of December 31, 2017 and 2016, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 2.

#### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued a report dated June 7, 2018, on our consideration of the Village of Hartford's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.

***Wilson, Phillips & Agin, CPA's, Inc.***

Zanesville, Ohio

June 7, 2018



**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, 2017**

	Governmental Fund Types		Totals (Memorandum Only)
	General	Special Revenue	
<b>Cash Receipts:</b>			
Property Tax and Other Local Taxes	\$ 13,142	\$ -	\$ 13,142
Intergovernmental	23,699	19,740	43,439
Fines, Licenses and Permits	5,013	-	5,013
Earnings on Investments	1,509	-	1,509
Miscellaneous	871	-	871
<b>Total Cash Receipts</b>	<b>44,234</b>	<b>19,740</b>	<b>63,974</b>
<b>Cash Disbursements:</b>			
Current:			
Security of Persons and Property	9,990	-	9,990
Transportation	-	5,473	5,473
General Government	23,450	8,242	31,692
Debt Service:			
Principal	-	2,606	2,606
<b>Total Cash Disbursements</b>	<b>33,440</b>	<b>16,321</b>	<b>49,761</b>
<b>Total Cash Receipts Over/(Under) Cash Disbursements</b>	<b>10,794</b>	<b>3,419</b>	<b>14,213</b>
<b>Other Financing Receipts (Disbursements)</b>			
Transfer In	-	2,606	2,606
Transfer Out	-	(2,606)	(2,606)
<b>Total Other Financing Receipts</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements	10,794	3,419	14,213
<b>Fund Cash Balance, January 1</b>	<b>26,777</b>	<b>37,280</b>	<b>64,057</b>
<b>Fund Cash Balances, December 31</b>			
Restricted	-	40,643	40,643
Assigned	260	56	316
Unassigned (Deficit)	37,311	-	37,311
<b>Fund Cash Balance, December 31</b>	<b>\$ 37,571</b>	<b>\$ 40,699</b>	<b>\$ 78,270</b>

See notes to financial statements.

**VILLAGE OF HARTFORD  
LICKING COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCE - ALL PROPRIETARY AND FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2017**

	Proprietary	Fiduciary	Totals
	Enterprise	Agency	(Memorandum Only)
<b>Operating Cash Receipts:</b>			
Charges for Services	\$ 165,824	-	\$ 165,824
<b>Total Operating Cash Receipts</b>	165,824	-	165,824
<b>Operating Cash Disbursements:</b>			
Personal Services	12,143	-	12,143
Fringe Benefits	1,194	-	1,194
Contractual Service	52,486	-	52,486
Supplies and Materials	6,408	-	6,408
Other	-	-	-
<b>Total Operating Cash Disbursements</b>	72,231	-	72,231
<b>Operating Income</b>	93,593	-	93,593
<b>Non-Operating Cash Receipts:</b>			
Fees and Fines Collected	-	6,128	6,128
Special Assessments	7,493	-	7,493
Miscellaneous	-	-	-
Transfers In	73,102	-	73,102
<b>Total Non-Operating Cash Receipts</b>	80,595	6,128	86,723
<b>Non-Operating Cash Disbursements:</b>			
Principal Retirement	72,898	-	72,898
Interest and Other Fiscal Charges	203	-	203
Transfers Out	73,102	-	73,102
Fees and Fines Distributed	-	6,376	6,376
<b>Total Non-Operating Cash Disbursements</b>	146,203	6,376	152,579
<b>Excess of Receipts Over Disbursements</b>	27,985	(248)	27,737
<b>Fund Cash Balances, January 1</b>	103,906	1,415	105,321
<b>Fund Cash Balances, December 31</b>	\$ 131,891	\$ 1,167	\$ 133,058

See notes to financial statements.

**VILLAGE OF HARTFORD  
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2017**

**1. REPORTING ENTITY**

**Description of the Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of Hartford, Licking County, (the Village) as a body corporate and politic. A publicly-elected six-member Council directs the Village. The Village provides general governmental services, sewer utilities, park services and police services.

The Village participates in the Ohio Plan Risk Management, Inc. (OPRM) public entity risk pool. Note 6 to the financial statements provides additional information for this entity.

The Village's management believes these financial statements present all activities for which the Village is financially accountable.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***Basis of Presentation***

The Village's financial statements consist of a combined statement of receipts, disbursements and changes in fund balance (regulatory cash basis) for all governmental fund types, and a combined statement of receipts, disbursements and changes in fund balance (regulatory cash basis) for all proprietary fund types which are organized on a fund type basis.

