



**VILLAGE OF HARTFORD
LICKING COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2009-2008



Mary Taylor, CPA
Auditor of State

VILLAGE OF HARTFORD
LICKING COUNTY

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Mary Taylor, CPA
Auditor of State

Village of Hartford
Licking County
2 North High Street
Hartford, Ohio 43013

To the Village Council:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to an interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your Village to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. Our Report includes an adverse opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

Mary Taylor

Mary Taylor, CPA
Auditor of State

September 29, 2010

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Village of Hartford
Licking County
2 North High Street
Hartford, Ohio 43013

To the Village Council:

We have audited the accompanying financial statements of Village of Hartford, Licking County, Ohio, (the Village) as of and for the years ended December 31, 2009 and 2008. 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 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 the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure 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 our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the Village has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Instead of the funds the accompanying financial statements present, GAAP require presenting entity wide statements and also presenting the Village's larger (i.e. major) funds separately. While the Village does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require Villages to reformat their statements. The Village has elected not to follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2009 and 2008 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2009 and 2008, or its changes in financial position cash flows, where applicable, for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the fund cash balances of the Village of Hartford, Licking County, Ohio, as of December 31, 2009 and 2008, and its cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The Village has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 29, 2010, 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 grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

A handwritten signature in black ink that reads "Mary Taylor". The signature is written in a cursive, flowing style.

Mary Taylor, CPA
Auditor of State

September 29, 2010

**VILLAGE OF HARTFORD
LICKING COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Property and Local Taxes	\$ 13,898	\$ -	\$ 13,898
Intergovernmental	27,787	18,314	46,101
Fines, Licenses and Permits	12,651	-	12,651
Earnings on Investments	495	61	556
Miscellaneous	6,049	-	6,049
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	60,880	18,375	79,255
	<hr/>	<hr/>	<hr/>
Cash Disbursements:			
Current:			
Security of Persons and Property	22,041	-	22,041
Public Health Services	834	-	834
Leisure Time Activities	7,784	-	7,784
Transportation	-	19,505	19,505
General Government	42,213	-	42,213
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	72,872	19,505	92,377
	<hr/>	<hr/>	<hr/>
Total Receipts (Under) Disbursements	(11,992)	(1,130)	(13,122)
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, January 1	38,660	26,938	65,598
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, December 31	<u>\$ 26,668</u>	<u>\$ 25,808</u>	<u>\$ 52,476</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 BALANCES - ALL PROPRIETARY AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<u>Proprietary Fund Types</u>	<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
Operating Cash Receipts:			
Charges for Services	\$ 120,786	\$ -	\$ 120,786
Total Operating Cash Receipts	<u>120,786</u>	<u>-</u>	<u>120,786</u>
Operating Cash Disbursements:			
Personal Services	25,875		
Supplies and Materials	30,726	-	30,726
Total Operating Cash Disbursements	<u>56,601</u>	<u>-</u>	<u>30,726</u>
Operating Income	<u>64,185</u>	<u>-</u>	<u>90,060</u>
Non-Operating Cash Receipts:			
Fines and Fees Collected	-	19,416	19,416
Total Non-Operating Cash Receipts	<u>-</u>	<u>19,416</u>	<u>19,416</u>
Non-Operating Cash Disbursements:			
Fines and Fees Disbursed	-	17,142	17,142
Redemption of Principal	33,183	-	33,183
Total Non-Operating Cash Disbursements	<u>33,183</u>	<u>17,142</u>	<u>50,325</u>
Net Receipts Over Disbursements	31,002	2,274	59,151
Fund Cash Balances, January 1	<u>171,407</u>	<u>2,012</u>	<u>173,419</u>
Fund Cash Balances, December 31	<u>\$ 202,409</u>	<u>\$ 4,286</u>	<u>\$ 206,695</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 BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Property and Local Taxes	\$ 13,855	\$ -	\$ 13,855
Intergovernmental	32,080	15,208	47,288
Fines, Licenses and Permits	7,603	-	7,603
Earnings on Investments	4,432	137	4,569
Miscellaneous	2,067	-	2,067
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	60,037	15,345	75,382
	<hr/>	<hr/>	<hr/>
Cash Disbursements:			
Current:			
Security of Persons and Property	64,387	-	64,387
Public Health Services	825	-	825
Transportation	-	38,439	38,439
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	65,212	38,439	103,651
	<hr/>	<hr/>	<hr/>
Total Receipts (Under) Disbursements	(5,175)	(23,094)	(28,269)
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, January 1	43,835	50,032	93,867
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, December 31	<u>\$ 38,660</u>	<u>\$ 26,938</u>	<u>\$ 65,598</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 BALANCES - ALL PROPRIETARY AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>Proprietary Fund Types</u>	<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
Operating Cash Receipts:			
Charges for Services	\$ 112,557	\$ -	\$ 112,557
Total Operating Cash Receipts	<u>112,557</u>	<u>-</u>	<u>112,557</u>
Operating Cash Disbursements:			
Personal Services	24,500		
Supplies and Materials	39,908		39,908
Total Operating Cash Disbursements	<u>64,408</u>	<u>-</u>	<u>39,908</u>
Operating Income	<u>48,149</u>	<u>-</u>	<u>72,649</u>
Non-Operating Cash Receipts:			
Fines and Fees Collected	-	10,384	10,384
Total Non-Operating Cash Receipts	<u>-</u>	<u>10,384</u>	<u>10,384</u>
Non-Operating Cash Disbursements:			
Fines and Fees Disbursed	-	9,653	9,653
Total Non-Operating Cash Disbursements	<u>-</u>	<u>9,653</u>	<u>9,653</u>
Net Receipts Over Disbursements	48,149	731	48,880
Fund Cash Balances, January 1	<u>123,258</u>	<u>1,281</u>	<u>124,539</u>
Fund Cash Balances, December 31	<u>\$ 171,407</u>	<u>\$ 2,012</u>	<u>\$ 173,419</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, 2009 AND 2008**

