



**VILLAGE OF HARTFORD
LICKING COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 1999 - 1998



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

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REPORT OF INDEPENDENT ACCOUNTANTS

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

To the Village Council:

We have audited the accompanying financial statements of the Village of Hartford, Licking County, Ohio, (the Village) as of and for the years ended December 31, 1999 and December 31, 1998. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As discussed in Note 1, the Village prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Village of Hartford, Licking County as of December 31, 1999 and December 31, 1998, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 10, 2000 on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

This report is intended solely for the information and use of management, Village Council, and other officials authorized to receive this report under Section 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

JIM PETRO
Auditor of State

April 10, 2000

Village of Hartford

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1999**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Property Tax and Other Local Taxes	\$7,636	\$0	\$0	\$7,636
Intergovernmental Receipts	53,054	25,665	38,077	116,796
Fines, Licenses, and Permits	1,582	0	0	1,582
Miscellaneous	1,611	1,237	0	2,848
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Receipts	63,883	26,902	38,077	128,862
Cash Disbursements:				
Current:				
Security of Persons and Property	23,608	0	0	23,608
Public Health Services	504	0	0	504
Transportation		20,709	0	20,709
General Government	17,552	0	0	17,552
Capital Outlay	0	0	38,077	38,077
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	41,664	20,709	38,077	100,450
Total Cash Receipts Over/(Under) Cash Disbursement:	22,219	6,193	0	28,412
Fund cash balances, January 1	<hr/>	<hr/>	<hr/>	<hr/>
	33,571	41,252	0	74,823
Fund Cash Balances, December 31	<hr/>	<hr/>	<hr/>	<hr/>
	\$55,790	\$47,445	\$0	\$103,235

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

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,
AND CHANGES IN FUND CASH BALANCE
FIDUCIARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 1999**

	Fiduciary Fund Type Agency
Operating Cash Receipts:	
Fines and Forfeitures	\$1,882
Total Operating Cash Receipts	1,882
Operating Cash Disbursements:	
Village, State Remittances	1,882
Bank Service Charge	60
Total Operating Cash Disbursements	1,942
Operating Income/(Loss)	(60)
Fund Cash Balances, January 1	337
Fund Cash Balances, December 31	\$277

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

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1998**

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Property Tax and Other Local Taxes	\$7,200	\$0	\$7,200
Intergovernmental Receipts	30,981	10,540	41,521
Fines, Licenses, and Permits	2,949	0	2,949
Miscellaneous	6,976	1,363	8,339
Total Cash Receipts	48,106	11,903	60,009
Cash Disbursements:			
Current:			
Security of Persons and Property	30,039	0	30,039
Public Health Services	516	0	516
Transportation	0	3,454	3,454
General Government	17,198	0	17,198
Total Cash Disbursements	47,753	3,454	51,207
Total Cash Receipts Over/(Under) Cash Disbursement	353	8,449	8,802
Fund Cash Balances, January 1	33,218	32,803	66,021
Fund Cash Balances, December 31	<u>\$33,571</u>	<u>\$41,252</u>	<u>\$74,823</u>

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

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,
AND CHANGES IN FUND CASH BALANCE
FIDUCIARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 1998**

	Fiduciary Fund Type Agency
Operating Cash Receipts:	
Fines and Forfeitures	\$2,859
Total Operating Cash Receipts	2,859
Operating Cash Disbursements:	
Village, State Remittances	2,844
Bank Service Charge	41
Total Operating Cash Disbursements	2,885
Operating Income/(Loss)	(26)
Fund Cash Balances, January 1	363
Fund Cash Balances, December 31	\$337

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

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998**

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 general governmental services, including a police department, to provide security of persons and property.

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

The investment in STAR Ohio (the State Treasurer's investment pool) is valued at amounts 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:

General Fund

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

Special Revenue Fund

This fund is used to account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. The Village had the following significant Special Revenue Fund:

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

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

Capital Projects Fund

This fund is used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through enterprise or trust funds). The Village had the following significant Capital Projects Fund:

Issue II Fund - This fund receives Ohio Public Works money for constructing, maintaining, and repairing Village Streets.

Fiduciary Funds (Agency Fund)

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

Mayor's Court Fund - This fund receives money from the payment of citations issued by the Village Police Department. Money collected is distributed in accordance with the Ohio Revised Code to the Village and the State.

E. Budgetary Process

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

Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The Council must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Appropriations lapse at year end.