***Fund Accounting***

The Village uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Village are presented below:

**Governmental Funds**

**General Fund**

The General fund is the operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

**Special Revenue Funds**

These funds are used to account for proceeds from specific sources that are restricted or committed to expenditures for specific purposes other than debt service or capital projects. The Village had the following significant Special Revenue Fund:

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

**VILLAGE OF HARTFORD  
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2017**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Enterprise Funds**

These funds account for operations that are similar to private business enterprises where management intends that the significant costs of providing certain goods or services will be recovered through user charges. The Village had the following significant Enterprise Fund:

**Sewer Fund** – This fund receives charges for services from residents to cover the cost of providing this utility.

**Fiduciary Funds**

Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Village disburses these funds as directed by the individual, organization or other government. The Village had the following significant Fiduciary Fund:

**Mayors Court Fund** - This fund receives fines and fees levied for traffic violations as prescribed by Village Ordinance. The funds are distributed to various agencies as prescribed by the Ohio Revised Code.

***Basis of Accounting***

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code 117-2-03(D). This basis is similar to the cash receipts and disbursements accounting basis. The Village recognizes receipts when received in cash rather than when earned, and recognizes disbursements 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 the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code 117-2-03(D) permit.

***Budgetary Process***

The Ohio Revised Code requires that each fund (except certain Agency Funds) 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 Village 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.

**Estimated Resources**

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

**VILLAGE OF HARTFORD  
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2017**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Encumbrances**

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are carried over and need not be reappropriated in the subsequent year.

A summary of 2017 budgetary activity appears in Note 3.

***Deposits and Investments***

The Village's accounting basis includes investment as assets. This basis does not record disbursement for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

***Property, Plant, and Equipment***

Acquisition of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

***Accumulated Leave***

In certain circumstances, such as leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

***Fund Balance***

Fund balance is divided into five classifications based primarily on the extent to which the Village must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

**Nonspendable** – The Village classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

**Restricted** – Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

**Committed** – Council can *commit* via formal action (resolution). The Village must adhere to these commitments unless council amends the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

**Assigned** – Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Village Council or a Village official delegated that authority by ordinance, or by State Statute.

**VILLAGE OF HARTFORD  
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2017**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Unassigned** – Unassigned fund balance is the residual classification for the general fund and includes amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Village applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classification could be used.

**3. BUDGETARY ACTIVITY**

Budgetary activity for the year ended December 31, 2017 is as follows:

<b>2017 Budgeted vs. Actual Receipts</b>			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 39,902	\$ 44,234	\$ 4,332
Special Revenue	19,130	22,346	3,216
Enterprise	137,000	246,419	109,419
Total	\$ 196,032	\$ 312,999	\$ 116,967

<b>2017 Budgeted vs. Actual Budgetary Basis Expenditures</b>			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 38,082	\$ 33,700	\$ 4,382
Special Revenue	25,013	18,983	6,030
Enterprise	259,835	218,434	41,401
Total	\$ 322,930	\$ 271,117	\$ 51,813

Contrary to ORC 5705.41(D), the Village made expenditures without prior certification.

Contrary to ORC 5705.39, the Village's Sewer fund had appropriations greater than estimated resources.

**4. EQUITY IN POOLED CASH AND INVESTMENTS**

The Village 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:

	2017
Demand Deposits	69,037
STAR Ohio	142,291
Total Deposits and Investments	\$ 211,328

**VILLAGE OF HARTFORD  
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2017**

**4. EQUITY IN POOLED CASH AND INVESTMENTS (Continued)**

**Deposits:** Deposits are insured by the Federal Depository Insurance Corporation or 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.

**5. PROPERTY TAX**

Real property taxes become a lien on January 1 preceding the October 1 date for which the Council adopted rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays 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 by December 31. The second half payment is due the following June 20.

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

**6. RISK MANAGEMENT**

The Government belongs to the Ohio Plan Risk Management, Inc. (OPRM) (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments ("Members"). The Plan is legally separate from its member governments.

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio.

