

VILLAGE OF HARTFORD

AUDIT REPORT

JANUARY 1, 2012 - DECEMBER 31, 2013

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



Dave Yost • Auditor of State

Village 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 Wilson, Phillips & Agin, CPA's, Inc., for the audit period January 1, 2012 through December 31, 2013. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Village of Hartford is responsible for compliance with these laws and regulations.

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

Dave Yost
Auditor of State

May 7, 2014

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**VILLAGE OF HARTFORD
LICKING COUNTY
JANUARY 1, 2012 - DECEMBER 31, 2013**

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

INDEPENDENT AUDITORS' REPORT

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

To the Village Council:

Report on the Financial Statements

We have audited the accompanying financial statements and related notes of the Village of Hartford, Licking County, as of and for the years ended December 31, 2013 and 2012.

Management's Responsibility For the Financial Statements

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

Auditor's Responsibility

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

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

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

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

As described in Note 1 of the financial statements, the Village prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States, to satisfy requirements.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village of Hartford as of December 31, 2013 and 2012, or changes in financial position thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of the Village of Hartford, Licking County as of December 31, 2013 and 2012, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated February 26, 2014, on our consideration of the Village of Hartford's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.

Wilson, Phillips & Agin, CPA's, Inc.
Zanesville, Ohio
February 26, 2014

**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, 2013**

	Governmental Fund Types		Totals (Memorandum Only)
	General	Special Revenue	
Cash Receipts:			
Property Tax and Other Local Taxes	\$ 14,617	\$ -	\$ 14,617
Intergovernmental Receipts	17,690	16,690	34,380
Fines, Licenses and Permits	3,808	-	3,808
Earnings on Investments	65	-	65
Miscellaneous	943	784	1,727
Total Cash Receipts	37,123	17,474	54,597
Cash Disbursements:			
Current:			
Security of Persons and Property	13,027	-	13,027
Transportation	-	11,296	11,296
Leisure Time Activities	5,030	-	5,030
Public Health Service	-	-	-
General Government	19,678	-	19,678
Debt Service:			
Principal	-	244	244
Capital Outlay	-	16,947	16,947
Total Cash Disbursements	37,735	28,487	66,222
Total Cash Receipts Over/(Under) Cash Disbursements	(612)	(11,013)	(11,625)
Other Financing Receipts			
Loan Proceeds	-	16,947	16,947
Total Other Financing Receipts	-	16,947	16,947
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements	(612)	5,934	5,322
Fund Cash Balance, January 1	16,440	36,099	52,539
Fund Cash Balances, December 31			
Restricted	-	42,033	42,033
Unassigned (Deficit)	15,828	-	15,828
Fund Cash Balance, December 31	\$ 15,828	\$ 42,033	\$ 57,861

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, 2013**

	Proprietary Fund Type	Fiduciary Fund Type	Totals (Memorandum Only)
	Enterprise	Agency	
Operating Cash Receipts:			
Charges for Services	\$ 121,797	-	\$ 121,797
Total Operating Cash Receipts	<u>121,797</u>	<u>-</u>	<u>121,797</u>
Operating Cash Disbursements:			
Personal Services	32,567	-	32,567
Contractual Service	22,313	-	22,313
Supplies and Materials	34,156	-	34,156
Capital Outlay	7,128	-	7,128
Total Operating Cash Disbursements	<u>96,164</u>	<u>-</u>	<u>96,164</u>
Operating Income	25,633	-	25,633
Non-Operating Cash Receipts:			
Fees and Fines Collected	-	3,972	3,972
Loan Proceeds	7,128	-	7,128
Total Non-Operating Cash Receipts	<u>7,128</u>	<u>3,972</u>	<u>11,100</u>
Non-Operating Cash Disbursements:			
Principal payment	66,771	-	66,771
Fees and Fines Distributed	-	4,465	4,465
Total Non-Operating Cash Disbursements	<u>66,771</u>	<u>4,465</u>	<u>71,236</u>
Excess of Receipts Over Disbursements	(34,010)	(493)	(34,503)
Fund Cash Balances, January 1	<u>169,739</u>	<u>1,513</u>	<u>171,252</u>
Fund Cash Balances, December 31	<u>\$ 135,729</u>	<u>\$ 1,020</u>	<u>\$ 136,749</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, 2012**

