

**VILLAGE OF HARTFORD
LICKING COUNTY**

AUDIT REPORT

JANUARY 1, 2010 – DECEMBER 31, 2011

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



Dave Yost • Auditor of State

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

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, 2010 through December 31, 2011. 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.

A handwritten signature in cursive script that reads "Dave Yost".

Dave Yost
Auditor of State

May 23, 2012

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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

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

To the Village Council:

We have audited the accompanying financial statement of the Village of Hartford, Licking County as of and for the years ended December 31, 2011 and 2010. 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 (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 combined 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 the GAAP presentation requirements. The Auditor of State permits, but does not require governments 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 ending December 31, 2011 and 2010 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, 2011 and 2010, 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, 2011 and 2010, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

Village of Hartford
Independent Auditors' Report
Page Two

As described in Note 1, during 2011 the Village of Hartford adopted Governmental Accounting Standards Board Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions.

In accordance with *Government Auditing Standards*, we have also issued a report dated March 23, 2012, 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. 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.

Wolfe, Wilson, & Phillips, Inc.
Zanesville, Ohio
March 23, 2012

**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, 2011**

	Governmental Fund Types		Totals (Memorandum Only)
	General	Special Revenue	
Cash Receipts:			
Property Tax and Other Local Taxes	\$ 14,971	\$ -	\$ 14,971
Intergovernmental Receipts	27,593	128,440	156,033
Fines, Licenses and Permits	2,512	-	2,512
Earnings on Investments	107	105	212
Miscellaneous	24,358	1,911	26,269
Total Cash Receipts	69,541	130,456	199,997
Cash Disbursements:			
Current:			
Security of Persons and Property	26,272	-	26,272
Transportation	-	10,058	10,058
Leisure Time Activities	10,985	-	10,985
Public Health Service	898	-	898
General Government	28,843	-	28,843
Capital Outlay	-	121,902	121,902
Total Cash Disbursements	66,998	131,960	198,958
Total Cash Receipts Over/(Under) Cash Disbursements	2,543	(1,504)	1,039
Other Financing Receipts			
Loan Proceeds	-	9,752	9,752
Total Other Financing Receipts	-	9,752	9,752
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements	2,543	8,248	10,791
Fund Cash Balance, January 1	29,428	20,893	50,321
Fund Cash Balances, December 31			
Restricted	-	29,141	29,141
Unassigned (Deficit)	31,971	-	31,971
Fund Cash Balance, December 31	\$ 31,971	\$ 29,141	\$ 61,112

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, 2011**

	Proprietary Fund Type	Fiduciary Fund Type	Totals (Memorandum Only)
	Enterprise	Agency	
Operating Cash Receipts:			
Charges for Services	\$ 138,462	\$ -	\$ 138,462
Total Operating Cash Receipts	<u>138,462</u>	<u>-</u>	<u>138,462</u>
Operating Cash Disbursements:			
Personal Services	28,331	-	28,331
Contractual Service	17,044	-	17,044
Supplies and Materials	38,772	-	38,772
Capital Outlay	-	-	-
Total Operating Cash Disbursements	<u>84,147</u>	<u>-</u>	<u>84,147</u>
Operating Income	54,315	-	54,315
Non-Operating Cash Receipts:			
Fees and Fines Collected	-	3,111	3,111
Loan Proceeds	-	-	-
Interest	-	-	-
Total Non-Operating Cash Receipts	<u>-</u>	<u>3,111</u>	<u>3,111</u>
Non-Operating Cash Disbursements:			
Principal payment	66,366	-	66,366
Fees and Fines Distributed	-	3,111	3,111
Total Non-Operating Cash Disbursements	<u>66,366</u>	<u>3,111</u>	<u>69,477</u>
Excess of Receipts Over Disbursements	(12,051)	-	(12,051)
Fund Cash Balances, January 1	<u>206,268</u>	<u>1,020</u>	<u>207,288</u>
Fund Cash Balances, December 31	<u>\$ 194,217</u>	<u>\$ 1,020</u>	<u>\$ 195,237</u>

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, 2010**

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Property Tax and Other Local Taxes	\$ 15,112	\$ -	\$ 15,112
Intergovernmental Receipts	27,617	17,553	45,170
Fines, Licenses and Permits	8,769	-	8,769
Earnings on Investments	101	105	206
Miscellaneous	19,373	-	19,373
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	70,972	17,658	88,630
Cash Disbursements:			
Current:			
Security of Persons and Property	20,901	-	20,901
Transportation	-	22,573	22,573
Leisure Time Activities	14,436	-	14,436
Public Health Service	850	-	850
General Government	32,025	-	32,025
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	68,212	22,573	90,785
Total Cash Receipts Over/(Under) Cash Disbursements	2,760	(4,915)	(2,155)
Fund Cash Balance, January 1	26,668	25,808	52,476
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Fund Cash Balance, December 31	<u>\$ 29,428</u>	<u>\$ 20,893</u>	<u>\$ 50,321</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, 2010**