OPRM coverage programs are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss. Until November 1, 2016, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 10% of the first \$1,000,000 property treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 762 members as of December 31, 2016

Plan members are responsible to notify the Plan of their intent to renew coverage by their renewal date. If a member chooses not to renew with the Plan, they have no other financial obligation to the Plan, but still need to promptly notify the Plan of any potential claims occurring during their membership period. The former member's covered claims, which occurred during their membership period, remain the responsibility of the Plan.

Settlement amounts did not exceed insurance coverage for the past three fiscal years.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2016 (the latest information available).

**VILLAGE OF HARTFORD  
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2017**

**6. RISK MANAGEMENT (Continued)**

	2016
Assets	\$14,765,712
Liabilities	(9,531,506)
Retained Earnings	\$ 5,234,206

You can read the complete audited financial statements for OPRM at the Plan’s website, [www.ohioplan.org](http://www.ohioplan.org).

**7. DEFINED BENEFIT PENSION PLAN**

*Ohio Public Employees Retirement System*

Some of the Village’s full-time employees belong to the Public Employees Retirement System (OPERS) of Ohio. OPERS is a cost-sharing, multiple employer plan. The Ohio Revised Code prescribes the plan benefits, which include postretirement healthcare, and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2016, OPERS members contributed 10.0% of their gross wages and the Village contributed an amount equal to 14.0% of participant’s gross salaries. The Village has paid all contributions required through December 31, 2016.

*Social Security*

Some Village employee contributed to social security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Village contributed an amount equal to 6.2 percent of participants’ gross salaries. The Village has paid all contributions required through December 31, 2016.

**8. POSTEMPLOYMENT BENEFITS**

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. OPERS contributes 2 percent of the employer contribution to fund these benefits.

**9. DEBT**

Debt outstanding at December 31, 2017 was as follows:

	2017 Principal	%
Ohio Water Development Authority #4164	\$ 707,024	0.00
Ohio Water Development Authority #6736	3,408	4.40
Ohio Public Works Commission #CQ04P	8,474	0.00
Ohio Public Works Commission #CT70N	7,070	0.00
Ohio Public Works Commission #CQ38R	16,375	0.00
Total	\$ 742,351	



**VILLAGE OF HARTFORD  
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2017**

**9. DEBT (Continued)**

The Ohio Water Development Authority (OWDA) loan 4164 relates to a sewer plant expansion project the Ohio Environmental Protection Agency mandated. The OWDA approved up to \$1,411,000 in loans to the Village for this project, the Village borrowed \$1,393,757. The Village will repay the loan in semiannual installments over 20 years. No amortization schedule has been established but the scheduled payments below is based on the payments made. Sewer receipts collateralize the loan. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements. Paid from Sewer Fund.

The OWDA loan 6736 is related to the WWTP Improvement Phase II Design project. The loan is to be repaid semiannually over five years with an interest rate of 4.40%. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

The Ohio Public Works Commission (OPWC) loan CT70N relates to the High Street Drainage Project. The Village will repay the loan in semiannual payments of \$244 over 20 years. Paid from Street Fund.

The OPWC loan CQ04P relates to the Cross Street/Bennington Road resurfacing project. The Village will repay the loan in semiannual payments of \$1,059 over 8 years. Paid from Street Fund.

The OPWC loan CQ38R relates to the Main Street Drainage project. The Village will repay the loan in semiannual payments of \$409 over 20 years. Paid from the Street Fund. Payments are scheduled to start in 2018.

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

Year Ending December 31	OWDA 4164	OWDA 6736	OPWC CT70N	OPWC CQ04P	OPWC CQ38R
2018	\$ 71,303	\$ 1,798	\$ 488	\$ 2,118	\$ 819
2019	71,303	1,800	488	2,118	819
2020	71,303	-	488	2,118	819
2021	71,303	-	488	2 120	819
2022	71,303	-	488	-	819
2023-2027	350,509	-	2,438	-	4,095
2028-2032	-	-	2,192	-	4,095
2033-2037	-	-	-	-	4,090
	<u>\$ 707,024</u>	<u>\$ 3,598</u>	<u>\$ 7,070</u>	<u>\$ 8,474</u>	<u>16,375</u>

