

VILLAGE OF HARTFORD

AUDIT REPORT

JANUARY 1, 2014 - DECEMBER 31, 2015

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



Dave Yost • Auditor of State

Village of Hartford
Village of Hartford
PO Box 154
Croton, OH 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, 2014 through December 31, 2015. 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

July 6, 2016

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**VILLAGE OF HARTFORD
LICKING COUNTY
JANUARY 1, 2014 - DECEMBER 31, 2015**

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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 of the cash balances, receipts and disbursements by fund type and related notes of the Village of Hartford, Licking County, as of and for the years ended December 31, 2015 and 2014.

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 these requirements.

Although the effects on the financial statements of the variances between the regulatory basis of accounting and GAAP are not reasonably determinable, are presumed to be material.

Though the Village does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis permitted is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

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, 2015 and 2014, or changes in financial position or cash flows 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, 2015 and 2014, 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 May 4, 2016, 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
May 4, 2016

**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, 2015**

	Governmental Fund Types		Totals (Memorandum Only)
	General	Special Revenue	
Cash Receipts:			
Property Tax and Other Local Taxes	\$ 15,198	\$ -	\$ 15,198
Intergovernmental Receipts	18,602	29,400	48,002
Fines, Licenses and Permits	4,976	-	4,976
Earnings on Investments	155	-	155
Miscellaneous	3,309	219	3,528
Total Cash Receipts	42,240	29,619	71,859
Cash Disbursements:			
Current:			
Security of Persons and Property	13,197	-	13,197
Transportation	-	11,447	11,447
Leisure Time Activities	415	-	415
General Government	25,361	6,375	31,736
Debt Service:			
Principal	-	2,606	2,606
Capital Outlay	-	11,887	11,887
Total Cash Disbursements	38,973	32,315	71,288
Total Cash Receipts Over/(Under) Cash Disbursements	3,267	(2,696)	571
Fund Cash Balance, January 1	14,842	44,637	59,479
Fund Cash Balances, December 31			
Restricted	-	41,941	41,941
Unassigned (Deficit)	18,109	-	18,109
Fund Cash Balance, December 31	\$ 18,109	\$ 41,941	\$ 60,050

See notes to financial statements.

**VILLAGE OF HARTFORD
LICKING COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCE - ALL PROPRIETARY AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2015**

	<u>Proprietary</u>	<u>Fiduciary</u>	Totals
	Enterprise	Agency	(Memorandum Only)
Operating Cash Receipts:			
Charges for Services	\$ 127,821	-	\$ 127,821
Total Operating Cash Receipts	<u>127,821</u>	<u>-</u>	<u>127,821</u>
Operating Cash Disbursements:			
Personal Services	14,068	-	14,068
Contractual Service	64,345	-	64,345
Supplies and Materials	1,333	-	1,333
Total Operating Cash Disbursements	<u>79,746</u>	<u>-</u>	<u>79,746</u>
Operating Income	48,075	-	48,075
Non-Operating Cash Receipts:			
Fees and Fines Collected	-	3,203	3,203
Special Assessments	14,158	-	14,158
Miscellaneous	153	-	153
Total Non-Operating Cash Receipts	<u>14,311</u>	<u>3,203</u>	<u>17,514</u>
Non-Operating Cash Disbursements:			
Principal payment	72,765	-	72,765
Interest and Other Fiscal Charges	336	-	336
Fees and Fines Distributed	-	4,562	4,562
Total Non-Operating Cash Disbursements	<u>73,101</u>	<u>4,562</u>	<u>77,663</u>
Excess of Receipts Over Disbursements	(10,715)	(1,359)	(12,074)
Fund Cash Balances, January 1	<u>130,516</u>	<u>1,596</u>	<u>132,112</u>
Fund Cash Balances, December 31	<u>\$ 119,801</u>	<u>\$ 237</u>	<u>\$ 120,038</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, 2014**

