

**VILLAGE OF HARTFORD
LICKING COUNTY**

AUDIT REPORT

JANUARY 1, 2006 – DECEMBER 31, 2007

**Wolfe, Wilson, & Phillips, Inc.
37 South Seventh Street
Zanesville, Ohio 43701**



Mary Taylor, CPA

Auditor of State

Mayor and Village Council
Village of Hartford
P. O. Box 154
Croton, Ohio 43013-0154

We have reviewed the *Independent Auditors' Report* of the Village of Hartford, Licking County, prepared by Wolfe, Wilson & Phillips, Inc., for the audit period January 1, 2006 through December 31, 2007. 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.

The financial statements in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Auditor of State. Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Independent Auditors' Report* on your financial statements. While the Auditor of State does not legally require your government 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. The attached report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the statements are misstated under the non-GAAP regulatory basis. The *Independent Auditors' Report* also includes an opinion on the financial statements using the regulatory format the Auditor of State permits.

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.

Mary Taylor

Mary Taylor, CPA
Auditor of State

June 25, 2008

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**VILLAGE OF HARTFORD
LICKING COUNTY**

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WOLFE, WILSON, & PHILLIPS, INC.
37 SOUTH SEVENTH STREET
ZANESVILLE, OHIO 43701

INDEPENDENT AUDITORS' REPORT

Mayor and Village Council
Village of Hartford
P.O. Box 154
Croton, Ohio 43013

We have audited the accompanying financial statement of the Village of Hartford, Licking County as of and for the years ended December 31, 2007 and 2006. 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 *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described 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. Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, we presume they are material.

Instead of the combined funds the accompanying financial statements present for 2007 and 2006, the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately for 2007 and 2006. 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 the new GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The Village has elected not to reformat its statements. Since this Village does not use GAAP to measure financial statement amounts, 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 paragraph, the financial statements referred to above for the years ending December 31, 2007 and 2006 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Village of Hartford as of December 31, 2007 and 2006, and or its changes in financial position and cash flows for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Village of Hartford, Licking County, as of December 31, 2007 and 2006, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

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 a report dated April 29, 2008, on our consideration of the Village of Hartford's internal control structure over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Wolfe, Wilson, & Phillips, Inc.
Zanesville, Ohio
April 29, 2008

**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, 2007**

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Property Tax and Other Local Taxes	\$ 14,002	\$ -	\$ 14,002
Intergovernmental Receipts	32,794	192,858	225,652
Fines, Licenses and Permits	5,861	-	5,861
Earnings on Investments	1,398	2,050	3,448
Miscellaneous	271	-	271
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	54,326	194,908	249,234
Cash Disbursements:			
Current:			
Security of Persons and Property	23,477	-	23,477
Transportation	-	222,874	222,874
Public Health Service	725	-	725
General Government	32,076	-	32,076
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	56,278	222,874	279,152
Total Cash Receipts Over/(Under) Cash Disbursements	(1,952)	(27,966)	(29,918)
Fund Cash Balance, January 1	<hr/>	<hr/>	<hr/>
	45,787	77,998	123,785
Fund Cash Balance, December 31	<u>\$ 43,835</u>	<u>\$ 50,032</u>	<u>\$ 93,867</u>

See notes to financial statements.

**VILLAGE OF HARTFORD
LICKING COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCE - PROPRIETARY FUND TYPE AND AGENCY FUND
FOR THE YEAR ENDED DECEMBER 31, 2007**

	Proprietary Fund Type	Fiduciary Fund Type	Totals (Memorandum Only)
	Enterprise	Agency	
Operating Cash Receipts:			
Charges for Services	\$ 103,279	\$ -	\$ 103,279
Total Operating Cash Receipts	103,279	-	103,279
Operating Cash Disbursements:			
Contractual Services	64,532	-	64,532
Supplies and Materials	25,904	-	25,904
Capital Outlay	177,712	-	177,712
Total Operating Cash Disbursements	268,148	-	268,148
Operating Income	(164,869)	-	(164,869)
Non-Operating Cash Receipts:			
Fees and Fines Collected	-	6,620	6,620
Loan Proceeds	44,067	-	44,067
Interest	5,870	-	5,870
Total Non-Operating Cash Receipts	49,937	6,620	56,557
Non-Operating Cash Disbursements:			
Principal payment	33,183	-	33,183
Fees and Fines Distributed	-	6,512	6,512
Total Non-Operating Cash Disbursements	33,183	6,512	39,695
Excess of Receipts Over Disbursements	(148,115)	108	(148,007)
Fund Cash Balances, January 1	271,373	1,173	272,546
Fund Cash Balances, December 31	\$ 123,258	\$ 1,281	\$ 124,539

See notes to financial statements.