**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, 2016**

	Governmental Fund Types		Totals (Memorandum Only)
	General	Special Revenue	
<b>Cash Receipts:</b>			
Property Tax and Other Local Taxes	\$ 12,830	\$ -	\$ 12,830
Intergovernmental	23,181	311,672	334,853
Charges for Services	17,170	-	17,170
Fines, Licenses and Permits	2,020	-	2,020
Earnings on Investments	750	-	750
Miscellaneous	1,065	-	1,065
<b>Total Cash Receipts</b>	<b>57,016</b>	<b>311,672</b>	<b>368,688</b>
<b>Cash Disbursements:</b>			
Current:			
Security of Persons and Property	12,970	-	12,970
Leisure Time Activities	11,001	-	11,001
Transportation	-	67,041	67,041
General Government	24,627	6,304	30,931
Capital Outlay	-	258,130	258,130
Debt Service:			
Principal	-	1,303	1,303
<b>Total Cash Disbursements</b>	<b>48,598</b>	<b>332,778</b>	<b>381,376</b>
<b>Total Cash Receipts Over/(Under) Cash Disbursements</b>	<b>8,418</b>	<b>(21,106)</b>	<b>(12,688)</b>
<b>Other Financing Receipts (Disbursements)</b>			
Other Debt Proceeds	-	16,375	16,375
Transfer In	-	1,303	1,303
Transfer Out	-	(1,303)	(1,303)
<b>Total Other Financing Receipts</b>	<b>-</b>	<b>16,375</b>	<b>16,375</b>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements	8,418	(4,731)	3,687
<b>Fund Cash Balance, January 1</b>	<b>16,990</b>	<b>41,965</b>	<b>58,955</b>
<b>Fund Cash Balances, December 31</b>			
Restricted	-	37,141	37,141
Assigned	347	93	440
Unassigned (Deficit)	25,061	-	25,061
<b>Fund Cash Balance, December 31</b>	<b>\$ 25,408</b>	<b>\$ 37,234</b>	<b>\$ 62,642</b>

See notes to financial statements.

**VILLAGE OF HARTFORD  
LICKING COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCE - ALL PROPRIETARY AND FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2016**

	<u>Proprietary</u>	<u>Fiduciary</u>	Totals
	<u>Enterprise</u>	<u>Agency</u>	(Memorandum Only)
<b>Operating Cash Receipts:</b>			
Charges for Services	\$ 126,257	-	\$ 126,257
<b>Total Operating Cash Receipts</b>	<u>126,257</u>	<u>-</u>	<u>126,257</u>
<b>Operating Cash Disbursements:</b>			
Personal Services	12,476	-	12,476
Fringe Benefits	1,131	-	1,131
Contractual Service	64,983	-	64,983
Supplies and Materials	5,589	-	5,589
Other	337	-	337
<b>Total Operating Cash Disbursements</b>	<u>84,516</u>	<u>-</u>	<u>84,516</u>
<b>Operating Income</b>	41,741	-	41,741
<b>Non-Operating Cash Receipts:</b>			
Fees and Fines Collected	-	6,427	6,427
Special Assessments	9,218	-	9,218
Miscellaneous	6,201	-	6,201
Transfers In	73,102	-	73,102
<b>Total Non-Operating Cash Receipts</b>	<u>88,521</u>	<u>6,427</u>	<u>94,948</u>
<b>Non-Operating Cash Disbursements:</b>			
Principal Retirement	72,831	-	72,831
Interest and Other Fiscal Charges	271	-	271
Transfers Out	73,102	-	73,102
Fees and Fines Distributed	-	5,007	5,007
<b>Total Non-Operating Cash Disbursements</b>	<u>146,204</u>	<u>5,007</u>	<u>151,211</u>
<b>Excess of Receipts Over Disbursements</b>	(15,942)	1,420	(14,522)
<b>Fund Cash Balances, January 1</b>	<u>119,848</u>	<u>1,364</u>	<u>121,212</u>
<b>Fund Cash Balances, December 31</b>	<u>\$ 103,906</u>	<u>\$ 2,784</u>	<u>\$ 106,690</u>

See notes to financial statements.

**VILLAGE OF HARTFORD  
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2016**

**1. REPORTING ENTITY**

**Description of the Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of Hartford, Licking County, (the Village) as a body corporate and politic. A publicly-elected six-member Council directs the Village. The Village provides general governmental services, sewer utilities, park services and police services.

The Village participates in the Ohio Plan Risk Management, Inc. (OPRM) public entity risk pool. Note 6 to the financial statements provides additional information for this entity.

