

**VILLAGE OF HARRISBURG  
FRANKLIN COUNTY, OHIO**

**AUDIT REPORT**

**FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017**







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Village Council  
Village of Harrisburg  
1100 High Street  
P. O. Box 17  
Harrisburg, Ohio 43126

We have reviewed the *Independent Auditor's Report* of the Village of Harrisburg, Franklin County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2017 through December 31, 2018. 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 Harrisburg is responsible for compliance with these laws and regulations.

Keith Faber  
Auditor of State  
Columbus, Ohio

November 6, 2019

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**VILLAGE OF HARRISBURG  
FRANKLIN COUNTY, OHIO  
Audit Report  
For the Years Ended December 31, 2018 and 2017**

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**INDEPENDENT AUDITOR'S REPORT**

Village of Harrisburg  
Franklin County  
1100 High Street  
Harrisburg, Ohio 43126

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 Harrisburg, Franklin County, (the Village) as of and for the years ended December 31, 2018 and 2017.

***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements free from material misstatement, whether due to fraud or error.

***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers 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 for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating of the overall presentation of the financial statements.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

As described in Note 2 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 of America (GAAP), to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determined, we presume they are 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 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 as of December 31, 2018 and 2017, and the respective 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 cash balances, receipts and disbursements by fund type, and the related notes of the Village of Harrisburg, Franklin County, as of December 31, 2018 and 2017, 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 2.

***Emphasis of Matter***

As discussed in Note 12 to the financial statements, the Village has been experiencing financial difficulties and has been placed on Fiscal Caution by the Auditor of State as of February 26, 2019. Our opinion is not modified with respect to this matter.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated September 30, 2019, on our consideration of the Village's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance, and the results of that testing, and not to provide an opinion on the effectiveness of the Village's 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.

*Charles E. Harris & Associates*

***Charles E. Harris & Associates, Inc.***  
September 30, 2019

**VILLAGE OF HARRISBURG  
FRANKLIN COUNTY  
COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND  
CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)  
All Governmental Fund Types  
For the Year Ended December 31, 2018**

	<u>Governmental Fund Types</u>		<u>Totals- (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Property Taxes	\$ 3,447	\$ 14,112	\$ 17,559
Municipal Income Tax	61,690	-	61,690
Intergovernmental	28,465	-	28,465
Special Assessments	-	832	832
Charges for Services	1,375	-	1,375
Fines, Licenses and Permits	1,774	105	1,879
Earning on Investment	37	2	39
Miscellaneous	8,773	-	8,773
	<u>105,561</u>	<u>15,051</u>	<u>120,612</u>
<b>Total Cash Receipts</b>			
<b>Cash Disbursements:</b>			
<b>Current:</b>			
Security of Persons & Property	18,181	-	18,181
Transportation	-	9,893	9,893
General Government	64,245	79	64,324
	<u>82,426</u>	<u>9,972</u>	<u>92,398</u>
<b>Total Cash Disbursements</b>			
<b>Net Change in Fund Cash Balances</b>	<b>23,135</b>	<b>5,079</b>	<b>28,214</b>
<b>Fund Cash Balance, January 1, 2018</b>	<b>(10,720)</b>	<b>14,653</b>	<b>3,933</b>
<b>Fund Cash Balance:</b>			
Restricted	-	19,732	19,732
Assigned	863	-	863
Unassigned	11,552	-	11,552
<b>Fund Cash Balance, December 31, 2018</b>	<b>\$ <u>12,415</u></b>	<b>\$ <u>19,732</u></b>	<b>\$ <u>32,147</u></b>

See Accompanying Notes to the Financial Statements.