**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, 2006**

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Property Tax and Other Local Taxes	\$ 12,500	\$ -	\$ 12,500
Intergovernmental Receipts	33,128	30,174	63,302
Fines, Licenses and Permits	8,409	-	8,409
Earnings on Investments	1,444	3,507	4,951
Miscellaneous	16,002	-	16,002
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	71,483	33,681	105,164
Cash Disbursements:			
Current:			
Security of Persons and Property	38,538	-	38,538
Transportation	-	16,468	16,468
Public Health Service	700	-	700
General Government	27,842	-	27,842
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	67,080	16,468	83,548
Total Cash Receipts Over/(Under) Cash Disbursements	4,403	17,213	21,616
Fund Cash Balance, January 1	41,384	60,785	102,169
	<hr/>	<hr/>	<hr/>
Fund Cash Balance, December 31	<u>\$ 45,787</u>	<u>\$ 77,998</u>	<u>\$ 123,785</u>

See notes to financial statements.

**VILLAGE OF HARTFORD
LICKING COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCE - PROPRIETARY FUND TYPE AND AGENCY FUND
FOR THE YEAR ENDED DECEMBER 31, 2006**

	Proprietary Fund Type	Fiduciary Fund Type	Totals (Memorandum Only)
	Enterprise	Agency	
Operating Cash Receipts:			
Charges for Services	\$ 69,612	\$ -	\$ 69,612
Total Operating Cash Receipts	<u>69,612</u>	<u>-</u>	<u>69,612</u>
Operating Cash Disbursements:			
Contractual Services	19,117	-	19,117
Supplies and Materials	69,911	-	69,911
Capital Outlay	352,688	-	352,688
Total Operating Cash Disbursements	<u>441,716</u>	<u>-</u>	<u>441,716</u>
Operating Income	(372,104)	-	(372,104)
Non-Operating Cash Receipts:			
Fees and Fines Collected	-	8,502	8,502
Loan Proceeds	556,331	-	556,331
Grants	9,540	-	9,540
Interest	5,363	-	5,363
Total Non-Operating Cash Receipts	<u>571,234</u>	<u>8,502</u>	<u>579,736</u>
Non-Operating Cash Disbursements:			
Principal payment	33,183	-	33,183
Fees and Fines Distributed	-	8,533	8,533
Total Non-Operating Cash Disbursements	<u>33,183</u>	<u>8,533</u>	<u>41,716</u>
Excess of Receipts Over Disbursements	165,947	(31)	165,916
Fund Cash Balances, January 1	<u>105,426</u>	<u>1,204</u>	<u>106,630</u>
Fund Cash Balances, December 31	<u>\$ 271,373</u>	<u>\$ 1,173</u>	<u>\$ 272,546</u>

See notes to financial statements.

**VILLAGE OF HARTFORD
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 and 2006**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Village of Hartford, Licking County, Ohio (the Village) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village is directed by a publicly-elected six-member Council. The Village provides park operations and police services.

The Village participates in the Ohio Government Risk Management Plan public entity risk pool. Note 7 to the financial statements provides additional information for this entity. This organization is:

Public Entity Risk Pool:

The Village belongs to the Ohio Government Risk Management Plan (the 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

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

B. Basis of Accounting

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

C. Cash and Investments

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

STAR Ohio is recorded at share values reported by the 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:

**VILLAGE OF HARTFORD
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 and 2006**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

Governmental Funds

General Fund

The General fund is the operating fund. It is used to accounts 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 (other than form trusts or for capital projects) that are restricted to expenditures for specific purposes. The Village had the following significant Special Revenue Funds.

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

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 Funds:

Sewer Fund - This fund receives fees from customers for sewer utilities which started in 2006.