The Village's management believes these financial statements present all activities for which the Village is financially accountable.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***Basis of Presentation***

The Village's financial statements consist of a combined statement of receipts, disbursements and changes in fund balance (regulatory cash basis) for all governmental fund types, and a combined statement of receipts, disbursements and changes in fund balance (regulatory cash basis) for all proprietary fund types which are organized on a fund type basis.

***Fund Accounting***

The Village uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Village are presented below:

**Governmental Funds**

**General Fund**

The General fund is the operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

**Special Revenue Funds**

These funds are used to account for proceeds from specific sources that are restricted or committed to expenditures for specific purposes other than debt service or capital projects. The Village had the following significant Special Revenue Fund:

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

**VILLAGE OF HARTFORD  
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2016**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Enterprise Funds**

These funds account for operations that are similar to private business enterprises where management intends that the significant costs of providing certain goods or services will be recovered through user charges. The Village had the following significant Enterprise Fund:

**Sewer Fund** – This fund receives charges for services from residents to cover the cost of providing this utility.

**Fiduciary Funds**

Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Village disburses these funds as directed by the individual, organization or other government. The Village had the following significant Fiduciary Fund:

**Mayors Court Fund** - This fund receives fines and fees levied for traffic violations as prescribed by Village Ordinance. The funds are distributed to various agencies as prescribed by the Ohio Revised Code.

***Basis of Accounting***

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code 117-2-03(D). This basis is similar to the cash receipts and disbursements accounting basis. The Village recognizes receipts when received in cash rather than when earned, and recognizes disbursements 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 the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code 117-2-03(D) permit.

***Budgetary Process***

The Ohio Revised Code requires that each fund (except certain Agency Funds) 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 Village 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.

**Estimated Resources**

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

**VILLAGE OF HARTFORD  
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2016**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Encumbrances**

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are carried over and need not be reappropriated in the subsequent year.

A summary of 2016 budgetary activity appears in Note 3.

***Deposits and Investments***

The Village's accounting basis includes investment as assets. This basis does not record disbursement for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

***Property, Plant, and Equipment***

Acquisition of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

***Accumulated Leave***

In certain circumstances, such as leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

***Fund Balance***

Fund balance is divided into five classifications based primarily on the extent to which the Village must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

**Nonspendable** – The Village classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

**Restricted** – Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

**Committed** – Council can *commit* via formal action (resolution). The Village must adhere to these commitments unless council amends the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

**Assigned** – Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Village Council or a Village official delegated that authority by ordinance, or by State Statute.

**VILLAGE OF HARTFORD  
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2016**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Unassigned** – Unassigned fund balance is the residual classification for the general fund and includes amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Village applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classification could be used.

**3. BUDGETARY ACTIVITY**

Budgetary activity for the year ended December 31, 2016 is as follows:

<b>2016 Budgeted vs. Actual Receipts</b>			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 62,735	\$ 57,016	\$ (5,719)
Special Revenue	331,368	329,350	(2,018)
Enterprise	257,109	214,778	(42,331)
Total	\$ 651,212	\$ 601,144	\$ (50,068)

<b>2016 Budgeted vs. Actual Budgetary Basis Expenditures</b>			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 79,725	\$ 48,945	\$ 30,780
Special Revenue	359,623	334,174	25,449
Enterprise	307,859	230,720	77,139
Total	\$ 747,207	\$ 613,839	\$ 133,368

Contrary to ORC 5705.41(D), the Village made expenditures without prior certification.

**4. EQUITY IN POOLED CASH AND INVESTMENTS**

The Village 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:

	2016
Demand Deposits	28,550
STAR Ohio	140,782
Total Deposits and Investments	\$ 169,332

**Deposits:** Deposits are insured by the Federal Depository Insurance Corporation or 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.

**VILLAGE OF HARTFORD  
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2016**

**5. PROPERTY TAX**

Real property taxes become a lien on January 1 preceding the October 1 date for which the Council adopted rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays 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 by December 31. The second half payment is due the following June 20.

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

**6. RISK MANAGEMENT**

The Government belongs to the Ohio Plan Risk Management, Inc. (OPRM) (the “Plan”), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments (“Members”). The Plan is legally separate from its member governments.

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio.

OPRM coverage programs are developed specific to each member’s risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member’s exposure to loss. Until November 1, 2016, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 10% of the first \$1,000,000 property treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 762 members as of December 31, 2016

Plan members are responsible to notify the Plan of their intent to renew coverage by their renewal date. If a member chooses not to renew with the Plan, they have no other financial obligation to the Plan, but still need to promptly notify the Plan of any potential claims occurring during their membership period. The former member’s covered claims, which occurred during their membership period, remain the responsibility of the Plan.