**VILLAGE OF HARRISBURG**  
**FRANKLIN COUNTY, OHIO**  
**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND**  
**BALANCES (REGULATORY CASH BASIS)**  
**PROPRIETARY FUND TYPE AND SIMILAR FIDUCIARY FUNDS**  
**For the Year Ended December 31, 2018**

	<u>Proprietary Fund Type Enterprise</u>	<u>Fiduciary Fund Type Agency</u>	<u>Totals- (Memorandum Only)</u>
<b>Operating Cash Receipts:</b>			
Charges for Services	\$ 70,534	\$ -	\$ 70,534
<b>Total Operating Cash Receipts</b>	<u>70,534</u>	<u>-</u>	<u>70,534</u>
<b>Non-Operating Receipts (Disbursements):</b>			
Fines and Forfeitures	-	3,900	3,900
Principal Retirement	(84,553)	-	(84,553)
Distribution of Fines and Forfeitures	-	(1,522)	(1,522)
<b>Total Non-Operating Receipts (Disbursements)</b>	<u>(84,553)</u>	<u>2,378</u>	<u>(82,175)</u>
<b>Net Change in Fund Cash Balance</b>	<u>(14,019)</u>	<u>2,378</u>	<u>(11,641)</u>
<b>Fund Cash Balance, January 1, 2018</b>	<u>15,478</u>	<u>2,764</u>	<u>18,242</u>
<b>Fund Cash Balance, December 31, 2018</b>	<u>\$ 1,459</u>	<u>\$ 5,142</u>	<u>\$ 6,601</u>

See Accompanying Notes to the Financial Statements.

**VILLAGE OF HARRISBURG  
FRANKLIN COUNTY, OHIO  
Notes to the Financial Statements  
For the Year Ended December 31, 2018**

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**Note 1 – REPORTING ENTITY**

The Village of Harrisburg, Franklin County, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly-elected six-member Council directs the Village. The Village provides general governmental services, street maintenance, police protection, and water and sewer services for its citizens.

**Note 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***Basis of Presentation***

The Village's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types, and a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all proprietary and fiduciary fund types which are organized on a fund type basis.

***Fund Accounting***

The Village uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Village are presented below:

**General Fund** The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Village for any purpose provided it is expended or transferred according to the general laws of Ohio.

**Special Revenue Fund** These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The village has the following significant Special Revenue Fund:

**Street Construction Maintenance and Repair** The street construction maintenance and repair fund accounts for and reports that portion of the State gasoline tax and motor vehicle license registration fees restricted for construction, maintenance, and repair of streets within the Village.

**Enterprise Fund** These funds account for operations that are similar to private business enterprises, where management intends to recover the significant costs of providing certain goods or services through user charges. The Village has the following significant Enterprise Fund:

**Sewer Fund** The sewer fund accounts for the provision of sanitary sewer services to the residents and commercial users within the Village. Assessed surcharges collected by the Franklin County Engineers office are forwarded to the Village and are used to pay its loans.

**Agency funds** are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Village's agency fund accounts for receipts and disbursements of the Mayor's Court.

**VILLAGE OF HARRISBURG  
FRANKLIN COUNTY, OHIO  
Notes to the Financial Statements  
For the Year Ended December 31, 2018**

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**Note 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)**

***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. Council 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.

***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 object level of control, and appropriations may not exceed estimated resources. The Village Council must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end.

***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 approve estimated resources.

***Encumbrances***

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are canceled and reappropriated in the subsequent year.

A summary of 2018 budgetary activity appears in Note 4.

**VILLAGE OF HARRISBURG  
FRANKLIN COUNTY, OHIO  
Notes to the Financial Statements  
For the Year Ended December 31, 2018**

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**Note 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)**

***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* amounts via formal action (resolution). The Village must adhere to these commitments unless the 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 the 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 resolution or by State Statute. The Village Clerk assigned fund balance to cover a gap between estimated revenue and appropriations in the 2019 appropriated budget.

***Unassigned*** Unassigned fund balance is the residual classification for the general fund and includes amounts not included 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 (committed, assigned, and 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.

**Note 3 – COMPLIANCE**

The Village was in violation of ORC section 5705.10(H), 5705.39 and 5705.41(B).