	Proprietary Fund Type	Fiduciary Fund Type	Totals (Memorandum Only)
	Enterprise	Agency	
Operating Cash Receipts:			
Charges for Services	\$ 140,668	\$ -	\$ 140,668
Total Operating Cash Receipts	<u>140,668</u>	<u>-</u>	<u>140,668</u>
Operating Cash Disbursements:			
Personal Services	28,000	-	28,000
Supplies and Materials	42,443	-	42,443
Capital Outlay	-	-	-
Total Operating Cash Disbursements	<u>70,443</u>	<u>-</u>	<u>70,443</u>
Operating Income	70,225	-	70,225
Non-Operating Cash Receipts:			
Fees and Fines Collected	-	8,389	8,389
Loan Proceeds	-	-	-
Interest	-	-	-
Total Non-Operating Cash Receipts	<u>-</u>	<u>8,389</u>	<u>8,389</u>
Non-Operating Cash Disbursements:			
Principal payment	66,366	-	66,366
Fees and Fines Distributed	-	11,655	11,655
Total Non-Operating Cash Disbursements	<u>66,366</u>	<u>11,655</u>	<u>78,021</u>
Excess of Receipts Over Disbursements	3,859	(3,266)	593
Fund Cash Balances, January 1	<u>202,409</u>	<u>4,286</u>	<u>206,695</u>
Fund Cash Balances, December 31	<u>\$ 206,268</u>	<u>\$ 1,020</u>	<u>\$ 207,288</u>

See notes to financial statements.

**VILLAGE OF HARTFORD
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 and 2010**

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 sewer utilities, park services 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, 2011 and 2010**

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.

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, 2011 and 2010**

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 2011 and 2010 budgetary activity appears in Note 3.

F. Fund Balance

For December 31, 2011, 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.

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 classifications could be used.

**VILLAGE OF HARTFORD
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 and 2010**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. 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>2011</u>	<u>2010</u>
Demand Deposits	\$ 70,626	\$ 66,993
STAR Ohio	<u>185,723</u>	<u>190,616</u>
Total deposits and investments	<u>\$ 256,349</u>	<u>\$ 257,609</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, 2011 and 2010**

3. BUDGETARY ACTIVITY

Budgetary activity for the year ended December 31, 2011 and 2010 is as follows:

2011 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 47,356	\$ 69,541	\$ 22,185
Special Revenue	15,000	140,208	125,208
Enterprise	110,000	138,462	28,462
Total	<u>\$ 172,356</u>	<u>\$ 348,211</u>	<u>\$ 238,211</u>

2011 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 76,785	\$ 66,998	\$ 9,787
Special Revenue	35,894	131,960	(96,066)
Enterprise	316,268	150,513	165,755
Total	<u>\$ 428,947</u>	<u>\$ 349,471</u>	<u>\$ 79,476</u>

2010 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 57,225	\$ 70,972	\$ 13,747
Special Revenue	15,000	17,658	2,658
Enterprise	110,000	140,668	30,668
Total	<u>\$ 182,225</u>	<u>\$ 229,298</u>	<u>\$ 47,073</u>

2010 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 78,186	\$ 68,212	\$ 9,974
Special Revenue	41,961	22,573	19,388
Enterprise	316,960	136,809	180,151
Total	<u>\$ 437,107</u>	<u>\$ 227,594</u>	<u>\$ 209,513</u>

Contrary to Ohio Revised Code Section 5705.41(B), the Village had funds that expended more than the appropriation authority. In 2011, the Street Fund – Contractual Services and Sewer Fund – Personal services had expenditures greater than appropriations.

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

Contrary to Ohio Revised Code Section 5705.36, the Village should have received reduced certificates.

**VILLAGE OF HARTFORD
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 and 2010**

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, 2011 was as follows:

	2011 Principal	%
Ohio Water Development Authority Loans	\$ 1,056,065	0.0
Ohio Public Works Commission	9,752	0.0
Total	\$ 1,065,817	

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 borrowed \$1,327,321. The Village will repay the loan in semiannual installments of \$33,183 over 20 years. No amortization schedule has been established but the scheduled payment amounts 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.

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

The loan balance at December 31, 2009 was stated as \$1,260,954. Based on the loan information from the OWDA website the loan balance at December 31, 2009 should have been \$1,188,797 which then agrees to the amount above.

Amortization of the above debt is scheduled as follows:

Year	OPWC	OWDA
2012	\$ 488	\$ 66,366
2013	488	66,366
2014	488	66,366
2015	488	66,366
2016	488	66,366
2017-2021	2,440	331,830
2022-2026	2,440	331,830
2027-2031	2,432	60,575
Total	\$ 9,752	\$ 1,056,065

**VILLAGE OF HARTFORD
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 and 2010**

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 2011 and 2010, members of PERS contributed 10% of their wages, respectively. The Village contributed an amount equal to 14.00% of participants gross salaries for 2011 and 2010, respectively. The Village has paid all contributions required through December 31, 2011.