	Governmental Fund Types		Totals (Memorandum Only)
	General	Special Revenue	
Cash Receipts:			
Property Tax and Other Local Taxes	\$ 13,421	\$ -	\$ 13,421
Intergovernmental Receipts	19,713	16,861	36,574
Fines, Licenses and Permits	2,814	-	2,814
Earnings on Investments	156	-	156
Miscellaneous	4,270	-	4,270
Total Cash Receipts	40,374	16,861	57,235
Cash Disbursements:			
Current:			
Security of Persons and Property	14,180	-	14,180
Transportation	-	9,415	9,415
Leisure Time Activities	19,043	-	19,043
Public Health Service	900	-	900
General Government	21,782	-	21,782
Debt Service:			
Principal	-	488	488
Total Cash Disbursements	55,905	9,903	65,808
Total Cash Receipts Over/(Under) Cash Disbursements	(15,531)	6,958	(8,573)
Fund Cash Balance, January 1	31,971	29,141	61,112
Fund Cash Balances, December 31			
Restricted	-	36,099	36,099
Unassigned (Deficit)	16,440	-	16,440
Fund Cash Balance, December 31	\$ 16,440	\$ 36,099	\$ 52,539

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, 2012**

	Proprietary Fund Type	Fiduciary Fund Type	Totals (Memorandum Only)
	Enterprise	Agency	
Operating Cash Receipts:			
Charges for Services	\$ 119,429	-	\$ 119,429
Total Operating Cash Receipts	<u>119,429</u>	<u>-</u>	<u>119,429</u>
Operating Cash Disbursements:			
Personal Services	28,200	-	28,200
Contractual Service	1,303	-	1,303
Supplies and Materials	48,441	-	48,441
Total Operating Cash Disbursements	<u>77,944</u>	<u>-</u>	<u>77,944</u>
Operating Income	41,485	-	41,485
Non-Operating Cash Receipts:			
Fees and Fines Collected	-	4,554	4,554
Loan Proceeds	403	-	403
Total Non-Operating Cash Receipts	<u>403</u>	<u>4,554</u>	<u>4,957</u>
Non-Operating Cash Disbursements:			
Principal payment	66,366	-	66,366
Fees and Fines Distributed	-	4,061	4,061
Total Non-Operating Cash Disbursements	<u>66,366</u>	<u>4,061</u>	<u>70,427</u>
Excess of Receipts Over Disbursements	(24,478)	493	(23,985)
Fund Cash Balances, January 1	<u>194,217</u>	<u>1,020</u>	<u>195,237</u>
Fund Cash Balances, December 31	<u>\$ 169,739</u>	<u>\$ 1,513</u>	<u>\$ 171,252</u>

See notes to financial statements.

**VILLAGE OF HARTFORD
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 and 2012**

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.

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 accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements basis of accounting. 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. Cash and Investments

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

STAR Ohio is recorded at share values the mutual funds report.

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, 2013 and 2012**

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 charges for services from residents to cover sewer service costs.

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. 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, 2013 and 2012**

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 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. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year.

A summary of 2013 and 2012 budgetary activity appears in Note 3.

F. Fund Balance

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

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

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

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

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

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, 2013 and 2012**

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>2013</u>	<u>2012</u>
Demand Deposits	\$ 45,682	\$ 43,928
STAR Ohio	<u>148,928</u>	<u>179,863</u>
Total deposits and investments	<u>\$ 194,610</u>	<u>\$ 223,791</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, 2013 and 2012**

3. BUDGETARY ACTIVITY

Budgetary activity for the year ended December 31, 2013 and 2012 is as follows:

2013 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 38,035	\$ 37,123	\$ (912)
Special Revenue	16,000	34,421	18,421
Enterprise	120,000	128,925	8,925
Total	<u>\$ 174,035</u>	<u>\$ 200,469</u>	<u>\$ 26,434</u>

2013 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 40,170	\$ 37,735	\$ 2,435
Special Revenue	30,933	28,487	2,446
Enterprise	259,738	162,935	96,803
Total	<u>\$ 330,841</u>	<u>\$ 229,157</u>	<u>\$ 101,684</u>

2012 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 42,746	\$ 40,374	\$ (2,372)
Special Revenue	15,000	16,861	1,861
Enterprise	120,000	119,832	(168)
Total	<u>\$ 177,746</u>	<u>\$ 177,067</u>	<u>\$ (679)</u>

2012 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 74,717	\$ 55,905	\$ 18,812
Special Revenue	44,141	9,903	34,238
Enterprise	314,217	144,310	169,907
Total	<u>\$ 433,075</u>	<u>\$ 210,118</u>	<u>\$ 222,957</u>

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

**VILLAGE OF HARTFORD
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 and 2012**

4. PROPERTY TAX

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

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

5. DEBT

Debt outstanding at December 31, 2013 was as follows:

	2013	
	<u>Principal</u>	<u>%</u>
Ohio Water Development Authority 4164	\$ 923,333	0.0
Ohio Water Development Authority 6252	7,126	0.0
Ohio Public Works Commission CQ04P	16,947	0.0
Ohio Public Works Commission CT70N	9,020	0.0
Total	<u>\$ 956,426</u>	

The Ohio Water Development Authority (OWDA) loan 4164 relates to a sewer plant expansion project the Ohio Environmental Protection Agency mandated. The OWDA approved up to \$1,411,000 in loans to the Village for this project, the Village borrowed \$1,327,321. 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 Water Development Authority (OWDA) loan 6252 relates to the pump station generator design project. The OWDA approved up to \$8,950 in loans to the Village for this project, the Village borrowed \$7,531. No amortization schedule has been established. 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 CT70N relates to the High Street Drainage Project. The Village will repay the loan in semiannual payments of \$244 over 20 years.

The Ohio Public Works Commission (OPWC) loan CQ04P relates to the Cross Street/Bennington Road resurfacing project. The Village will repay the loan in semiannual payments of \$1,079 over 8 years.

**VILLAGE OF HARTFORD
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 and 2012**

5. DEBT (Continued)

Amortization of the above debt is scheduled as follows:

Year	OPWC CT70N	OPWC CQ04P	OWDA 4164
2014	\$ 488	\$ 2,118	\$ 66,366
2015	488	2,118	66,366
2016	488	2,118	66,366
2017	488	2,118	66,366
2018	488	2,118	66,366
2019-2023	2,440	6,357	331,830
2024-2028	2,440	-	259,673
2029-2033	1,700	-	-
Total	<u>\$ 9,020</u>	<u>\$ 16,947</u>	<u>\$ 923,333</u>

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 2013 and 2012, respectively. The Village has paid all contributions required through December 31, 2013.

7. RISK MANAGEMENT

The Village belongs to the Ohio Plan Risk management, Inc. (OPRM) – formerly known as 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 coverage’s, to its members sold through fourteen appointed independent agents in the State of Ohio.

OPRM coverage programs are developed specific to each member’s risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member’s exposure to loss, except OPRM retains 41.5% (effective November 1, 2011) of the premium and losses on the first \$250,000 casualty treaty and 10% of the first \$1,000,000 property treaty. Effective November 1, 2012 the plan increased its retention to 50% of the first \$250,000 casualty treaty. The Plan’s property retention remained unchanged from prior years. This change was made to balance the reinsurance market conditions. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 767 and 765 members as of December 31, 2012 and 2011, respectively.

**VILLAGE OF HARTFORD
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 and 2012**

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 conformity with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2012 and 2011 (the latest information available).

	<u>2012</u>	<u>2011</u>
Assets	\$ 13,100,381	\$ 12,501,280
Liabilities	<u>(6,687,193)</u>	<u>(5,328,761)</u>
Members' Equity	<u>\$ 6,413,188</u>	<u>\$ 7,172,519</u>

You can read the complete audited financial statements for OPRM at the Plan's website, www.ohioplan.org.

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

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

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

To the Village Council:

We have audited, in accordance with auditing standards general accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of Village of Hartford as of and for the years ended December 31, 2013 and 2012, and have issued our report thereon dated February 26, 2014, 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.

Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies.. Therefore, unidentified material weaknesses or significant deficiencies may exist. However, as described in the accompanying schedule of findings, we identified 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 a combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Village's financial statements. A *significant deficiency* is a deficiency or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider Findings 2013-01 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 directly and materially affect the determination of financial statement amounts. However, opining on compliance was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

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 February 26, 2014.

Entity's Response to Findings

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

Purpose of this Report

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

Wilson, Phillips & Agin, CPA's, Inc.
Zanesville, Ohio
February 26, 2014

**VILLAGE OF HARTFORD
LICKING COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2013 AND 2012**

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

FINDING NUMBER 2013-01

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 2013 (\$3,972 in Fines Collected and \$4,465 in Fines Disbursed) or during 2012 (\$4,554 in Fines Collected and \$4,061 in Fines Disbursed).

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. We have also started using UAN as of October 1, 2013 and hope that it will help with recording all transactions.

**VILLAGE OF HARTFORD
LICKING COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
YEARS ENDED DECEMBER 31, 2013 AND 2012**

Finding Number	Finding Summary	Fully Corrected	Not Corrected, Partially Corrected Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2011-01	Monitoring system for financial statement presentation	No	Not Corrected: Stated as Finding Number 2013-01 in current report
2011-02	ORC 5705.41(D) Prior Certification	No	Partially Corrected: Included in Management Letter

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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
MAY 20, 2014**