	Governmental Fund Types		Totals (Memorandum Only)
	General	Special Revenue	
Cash Receipts:			
Property Tax and Other Local Taxes	\$ 14,976	\$ -	\$ 14,976
Intergovernmental Receipts	14,769	18,353	33,122
Fines, Licenses and Permits	4,129	-	4,129
Earnings on Investments	49	-	49
Miscellaneous	1,378	895	2,273
Total Cash Receipts	35,301	19,248	54,549
Cash Disbursements:			
Current:			
Security of Persons and Property	11,412	-	11,412
Transportation	-	7,877	7,877
Leisure Time Activities	630	-	630
General Government	23,669	6,596	30,265
Debt Service:			
Principal	-	2,606	2,606
Total Cash Disbursements	35,711	17,079	52,790
Total Cash Receipts Over/(Under) Cash Disbursements	(410)	2,169	1,759
Other Financing Receipts (Disbursements)			
Transfer In	-	435	435
Transfer Out	(435)	-	(435)
Other Financing (Uses)	(141)	-	(141)
Total Other Financing Receipts	(576)	435	(141)
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements	(986)	2,604	1,618
Fund Cash Balance, January 1	15,828	42,033	57,861
Fund Cash Balances, December 31			
Restricted	-	44,637	44,637
Unassigned (Deficit)	14,842	-	14,842
Fund Cash Balance, December 31	\$ 14,842	\$ 44,637	\$ 59,479

See notes to financial statements.

**VILLAGE OF HARTFORD
LICKING COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCE - ALL PROPRIETARY AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2014**

	<u>Proprietary</u>	<u>Fiduciary</u>	Totals
	Enterprise	Agency	(Memorandum Only)
Operating Cash Receipts:			
Charges for Services	\$ 126,791	-	\$ 126,791
Total Operating Cash Receipts	<u>126,791</u>	<u>-</u>	<u>126,791</u>
Operating Cash Disbursements:			
Personal Services	14,510	-	14,510
Contractual Service	65,999	-	65,999
Supplies and Materials	1,729	-	1,729
Total Operating Cash Disbursements	<u>82,238</u>	<u>-</u>	<u>82,238</u>
Operating Income	44,553	-	44,553
Non-Operating Cash Receipts:			
Fees and Fines Collected	-	9,121	9,121
Special Assessments	13,699	-	13,699
Miscellaneous	514	-	514
Loan Proceeds	74,492	-	74,492
Total Non-Operating Cash Receipts	<u>88,705</u>	<u>9,121</u>	<u>97,826</u>
Non-Operating Cash Disbursements:			
Principal payment	76,025	-	76,025
Capital Outlay	62,446	-	62,446
Fees and Fines Distributed	-	8,545	8,545
Total Non-Operating Cash Disbursements	<u>138,471</u>	<u>8,545</u>	<u>147,016</u>
Excess of Receipts Over Disbursements	(5,213)	576	(4,637)
Fund Cash Balances, January 1	<u>135,729</u>	<u>1,020</u>	<u>136,749</u>
Fund Cash Balances, December 31	<u>\$ 130,516</u>	<u>\$ 1,596</u>	<u>\$ 132,112</u>

See notes to financial statements.

**VILLAGE OF HARTFORD
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 and 2014**

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, Ohio (the Village) as a body corporate and politic. A publicly-elected six-member council directs the Village. The Village provides general governmental services, 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 permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D). This basis is similar to the cash receipts and disbursements accounting basis. The Village recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

C. Deposits and Investments

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

STAR Ohio funds are 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, 2015 and 2014**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (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 the cost of providing this utility.

Fiduciary Funds

Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Village disburses these funds as directed by the individual, organization or other government. The Village had the following significant Fiduciary Fund:

Mayors Court Fund - This fund receives fines and fees levied for traffic violations as prescribed by Village Ordinance. The funds are distributed to various agencies as prescribed by the Ohio Revised Code.

E. Budgetary Process

The Ohio Revised Code requires that each fund (except certain agency fund) 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. 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, 2015 and 2014**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (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. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 2015 and 2014 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 a 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, 2015 and 2014**

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.

H. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

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:

	2015	2014
Demand Deposits	40,056	42,615
STAR Ohio	140,032	148,976
Total Deposits and Investments	\$ 180,088	\$ 191,591

Deposits: Deposits are 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.