Fiduciary Funds

Funds for which the Village is acting in an agency capacity are classified as agency funds. The Village had the following significant Fiduciary Fund:

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

E. Budgetary Process

The Ohio Revised Code requires that the Village budget 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. Council must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year end.

**VILLAGE OF HARTFORD
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 and 2006**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

Estimated Resources

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

Encumbrances

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when commitments are made.

A summary of 2007 and 2006 budgetary activity appears in Note 3.

F. 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.

2. 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:

	<u>2007</u>	<u>2006</u>
Demand Deposits	\$ 33,121	\$ 30,362
STAR Ohio	185,285	365,969
Total deposits and investments	<u>\$ 218,406</u>	<u>\$ 396,331</u>

Deposits: Deposits are either 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, 2007 and 2006**

3. BUDGETARY ACTIVITY

Budgetary activity for the year ended December 31, 2007 and 2006 is as follows:

2007 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 51,484	\$ 54,326	\$ 2,842
Special Revenue	16,000	194,908	178,908
Enterprise	95,000	153,216	58,216
Total	<u>\$ 162,484</u>	<u>\$ 402,450</u>	<u>\$ 239,966</u>

2007 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 97,272	\$ 56,278	\$ 40,994
Special Revenue	93,998	222,874	(128,876)
Enterprise	186,373	301,331	(114,958)
Total	<u>\$ 377,643</u>	<u>\$ 580,483</u>	<u>\$ (202,840)</u>

2006 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 45,643	\$ 71,483	\$ 25,840
Special Revenue	60,677	33,681	(26,996)
Enterprise	51,500	640,846	589,346
Total	<u>\$ 157,820</u>	<u>\$ 746,010</u>	<u>\$ 588,190</u>

2006 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 87,027	\$ 67,080	\$ 19,947
Special Revenue	121,462	16,468	104,994
Enterprise	156,926	474,899	(317,973)
Total	<u>\$ 365,415</u>	<u>\$ 507,238</u>	<u>\$ (141,823)</u>

Contrary to Ohio Revised Code Section 5705.41(B), the Village had funds that expended more than the appropriation authority. In 2007, the Street Fund and Sewer Fund had expenditures greater than appropriations. In 2006, the Sewer Fund had expenditures greater than appropriations.

Contrary to Ohio Revised Code Section 5705.41(D), the Village made all disbursements without prior certification of availability.

**VILLAGE OF HARTFORD
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 and 2006**

4. PROPERTY TAX

Property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by Village Council. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to make semiannual payment, the first half is due by December 31. The second half payment is due the following June 20.

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

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

5. DEBT

Debt outstanding at December 31, 2007 was as follows:

	2007 Principal	%
Ohio Water Development Authority Loans	\$ 1,221,979	0.0
Total	<u>\$ 1,221,979</u>	

The Ohio Water Development Authority (OWDA) loan relates to a wastewater treatment plant and collection system. The approved loan is for \$1,327,321 and the Village has drawn \$1,288,345 as of December 31, 2007. As of December 31, 2007, there has been no payment plan established. Once this has been established, an amortization schedule will be included in the financial statements in the future. The Village has made a principal payment of \$33,183 for 2007 and 2006.

6. RETIREMENT SYSTEMS

The Village's employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plans. These plans provide retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2007 and 2006, members of PERS contributed 9.5% and 9.00% of their wages, respectively. The Village contributed an amount equal to 13.85% and 13.70% of participants gross salaries for 2007 and 2006, respectively. The Village has paid all contributions required through December 31, 2007.

**VILLAGE OF HARTFORD
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 and 2006**

7. RISK MANAGEMENT

The Village belongs to the Ohio Government Risk Management Plan (the "Plan"), an unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to approximately 550 Ohio governments ("Members").

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

The Plan issues its own policies and reinsures the Plan with A-VII or better rated carriers, except for the 15% casualty and the 10% property portions the Plan retains. The Plan pays the lesser of 15% or \$37,500 of casualty losses and the lesser of 10% or \$100,000 of property losses. Individual Members are only responsible for their self-retention (deductible) amounts, which vary from member to member.

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

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 obligation to the Plan. The former member's covered claims, which occurred during their membership period, remain the responsibility of the Plan.