1. Summary of Significant Accounting Policies

A. 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 sewer utilities, park services, and police services.

Public Entity Risk Pool:

The Village belongs to the Ohio Government Risk Management Plan, an unincorporated non-profit association providing a formalized, jointly administered self insurance risk management plan. Member governments pay annual premiums to fund the Plan. The Plan pays judgments, settlements, and other expenses resulting from covered claims exceeding the member's deductible; see Note 7.

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

B. Accounting Basis

These financial statements follow the accounting basis the Auditor of State prescribes or permits. 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 Auditor of State prescribes or permits.

C. Deposits and Investments

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

STAR Ohio is recorded at share values reported by the State Treasurer.

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 reports all financial resources except those required to be accounted for in another fund.

**VILLAGE OF HARTFORD
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

D. Fund Accounting (Continued)

2. Special Revenue Funds

This fund account for proceeds from specific sources (other than from private-purpose trusts or for capital projects) that are restricted to expenditure for specific purposes. The Village had the following 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.

3. Enterprise Funds

This fund account for operations that is similar to private business enterprises, where management intends to recover the significant costs of providing certain goods or services through user charges. The Village had the following Enterprise Fund:

Sewer Fund - This fund receives charges for services from residents to cover sewer service costs.

4. Fiduciary Funds

Fiduciary funds include private purpose trust funds and agency funds. Trust funds account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Village's own programs.

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's agency fund accounts for Mayors Court which receives monies from collections on fines imposed from tickets issued by the Village's police protection force.

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, 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.

**VILLAGE OF HARTFORD
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

E. Budgetary Process (Continued)

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 individual commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year. The Village did not encumber all commitments required by Ohio law.

A summary of 2009 and 2008 budgetary activity appears in Note 3.

F. Property, Plant, and Equipment

The Village records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

2. Equity in Pooled Deposits and Investments

The Village maintains a deposit and investments pool all funds use. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits and investments at December 31 was as follows:

	2009	2008
Demand deposits	\$64,761	\$34,152
STAR Ohio	194,410	204,865
Total deposits and investments	\$259,171	\$239,017

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

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, 2009 AND 2008
(Continued)**

3. Budgetary Activity

Budgetary activity for the years ending December 31, 2009 and 2008 is as follows:

2009 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$84,533	\$60,880	(\$23,653)
Special Revenue	42,091	18,375	(23,716)
Enterprise	275,520	120,786	(154,734)
Total	\$402,144	\$200,041	(\$202,103)

2009 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$84,533	\$72,872	\$11,661
Special Revenue	42,091	19,505	22,586
Enterprise	275,520	89,784	185,736
Total	\$402,144	\$182,161	\$219,983

2008 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$94,867	\$60,037	(\$34,830)
Special Revenue	64,031	15,345	(48,686)
Enterprise	210,086	112,557	(97,529)
Total	\$368,984	\$187,939	(\$181,045)

20BB Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$94,867	\$65,212	\$29,655
Special Revenue	64,031	38,439	25,592
Enterprise	210,086	64,408	145,678
Total	\$368,984	\$168,059	\$200,925

4. Property Tax

Real property taxes become a lien on January 1 preceding the October 1 date for which the Council adopted tax 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 pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

**VILLAGE OF HARTFORD
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(Continued)**

4. Property Tax (Continued)

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

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. Debt

Debt outstanding at December 31, 2009 was as follows:

	Principal	Interest Rate
Ohio Water Development Authority Loan	\$1,260,954	0%

The Ohio Water Development Authority (OWDA) loan 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 will repay the loans in semiannual installments of \$33,183, including interest, over 20 years. The scheduled payment amount below assumes that \$1,411,000 will be borrowed. The OWDA will adjust scheduled payment to reflect any revisions in amounts the Village actually borrows. Water and sewer receipts collateralize the loan. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

Amortization of the above debt is scheduled as follows:

Year ending December 31:	OWDA Loan
2010	\$66,366
2011	66,366
2012	66,366
2013	66,366
2014	66,366
2015-2019	331,830
2020-2024	331,830
2025-2029	265,464
Total	\$1,260,954

6. Retirement Systems

The Village's certified Fire Fighters and full-time Police Officers belong to the Police and Fire Pension Fund (OP&F). Other employees belong to the Ohio Public Employees Retirement System (OPERS). OP&F and OPERS are cost-sharing, multiple-employer plans. The Ohio Revised Code prescribes these plans' benefits, which include postretirement healthcare and survivor and disability benefits.

**VILLAGE OF HARTFORD
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(Continued)**

6. Retirement Systems (Continued)

The Ohio Revised Code also prescribes contribution rates. For 2009 and 2008, OP&F participants contributed 10% of their wages. For 2009 and 2008, the Village contributed to OP&F an amount equal to 17.63% of full-time police members' wages. For 2009 and 2008, OPERS members contributed 10.10% and 10.10%, respectively, of their gross salaries and the Village contributed an amount equaling 17.63% and 17.40%, respectively, of participants' gross salaries. The Village has paid all contributions required through December 31, 2009.

7. Risk Management

The Village belongs to the Ohio Government Risk Management Plan (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. These coverage programs, referred to as Ohio Plan Risk management ("OPRM"), 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, except OPRM retain 15% 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 over 650 members as of December 31, 2008. The Village participates in this coverage.

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 retained earnings at December 31: 2008 and 2007 (the latest information available), and include amounts for both OPRRM and OPHC:

	2008	2007
Assets	\$10,471,114	\$11,136,455
Liabilities	<u>(5,286,781)</u>	<u>(4,273,553)</u>
Members' Equity	<u>\$5,184,333</u>	<u>\$6,862,902</u>

You can read the complete audited financial statements for The Ohio Government Risk Management Plan at the Plan's website, www.ohioplan.org.



Mary Taylor, CPA

Auditor of State

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

Village of Hartford
Licking County
2 North High Street
Hartford, Ohio 43013

To the Village Council:

We have audited the financial statements of the Village of Hartford, Licking County, Ohio (the Village) as of and for the years ended December 31, 2009 and 2008, and have issued our report thereon dated September 29, 2010, wherein we noted the Village has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. 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 the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of opining on the effectiveness of the Village's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Village's internal control over financial reporting.

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

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 deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and timely corrected. We consider findings 2009-001 and 2009-004 described in the accompanying schedule of findings to be material weaknesses.

Compliance and Other Matters

As part of reasonably assuring whether the Village'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.

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However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2009-002 through 2009-004.

We also noted certain matters not requiring inclusion in this report that we reported to the Village's management in a separate letter dated September 29, 2010.

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

We intend this report solely for the information and use of management and the Village Council.

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

September 29, 2010

**VILLAGE OF HARTFORD
LICKING COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2009 AND 2008**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2009-001

Material Weakness - Financial Statement Presentation

A monitoring system should be in place to prevent or detect material misstatements for the accurate presentation of the Village's financial statements.

The Fiscal Officer did not always accurately post receipts and disbursements to the Village's accounting records. The following posting errors were noted:

- 2007 proposed audit adjustments were not made to the accounting records (\$13,172 fund cash balance increase in the General Fund)
- Agency Fund activity for Mayor's Court was not included on the financial statements during 2009 (\$19,416 in Fines Collected and \$17,142 in Fines Disbursed) or during 2008 (\$10,384 in Fines Collected and \$9,653 in Fines Disbursed).
- Enterprise Fund debt payments in 2009 were not posted accurately (\$33,183 from Supplies and Materials Disbursements to Principal Payment).

Not posting receipts and disbursements accurately to the ledgers resulted in the financial statements requiring numerous audit adjustments and reclassification entries, as well as inaccurate accounting records making it difficult for the Village Council to effectively manage and budget for the Village's activities.

We recommend the Village's Fiscal Officer takes steps to ensure the accurate posting of all transactions to the ledgers. Cash receipts and disbursements should be posted in accordance with procedures and posting guidelines established in the Village Handbook descriptions and AOS Bulletins.

The Village's financial statements and accounting records have been adjusted to accurately reflect the proper line item classifications and fund postings.

Officials' Response: Moving forward, the Village will pay debt payments from the debt principal line item and utilize the Village Handbook for reference. The Fiscal Officer will also request monthly reports from the Mayor's Court Clerk in order to track this fund with the Village Accounting Records.