Settlement amounts did not exceed insurance coverage for the past three fiscal years.

The Pool’s audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2016 (the latest information available).

	2016
Assets	<u>\$14,765,712</u>
Liabilities	<u>(9,531,506)</u>
Retained Earnings	<u>\$ 5,234,206</u>

You can read the complete audited financial statements for OPRM at the Plan’s website, [www.ohioplan.org](http://www.ohioplan.org) .



**VILLAGE OF HARTFORD  
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2016**

**7. DEFINED BENEFIT PENSION PLAN**

*Ohio Public Employees Retirement System*

Some of the Village’s full-time employees belong to the Public Employees Retirement System (OPERS) of Ohio. OPERS is a cost-sharing, multiple employer plan. The Ohio Revised Code prescribes the plan benefits, which include postretirement healthcare, and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2016, OPERS members contributed 10.0% of their gross wages and the Village contributed an amount equal to 14.0% of participant’s gross salaries. The Village has paid all contributions required through December 31, 2016.

*Social Security*

Some Village employee contributed to social security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Village contributed an amount equal to 6.2 percent of participants’ gross salaries. The Village has paid all contributions required through December 31, 2016.

**8. POSTEMPLOYMENT BENEFITS**

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. OPERS contributes 2 percent of the employer contribution to fund these benefits.

**9. DEBT**

Debt outstanding at December 31, 2016 was as follows:

	2016 Principal	%
Ohio Water Development Authority #4164	\$ 778,327	0.00
Ohio Water Development Authority #6736	5,003	4.40
Ohio Public Works Commission #CQ04P	10,592	0.00
Ohio Public Works Commission #CT70N	7,558	0.00
Total	\$ 801,480	

The Ohio Water Development Authority (OWDA) loan 4164 relates to a sewer plant expansion project the Ohio Environmental Protection Agency mandated. The OWDA approved up to \$1,411,000 in loans to the Village for this project, the Village borrowed \$1,393,757. The Village will repay the loan in semiannual installments over 20 years. No amortization schedule has been established but the scheduled payments below is based on the payments made. Sewer receipts collateralize the loan. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements. Paid from Sewer Fund.

**VILLAGE OF HARTFORD  
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2016**

**9. DEBT (Continued)**

The OWDA loan 6736 is related to the WWTP Improvement Phase II Design project. The loan is to be repaid semiannually over five years with an interest rate of 4.40%. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

The Ohio Public Works Commission (OPWC) loan CT70N relates to the High Street Drainage Project. The Village will repay the loan in semiannual payments of \$244 over 20 years. Paid from Street Fund. The loan balance as of 1/1/16 should have been \$7,802.

The OPWC loan CQ04P relates to the Cross Street/Bennington Road resurfacing project. The Village will repay the loan in semiannual payments of \$1,059 over 8 years. Paid from Street Fund. The loan balance as of 1/1/16 should have been \$11,651.

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

Year Ending December 31	OWDA 4164	OWDA 6736	OPWC CT70N	OPWC CQ04P
2017	\$ 71,303	\$ 1,798	\$ 488	\$ 2,118
2018	71,303	1,798	488	2,118
2019	71,303	1,800	488	2,118
2020	71,303	-	488	2,118
2021	71,303	-	488	2,120
2022-2026	356,515	-	2,438	-
2027-2031	65,297	-	2,438	-
2032-2036	-	-	242	-
	<u>\$ 778,327</u>	<u>\$ 5,396</u>	<u>\$ 7,558</u>	<u>\$ 10,592</u>

**WILSON, PHILLIPS & AGIN, CPA'S, INC.  
1100 BRANDYWINE BLVD. BUILDING G  
ZANESVILLE, OHIO 43701**

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
REQUIRED BY GOVERNMENT AUDITING STANDARDS.**

Village of Hartford  
Licking County  
P.O. Box 253  
Croton, Ohio 43013

To the Village Council:

We have audited, in accordance with auditing standards general accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of Village of Hartford, Licking County as of and for the years ended December 31, 2017 and 2016, and the related notes to the financial statements and have issued our report thereon dated June 7, 2018, wherein we noted the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

***Internal Control Over Financial Reporting***

As part of our financial statement audit, we considered Village of Hartford's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Village's internal control. Accordingly, we have not opined on it.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. However, as described in the accompanying schedule of findings we identified certain deficiencies in internal control over financial reporting, that we consider a material weakness and significant deficiencies.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Village's financial statements. We consider findings 2017-004 and 2017-005 described in the accompanying schedule of findings to be material weaknesses.