The Plan's audited financial statements, audited by other auditors, conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31: (latest information available):

	<u>2006</u>	<u>2005</u>
Assets	\$ 9,620,148	\$ 8,219,430
Liabilities	<u>(3,329,620)</u>	<u>(2,748,639)</u>
Members equity	<u>\$ 6,290,528</u>	<u>\$ 5,470,791</u>

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

**WOLFE, WILSON, & PHILLIPS, INC.
37 SOUTH SEVENTH STREET
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 154
Croton, Ohio 43013

We have audited the financial statements of Village of Hartford as of and for the years ended December 31, 2007 and 2006, and have issued our report thereon dated April 29, 2008, wherein we noted the Village followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Village of Hartford's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinion on the financial statements, but not to opine 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.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Village's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that a misstatement of the Village's financial statements that is more than inconsequential will not be prevented or detected by the Village's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Village's internal control.

Our consideration of internal control over financial reporting was for the limited purposes described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above. We noted certain matters that we have reported to management in a separate letter dated April 29, 2008.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Village of Hartford's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed two instances of noncompliance or other matters that are required to be reported under *Government Auditing Standard* and which are described in the accompanying schedule of findings and responses as items 2007-01 through 2007-02. Also, we noted certain immaterial instances of noncompliance that we have reported to the management of Village of Hartford in a separate letter dated April 29, 2008.

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

This report is intended for the information of the Village's management, Clerk, and Auditor of State, and is not intended to be and should not be used by anyone other than these specified parties.

Wolfe, Wilson, & Phillips, Inc.
Zanesville, Ohio
April 29, 2008

**VILLAGE OF HARTFORD
LICKING COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2007 AND 2006**

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

FINDING NUMBER 2007-01 NONCOMPLIANCE

Ohio Revised Code Section 5705.41(B) prohibits a subdivision or taxing authority from expending money unless it has been appropriated.

Year	Fund	Total Appropriated	Total Expenditures	Variance
2007	Sewer Fund	\$ 186,373	\$ 301,331	\$ (114,958)
2007	Street Fund	93,998	222,874	(128,876)
2006	Sewer Fund	156,926	474,899	(317,973)

We recommend the Village not make payments that would exceed appropriations. The Village should compare disbursements with appropriations on a monthly basis and take needed action to ensure all disbursements have been appropriated.

Client Response: We agree with finding and will monitor budgetary expenditures with appropriations.

FINDING NUMBER 2007-02 NONCOMPLIANCE

Ohio Revised Code Section 5705.41(D) states in part that no subdivision shall make any contract or give any order involving the expenditure of money unless there is attached thereto a certificate of fiscal officer of the subdivision. The fiscal officer must certify that the amount required to meet such a commitment has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrance.

Prior certification was not obtained for expenditures in 2007 and 2006.

The Clerk should certify funds before each payment is made through the issuance of a regular, blanket, or super blanket purchase order. Blanket certificates should be issued 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 council against any specific line item account over a period not running beyond the end of the current fiscal year. A super blanket purchase order can be completed for any amount for expenditures and contracts from a specific line item appropriation account in a specified fund for most recurring or reasonable predictable operating expenditures. This is not to extend beyond the current year. More than one super blanket may be outstanding at one particular time for a particular line item appropriation account.

Also, as an alternative, the Village can issue then and now certificates for expenses up to \$3,000. Then and now certificates allow the Clerk to certify that both at the time the expenditure was made and at the time that the certification is completed, sufficient funds are available. These certificates can be certified by the Clerk without subsequent authorization from the Trustees. However, then and now certificates issued by the Clerk over \$3,000 must be authorized by Council within thirty days after payment.

Client Response: Client agrees with finding, will review expenditures and try to certify prior to disbursement.

**VILLAGE OF HARTFORD
LICKING COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
YEARS ENDED DECEMBER 31, 2007 AND 2006**

Finding Number	Finding Summary	Fully Corrected	Not Corrected, Partially Corrected Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2005-01	ORC 5705.41(B) Expenditures greater than appropriations	No	Not Corrected: Stated as Finding Number 2007-01 in current report
2005-02	ORC 5705.41(D) Prior certification	No	Not Corrected: Stated as Finding Number 2007-02 in current report



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
JULY 8, 2008**