3. BUDGETARY ACTIVITY

Budgetary activity for the year ended December 31, 2015 and 2014 is as follows:

2015 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 38,235	\$ 42,240	\$ 4,005
Special Revenue	360,470	29,619	(330,851)
Enterprise	227,109	142,132	(84,977)
Total	\$ 625,814	\$ 213,991	\$ (411,823)

2015 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 42,100	\$ 38,973	\$ 3,127
Special Revenue	366,508	32,315	334,193
Enterprise	264,109	152,847	111,262
Total	\$ 672,717	\$ 224,135	\$ 448,582

**VILLAGE OF HARTFORD
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 and 2014**

3. BUDGETARY ACTIVITY (Continued)

2014 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 32,932	\$ 35,301	\$ 2,369
Special Revenue	42,690	19,683	(23,007)
Enterprise	198,000	215,496	17,496
Total	\$ 273,622	\$ 270,480	\$ (3,142)

2014 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 39,909	\$ 36,287	\$ 3,622
Special Revenue	55,161	17,079	38,082
Enterprise	221,100	220,709	391
Total	\$ 316,170	\$ 274,075	\$ 42,095

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

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, 2015 was as follows:

	2015 Principal	%
Ohio Water Development Authority #4164	\$ 849,631	0.0
Ohio Water Development Authority #6376	6,530	4.4
Ohio Public Works Commission Loan #CQ04P	12,711	0.0
Ohio Public Works Commission Loan #CT70N	8,044	0.0
Total	\$ 575,367	

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 \$1,393,757. The Village will repay the loan in semiannual installments over 20 years. No amortization schedule has been established but the scheduled payments 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. Paid from Sewer Fund.

**VILLAGE OF HARTFORD
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 and 2014**

5. DEBT (Continued)

The OWDA loan 6736 is related to the WWTP Improvement Phase II Design project. The loan is to be repaid semiannually over five years with an interest rate of 4.40%. 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. Paid from Street Fund.

The 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. Paid from Street Fund.

Amortization of the above debt, including interest, is scheduled as follows:

Year Ending December 31	OWDA 4164	OWDA 6736	OPWC CT70N	OPWC CQ04P
2016	\$ 71,303	\$ 1,798	\$ 488	\$ 2,118
2017	71,303	1,798	488	2,118
2018	71,303	1,798	488	2,118
2019	71,303	1,800	488	2,118
2020	71,303	-	488	2,118
2021-2025	356,515	-	2,440	2,121
2026-2030	136,601	-	2,440	-
2031-2035	-	-	724	-
	<u>\$ 849,631</u>	<u>\$ 7,194</u>	<u>\$ 8,044</u>	<u>\$ 12,711</u>

6. RETIREMENT SYSTEMS

The Village's full-time employees and elected officials belong to the Public Employees Retirement System (OPERS) of Ohio. OPERS is a cost-sharing, multiple employer plan. The Ohio Revised Code prescribes the plan benefits, which include postretirement healthcare, and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2015 and 2014, OPERS members contributed 10.0% of their gross wages and the Village contributed an amount equal to 14.00% of participant's gross salaries. The Village has paid all contributions required through December 31, 2015.

**VILLAGE OF HARTFORD
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 and 2014**

7. RISK MANAGEMENT

The Village is exposed to various risks of property and casualty losses, and injuries to employees.

The Village pays the State Workers' Compensation System a premium based on a rate of per \$100 of salaries. This rate is calculated based on accident history and administrative costs. The System administers and pays all claims.

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 coverages 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 of the first \$250,000 casualty treaty and 10% of the first \$1,000,000 property treaty. Effective November 1, 2012 (and through October 2014) 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 774 and 783 members as of December 31, 2013 and 2014, respectively.

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, 2013 and 2014 the latest information available.

	2013	2014
Assets	\$ 13,774,304	\$ 14,830,185
Liabilities	(7,968,395)	(8,942,504)
Retained Earnings	\$ 5,805,909	\$ 5,887,681

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, Licking County as of and for the years ended December 31, 2015 and 2014, and the related notes to the financial statements and have issued our report thereon dated May 4, 2016, wherein we noted the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered 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.