*A significant deficiency* is a deficiency, or a combination of internal control deficiencies less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider finding 2017-002 described in the accompanying schedule of findings to be a significant deficiency.

***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether Village of Hartford's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed three instances of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as items 2017-001, 2017-002, and 2017-003.

***Entity's Response to Finding***

The Village's response to the findings identified in our audit is described in the accompanying schedule of findings. We did not audit the Village's response and, accordingly, we express no opinion on it.

***Purpose of this Report***

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Village's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Village's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

***Wilson, Phillips & Agin, CPA's, Inc.***  
Zanesville, Ohio  
June 7, 2018

**VILLAGE OF HARTFORD  
LICKING COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2017 AND 2016**

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

**FINDING NUMBER 2017-001**

**Noncompliance – Certification of Funds**

Ohio Revised Code Section 5705.41(D) prohibits a subdivision or taxing authority from making any contract or ordering any expenditure of money unless a certificate signed by the fiscal officer is attached thereto. The fiscal officer must certify that the amount required to meet any such contract or expenditure has been lawfully appropriated and is in the treasury, or is in the process of collection to the credit of an appropriate fund free from any previous encumbrance.

There are several exceptions to the standard requirement stated above that a fiscal officer’s certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are: “then and now” certificates, blanket certificates and super blanket certificates, which are provided for in Sections 5705.41(D)(1) and 5705.41(D)(3), respectively, of the Ohio Revised Code.

- If the fiscal officer can certify that both at the time that the contract or order was made (“then”) and at the time that the fiscal officer is completing the certification (“now”), that sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the Village can authorize the drawing of a warrant for the payment of the amount due. The Village has 30 days from the receipt of the “then and now” certificate to approve payment by ordinance or resolution. Amounts less than \$3,000 may be paid by the fiscal officer without a resolution or ordinance upon completion of the “then and now” certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of the expenditures by the Village.
- Blanket Certificates. Fiscal officers may prepare “blanket” certificates if the Village has approved their use and established maximum amounts.
- Super Blanket Certificates. The Village may also make expenditures and contracts for any amount from a specific line item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonable predictable operation expense. This certification is not to extend beyond the current year. More than one so-called “super blanket” certificate may be outstanding at a particular time for any line item appropriation.

**VILLAGE OF HARTFORD  
LICKING COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2017 AND 2016**

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

**FINDING NUMBER 2017-001 (Continued)**

The Village did not certify the availability of funds prior to the purchase commitment for 16% of expenditures tested. For these item the Village also did not prepare blanket certificates, super blankets certificates or then and now certificates in accordance with the Ohio Revised Code. Failure to properly certify the availability of funds can result in overspending funds and negative cash fund balances.

We recommend the Village certify purchases to which Section 5705.41(D) applies. The most convenient certification method is to use purchase orders that include the certification language 5705.41(D) requires to authorize disbursements. The Fiscal Officer should sign the certification at the time the Village incurs a commitment and only when the requirements of 5705.41(D) are satisfied. The Fiscal Officer should post approved purchase commitments to the proper code, to reduce available appropriations.

Client Response: The Village will pay close attention to the beginning of the year payments made in January to assure that invoices dated in the prior year will either use and “Then and Now” or Prior year PO number.

**FINDING 2017-002**

**Significant Deficiency – Noncompliance**

All local offices should maintain an accounting system and accounting records sufficient to enable the public office to identify, assemble, analyze, classify, record and report its transactions, maintain accountability for the related assets, document compliance with finance-related legal and contractual requirements and prepare financial statements.

During the audit period, there were 3 instances of incomplete voucher packages found when testing disbursements. The voucher package should include a check stub, invoice, and a reference to the purchase order. During testing, there were incomplete packages that caused us to have to perform additional audit procedures to verify the expenditures. We recommend that due care should be taken to ensure completeness of the records related to the disbursement.

Client Response: The Village will attempt to have complete voucher packages in the future.