FINDING NUMBER 2009-002

Findings for Recovery Repaid Under Audit – Elected Officials Compensation

Council's salaries are set and approved by the Village Council via ordinance. The Fiscal Officer maintains a copy of the ordinance with the Village records. Ordinance 2003-10, passed by Council on December 8, 2003, states that a member of Village Council is to be compensated \$500 per year. This is the most recent ordinance approving Council's salaries. The Fiscal Officer manually writes all checks due to not having an electronic accounting system.

Three Council members were not paid in accordance with the Village Council's rate of pay of \$500 per year.

**VILLAGE OF HARTFORD
LICKING COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2009 AND 2008
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2009-002 (Continued)

Findings for Recovery Repaid Under Audit – Elected Officials Compensation (Continued)

In accordance with the forgoing facts, and pursuant to Ohio Rev. Code 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against the employees listed in the chart below, individually, in the corresponding dollar amounts, and in favor of Village’s General Fund:

Employee Name	Finding Amount
Winston Sayers	\$125
Rhonda Arter	\$42
Roger Bishop	\$42
Total	\$209

The Fiscal Officer and Village Council were made aware of the overpayment and the Council Member’s repaid the above amounts. Winston Sayers repaid \$125 on July 26, 2010, Rhonda Arter repaid \$42 on July 27, 2010, and Roger Bishop repaid \$42 on July 26, 2010. The money was deposited into the Village depository on July 29, 2010 and posted to the General Fund in the accounting records.

We recommend the Village pay all Council members in accordance with their Village Ordinances.

Officials’ Response: The Council members will pass an ordinance to receive compensation for special meetings.

FINDING NUMBER 2009-003

Prior Certification – Material Non Compliance

Ohio Rev. Code Section 5705.41(D) prohibits a subdivision or taxing entity 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.

**VILLAGE OF HARTFORD
LICKING COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2009 AND 2008
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2009-003 (Continued)

Prior Certification – Material Non Compliance (Continued)

1. “Then and Now” certificates - 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 thirty days from the receipt of the “then and now” certificate to approve payment by resolution.

Amounts less than \$3,000 may be paid by the fiscal officer without a resolution 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.

2. Blanket certificates - Fiscal officers may prepare “blanket” certificates for a certain sum of money not in excess of an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority against any specific line item account over a period not running beyond the end of the current fiscal year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.
3. Super Blanket Certificate - 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 reasonably 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.

Prior certification was not obtained for 46% expenditures in 2008 and 2009.

Unless the exceptions noted above are used, prior certification is not only required by statute but is a key control in the disbursement process to assure that purchase commitments receive prior approval. To improve controls over disbursements and to help reduce the possibility of the Village’s funds exceeding budgetary spending limitations, we recommend the Fiscal Officer certify that the funds are or will be available prior to obligation by the Fiscal Officer. When prior certification is not possible, “then and now” certification should be used.

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 appropriation code, to reduce the available appropriation.

Officials’ Response: Moving forward the Village will place procedures in place to correct this issue.

**VILLAGE OF HARTFORD
LICKING COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2009 AND 2008
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2009-004

Interest Allocation – Material Non Compliance/Material Weakness

Ohio Rev. Code Section 135.21 generally requires investment earnings, except as provided in section 135.351 of the Revised Code and by resolution adopted pursuant to section 3315.01 or 3375.391 of the Revised Code, shall be credited to the general fund of the municipal corporation to which the principal sum thereof belongs. The only exception that would apply to a Sewer Fund would be Ohio Rev. Code Section 5705.10(E), which states interest earned on debt proceeds from debt issued under Ohio Rev. Code Chapter 133 must be used for purposes for which the debt was issued or credited to the general fund.

The Village had no debt proceeds in the Sewer Fund; as a result interest earnings in the amounts of \$439 (2009) and \$4,113 (2008), respectively, were improperly allocated to the Sewer Fund.

We recommend the Village ensure procedures are instituted to allocate the proportionate share of interest earned to the funds for which interest should be allocated in accordance with the Ohio Revised Code statutes on a monthly basis.

The Village's financial statements and accounting records have been adjusted to properly post the interest receipts to the funds as indicated above.

Officials' Response: Moving forward the Village will ensure that all interest is posted to the correct fund.

**VILLAGE OF HARTFORD
LICKING COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
YEARS ENDED DECEMBER 31, 2009 AND 2008**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2007-01	ORC 5705.41(B) Expenditures greater than appropriations	Yes	
2007-02	ORC 5705.41(D) Prior certification	No	Not Corrected: Repeated as Finding Number 2009-03 in current report.

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Mary Taylor, CPA
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
NOVEMBER 4, 2010