Estimated Resources

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

Encumbrances

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

A summary of 1999 and 1998 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

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

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)

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>1999</u>	<u>1998</u>
Demand deposits	\$ 16,768	\$ 26,263
STAR Ohio	<u>86,744</u>	<u>48,897</u>
Total deposits and investments	<u>\$ 103,512</u>	<u>\$ 75,160</u>

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.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 1999 and December 31, 1998 was as follows:

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 37,823	\$ 63,883	\$ 26,060
Special Revenue	10,540	26,902	16,362
Capital Projects	<u>0</u>	<u>38,077</u>	<u>38,077</u>
Total	<u>\$ 48,363</u>	<u>\$ 128,862</u>	<u>\$ 80,499</u>

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 72,756	\$ 41,664	\$ 31,092
Special Revenue	44,637	20,709	23,928
Capital Projects	<u>0</u>	<u>38,077</u>	<u>(38,077)</u>
Total	<u>\$ 117,393</u>	<u>\$ 100,450</u>	<u>\$ 16,943</u>

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

1998 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 33,918	\$ 48,106	\$ 14,188
Special Revenue	10,884	11,903	1,019
Total	\$ 44,802	\$ 60,009	\$ 15,207

1998 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 67,135	\$ 47,753	\$ 19,382
Special Revenue	37,795	3,454	34,341
Total	\$ 104,930	\$ 51,207	\$ 53,723

The Village does not utilize purchase orders to certify the availability of funds as required in accordance with Ohio Rev. Code Section 5705.41(D) and expenditures exceeded appropriations in the Capital Projects Fund in 1999.

4. PROPERTY TAX

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

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

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

5. RETIREMENT SYSTEMS

The Village's employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plans. This plan provides benefits, including post-retirement 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 1999 and 1998, PERS members contributed 8.5% of their gross salaries. The Village contributed an amount equal to 13.55% of participants' gross salaries. The Village has paid all contributions required through December 31, 1999.

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)

6. RISK MANAGEMENT

The Village is a member of the Government Risk Management Plan (the Pool). The Pool assumes the risk of loss up to the limits of the Village's policy. The Pool may assess supplemental premiums. The following risks are covered by the Pool:

- General liability and casualty
- Public official's liability
- Vehicle

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**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL 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 the Village of Hartford, Licking County, Ohio (the Village) as of and for the years ended December 31, 1999 and December 31, 1998, and have issued our report thereon dated April 10, 2000. We conducted our audits in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audits and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 1999-30645-001 and 1999-30645-002. We also noted certain immaterial instances of noncompliance that we have reported to management of the Village in a separate letter dated April 10, 2000.

Internal Control Over Financial Reporting

In planning and performing our audits, we considered the Village's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Village in a separate letter dated April 10, 2000.

This report is intended for the information and use of management and Council, and is not intended to be and should not be used by anyone other than these specified parties.

JIM PETRO
Auditor of State

April 10, 2000

**SCHEDULE OF FINDINGS
DECEMBER 31, 1999 AND 1998**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 1999-30645-001

Ohio Rev. Code Section 5705.36 allows the Village to request an amended official certificate for new revenue sources. Ohio Rev. Code Section 5705.41(B) states in part that no subdivision or taxing unit shall make any expenditure of money unless it has been appropriated against an appropriate fund.

<u>Fund</u>	<u>1999 Appropriations</u>	<u>1999 Expenditures</u>	<u>Variance</u>
Issue Two Fund	\$0	\$38,077	(\$38,077)

During 1999, the Village received Issue II proceeds from the Ohio Public Works Commission. The proceeds were not included in the Village's official or amended certificate of estimated resources, and were not appropriated, and as a result, Issue II disbursements exceeded appropriations.

Village officials should develop policies and procedures for monitoring and recording future Ohio Public Works Commission Issue II proceeds.

FINDING NUMBER 1999-30645-002

Ohio Rev. Code Section 5705.41(D) states 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.

The Village did not certify the availability of funds or utilize purchase orders during our audit period. The Village Clerk/Treasurer should certify funds before each payment is made through the issuance of a regular blanket or super blanket purchase order. One blanket certificate can be issued for each line item appropriation for recurring and reasonably predictable operating expenses. These blanket certificates should be canceled at the end of each fiscal year. A super blanket purchase order can be for any amount.

If no certificate is furnished as required, this section allows the Village to issue then and now certificates for expenses up to \$1,000. Then and now certificates allows the Clerk/Treasurer to certify that both at the time the expenditure was made and at the time that the certification is completed, sufficient funds were available. These certificates can be certified by the Clerk/Treasurer without subsequent authorization from Council; however, then and now certificates issued by the Clerk/Treasurer over \$1,000 must be authorized by Council within thirty days after payment.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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VILLAGE OF HARTFORD

LICKING COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
MAY 9, 2000**