**VILLAGE OF HARTFORD  
LICKING COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2017 AND 2016**

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

**FINDING NUMBER 2017-003**

**Noncompliance – Appropriations Exceeding Estimated Resources**

Ohio Revised Code Section 5705.39 provides that total appropriations from each fund shall not exceed the total of the estimated revenues available for expenditure as certified by the budget commission. In addition, no appropriation measure is to become effective until the County Auditor files a certificate that the total appropriations from each fund do not exceed the total estimate or amended official estimate.

		Estimated			
Fund	Year	Resources		Appropriations	Variance
Sewer	2017	\$ 240,418		\$ 259,348	\$ (18,930)

We recommend Council review estimated resources versus appropriations throughout the year. Also, Council should not approve appropriations greater than estimated resources. This could result in the Village spending more money than it receives and could cause possible negative fund balances.

Client Response: The Village will attempt to modify appropriations in an efficient and accurate matter.

**FINDING NUMBER 2017-004**

**Material Weakness – Posting of Budget**

The Village should have internal controls in place to reasonably assure that budgetary accounts are integrated into the financial accounting system. This means designing an accounting system to provide ongoing and timely information on unrealized budgetary receipts and disbursements.

The Village does enter budgetary data for estimated receipts and expenditures. However, the amounts entered do not agree with the Official Certificate of Estimated Resources for the Sewer and Street Funds for 2017. This can lead to decisions being made on faulty budgetary data and can lead to overspending and creating a negative fund balance if not monitored.

We recommend that the Village post the approved appropriations and official certificate of estimated resources to the UAN system around the first of each year. Then any amendments to those official documents be posted to the system upon approval. This will lead to correct budgetary information and Village decisions can be made on accurate data.

Client Response: The Village will monitor the budget more closely and amend when necessary.

**VILLAGE OF HARTFORD  
LICKING COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2017 AND 2016**

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

**FINDING 2017-005**

**Material Weakness – Financial Reporting**

All local offices should maintain an accounting system and accounting records sufficient to enable the public office to identify, assemble, analyze, classify, record and report its transactions, maintain accountability for the related assets, document compliance with finance-related legal and contractual requirements and prepare financial statements.

The Village Officer's Handbook (Revised march 2017) provides suggested accounts classifications. These accounts classify receipts by fund and source (Taxes or charges for services, for example) and classify disbursements by fund, program (general government, for example) or object (personal services, for example). Using these classifications and the aforementioned accounting records will provide the Village with information required to monitor compliance with the budget, and prepare annual reports in the format required by the Auditor of State.

The Village did not properly post and classify all receipts and expenditures. Errors were made in recording various transactions. Amounts were not always posted to the correct fund and/or line item. The following reclassifications were made.

Reclassifications:

- In 2017, a reclassification was made from Property and Other Taxes to Intergovernmental in the amount of \$2,145 for rollbacks not posted correctly in the General Fund.
- In 2016, a reclassification was made from Property and Other Taxes to Intergovernmental in the amount of \$2,165 for rollbacks not posted correctly in the General Fund.
- In 2016, a reclassification was made from Transfers In to Intergovernmental in the amount of \$51,188 in the Street Fund.
- In 2016, a reclassification was made from Intergovernmental to Loan Proceeds in the amount of \$16,375 in the Street Fund.
- In 2016, a reclassification was made from Transportation to Capital Outlay in the amount of \$258,130 in the Street Fund.
- In 2016, a reclassification was made from Interest and Other Fiscal Charges to Principal Retirement in the amount of \$33 in the Sewer Fund.

The reclassifications are reflected in the accompanying financial statements and posted to the accounting records.

We recommend the Village utilize available authoritative resources to appropriately classify and record all receipt and expenditure transactions.

Client Response: The Village will attempt to properly post all transactions in the future. The fiscal officer will consult the Village Handbook and/or Local Government Services when unusual/or infrequent transactions occur.



**VILLAGE OF HARTFORD  
LICKING COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
YEARS ENDED DECEMBER 31, 2017 AND 2016**

Finding Number	Finding Summary	Fully Corrected	Not Corrected, Partially Corrected Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b>Explain:</b>
2015-001	Noncompliance 5705.41(D) Prior Certification	No	Not corrected: Reissued as Finding 2017-001 in current report
2015-002	Noncompliance/ Significant Deficiency Incomplete Voucher Packages	No	Not corrected: Reissued as Finding 2017-002 in current report

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# Dave Yost • Auditor of State

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  
JULY 26, 2018