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.

Our consideration of internal control was for the limited purpose described in the first 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. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings that we consider a significant deficiency. We consider Finding 2015-002 to be a significant deficiency.

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 one instance of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2015-001.

Entity's Response to Finding

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
May 4, 2016

**VILLAGE OF HARTFORD
LICKING COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2015 AND 2014**

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

FINDING NUMBER 2015-001

Noncompliance – Certification of Funds

Ohio Revised Code Section 5705.41(D) prohibits a subdivision or taxing authority from making any contract or ordering any expenditure of money unless a certificate signed by the fiscal officer is attached thereto. The fiscal officer must certify that the amount required to meet any such contract or expenditure has been lawfully appropriated and is in the treasury, or is in the process of collection to the credit of an appropriate fund free from any previous encumbrance.

There are several exceptions to the standard requirement stated above that a fiscal officer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are: "then and now" certificates, blanket certificates and super blanket certificates, which are provided for in Sections 5705.41(D)(1) and 5705.41(D)(3), respectively, of the Ohio Revised Code.

- If the fiscal officer can certify that both at the time that the contract or order was made ("then") and at the time that the fiscal officer is completing the certification ("now"), that sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the Village can authorize the drawing of a warrant for the payment of the amount due. The Village has 30 days from the receipt of the "then and now" certificate to approve payment by ordinance or resolution. Amounts less than \$3,000 may be paid by the fiscal officer without a resolution or ordinance upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of the expenditures by the Village.
- Blanket Certificates. Fiscal officers may prepare "blanket" certificates if the Village has approved their use and established maximum amounts.
- Super Blanket Certificates. The Village may also make expenditures and contracts for any amount from a specific line item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonable predictable operation expense. This certification is not to extend beyond the current year. More than one so-called "super blanket" certificate may be outstanding at a particular time for any line item appropriation.

**VILLAGE OF HARTFORD
LICKING COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2015 AND 2014**

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

FINDING NUMBER 2015-001 (Continued)

The Village did not certify the availability of funds prior to the purchase commitment for 49% of expenditures tested. For these item the Village also did not prepare blanket certificates, super blankets certificates or then and now certificates in accordance with the Ohio Revised Code. Failure to properly certify the availability of funds can result in overspending funds and negative cash fund balances.

We recommend the Village certify purchases to which Section 5705.41(D) applies. The most convenient certification method is to use purchase orders that include the certification language 5705.41(D) requires to authorize disbursements. The Fiscal Officer should sign the certification at the time the Village incurs a commitment and only when the requirements of 5705.41(D) are satisfied. The Fiscal Officer should post approved purchase commitments to the proper code, to reduce available appropriations.

Client Response: There were two fiscal officers during the period covered by this audit. The change in fiscal officers occurred in November 2015. The errors noted in the Finding above occurred before November of 2015. Subsequent to this date changes have been made to correct these errors.

FINDING 2015-002

Significant Deficiency – Noncompliance

All local offices should maintain an accounting system and accounting records sufficient to enable the public office to identify, assemble, analyze, classify, record and report its transactions, maintain accountability for the related assets, document compliance with finance-related legal and contractual requirements and prepare financial statements.

During the audit period, there were 6 instances of incomplete voucher packages found when testing disbursements. The voucher package should include a check stub, invoice, and a reference to the purchase order. During testing, there were incomplete packages that caused us to have to perform additional audit procedures to verify the expenditures. We recommend that due care should be taken to ensure completeness of the records related to the disbursement.

Client Response: There were two fiscal officers during the period covered by this audit. The change in fiscal officers occurred in November 2015. The errors noted in the Finding above occurred before November of 2015. Subsequent to this date changes have been made to correct these errors.

**VILLAGE OF HARTFORD
LICKING COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
YEARS ENDED DECEMBER 31, 2015 AND 2014**

Finding Number	Finding Summary	Fully Corrected	Not Corrected, Partially Corrected Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2013-01	Monitoring system for financial statement presentation	Yes	Finding No Longer Valid



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
SEPTEMBER 20, 2016