7. RISK MANAGEMENT

Prior to 2009, the Village belonged 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 was legally separate from its member governments.

On January 1, 2009, through an internal reorganization, the Plan created three separate non-profit corporations including:

- Ohio Plan Risk Management, Inc. (OPRM) – formerly known as the Ohio Risk Management Plan;
- Ohio Plan Healthcare Consortium, Inc. (OPHC) – formerly known as the Ohio Healthcare Consortium; and
- Ohio Plan, Inc. – mirrors the oversight function previously performed by the Board of Directors. The Board of Trustees consists of eleven (11) members that include appointed and elected officials from member organizations.

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 coverage's, 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 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 retains 40% (17% through October 31, 2010 and 15% through October 31, 2009) of the premium and losses on the first \$250,0000 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 761 and 725 members as of December 31, 2010 and 2009 respectively. The Village participates in this program.

The Plan formed the Ohio Healthcare Consortium (OPHC), as authorized by Section 9.833 of the Ohio Revised Code. The OPHC was established to provide cost effective employee benefit programs for Ohio political sub-divisions and is a self-funded, group purchasing consortium that offers medical, dental, vision and prescription drug coverage as well as life insurance for its members. The OPHC is sold through seventeen appointed independent agents in the State of Ohio. Coverage programs are developed specific to each member's healthcare needs and the related premiums for coverage are determined through the application of uniform underwriting criteria. Variable plan options are available to members. These plans vary primarily by deductibles, coinsurance levels, office visit co-pays and out-of-pocket maximums. OPHC had 65 and 60 members as of December 31, 2010 and December 31, 2009 respectively. The Village does not participate in this coverage.

**VILLAGE OF HARTFORD
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 and 2010**

7. RISK MANAGEMENT (Continued)

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 years.

The Pools audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, the latest information available.

	2010		2009	
	OPRM	OPHC	OPRM	OPHC
Assets	\$ 12,036,541	\$ 1,355,131	\$ 11,176,186	\$ 1,358,802
Liabilities	(4,845,056)	(1,055,096)	(4,852,485)	(1,253,617)
Retained Earnings	\$ 7,191,485	\$ 300,035	\$ 6,323,701	\$ 105,185

You can read the complete audited financial statements for OPRM and OPHC 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

To the Village Council:

We have audited the financial statements of Village of Hartford as of and for the years ended December 31, 2011 and 2010, and have issued our report thereon dated March 23, 2012, 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 also noted the Village adopted Governmental Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. 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 the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control over financial reporting. Accordingly, we do not express an opinion 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 a certain deficiency in internal control over financial reporting, that we consider a material weakness..

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 combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Village's financial statements will not be prevented, or detected and timely corrected. We consider Findings 2011-01 described in the accompanying schedule of findings to be a material weakness.

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 have directly and materially affect 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 one instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings as items 2011-02.

We noted certain matters not requiring inclusion in this report that we have reported to the management of Village of Hartford in a separate letter dated March 23, 2012.

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

We intend this report solely for the information and use of the Village's management, Auditor of State, and others within the Village. We intend it for no one other than these specified parties.

Wolfe, Wilson, & Phillips, Inc.
Zanesville, Ohio
March 23, 2012

**VILLAGE OF HARTFORD
LICKING COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2011 AND 2010**

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

FINDING NUMBER 2011-01

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 accurately post receipts and disbursements to the Village's accounting records. The following posting errors were noted:

- Agency Fund activity for Mayor's Court was not included on the financial statements during 2011 (\$3,111 in Fines Collected and \$3,111 in Fines Disbursed) or during 2010 (\$8,389 in Fines Collected and \$11,655 in Fines Disbursed).
- On behalf payments made by the Ohio Public Works Commission for the High Street Drainage Project in 2011 were not posted to the accounting records (\$121,902 in intergovernmental receipts and \$121,902 in Capital Outlay in the Street Fund).

Not posting receipts and disbursements accurately to the ledgers resulted in the financial statements requiring numerous audit adjustments 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.

Client Response: We agree with finding and will try to get a monthly reports from the Mayor's Court Clerk in order to track this fund with the Village Accounting Records.

**VILLAGE OF HARTFORD
LICKING COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2011 AND 2010**

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

FINDING NUMBER 2011-02

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 73% and 77% of expenditures in 2011 and 2010, respectively..

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, 2011 AND 2010**

Finding Number	Finding Summary	Fully Corrected	Not Corrected, Partially Corrected Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2009-001	Monitoring system for financial statement presentation	No	Not Corrected: Stated as Finding Number 2011-01 in current report
2009-002	Finding for Recovery Elected Officials pay	Yes	Finding No Longer Valid
2009-003	ORC 5705.41(D) Prior Certification	No	Not Corrected: Stated as Finding Number 2011-02 in current report
2009-004	ORC 135.21 Interest Posting	Yes	Finding No Longer Valid

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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
JUNE 5, 2012