**VILLAGE OF HARRISBURG  
FRANKLIN COUNTY, OHIO  
Notes to the Financial Statements  
For the Year Ended December 31, 2018**

**Note 4 - BUDGETARY ACTIVITY**

Budgetary activity for the year ending December 31, 2018, follows:

2018 Budgeted vs Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$107,548	\$105,561	(\$1,987)
Special Revenue	18,960	15,051	(3,909)
Enterprise	44,250	70,534	26,284
Total	\$170,758	\$191,146	\$20,388

2018 Budgeted vs Actual Budgetary Basis Disbursements			
Fund Type	Appropriation Authority	Budgetary Disbursements	Variance
General	\$104,491	\$82,426	\$22,065
Special Revenue	18,189	9,972	8,217
Enterprise	44,152	84,553	(40,401)
Total	\$166,832	\$176,951	(\$10,119)

**Note 5 – DEPOSITS**

The Village maintains a deposit and investments pool all funds use. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits and investments at December 31 was as follows:

Demand deposits	2018
	\$38,748

***Deposits***

Deposits are insured by the Federal Deposit Insurance Corporation and collateralized through the Ohio Pooled Collateral System (OPCS).

**VILLAGE OF HARRISBURG  
FRANKLIN COUNTY, OHIO  
Notes to the Financial Statements  
For the Year Ended December 31, 2018**

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**Note 6 – TAXES**

***Property Taxes***

Real property taxes become a lien on January 1 preceding the October 1 date for which the Council adopted tax 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 pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

Public utilities are also taxed on personal and real property located within the Village.

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

***Income Taxes***

The Village levies a municipal income tax, effective July 1, 1995, of one (1) percent on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village.

Employers within the Village withhold income tax on employee compensation and remit the tax to the City of Columbus Income Division which collects and processes the tax for the Village. Businesses within the Village also remit income taxes levied on their profits to the City of Columbus. The City of Columbus remits payments to the Village monthly for taxes collected, less administrative fees.

**Note 7 – RISK MANAGEMENT**

***Risk Pool Membership***

The Village belongs to the Ohio Plan Risk Management, Inc. (OPRM) (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. Effective November 1, 2016, the OPRM retained 50% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. Effective November 1, 2017, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 764 members as of December 31, 2017.

**VILLAGE OF HARRISBURG  
FRANKLIN COUNTY, OHIO  
Notes to the Financial Statements  
For the Year Ended December 31, 2018**

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**Note 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 fiscal years.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2017, (the latest information available).

Assets	\$14,853,620
Liabilities	<u>(9,561,108)</u>
Members' Equity	<u>\$ 5,292,512</u>

You can read the complete audited financial statements for OPRM at the Plan's website, [www.ohioplan.org](http://www.ohioplan.org).

All employees of the Village are covered by a blanket bond, while certain individuals in policy-making roles are covered by separate, higher limit bond coverage.

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

**Note 8 – DEFINED BENEFIT PENSION PLANS**

***Ohio Public Employees Retirement System (OPERS)***

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

The Ohio Revised Code also prescribes contribution rates. Village employees contribute ten percent (10%) of their gross pay while the Village contributes fourteen percent (14%) of the covered payroll. The Village has paid all required contributions through December 31, 2018.

**Note 9 - POSTEMPLOYMENT BENEFITS**

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2018. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2018.

**VILLAGE OF HARRISBURG  
FRANKLIN COUNTY, OHIO  
Notes to the Financial Statements  
For the Year Ended December 31, 2018**

**Note 10 – DEBT**

Debt outstanding at December 31, 2018, was as follows:

	Principal	Interest Rate
Ohio Water Development Authority Loan #5372	\$505,019	0%
Ohio Water Development Authority Loan #5379	159,189	0%
Ohio Public Works Commission Loan #CT06I	116,748	0%
Ohio Public Works Commission Loan #CC05J	502,931	0%
	\$1,283,887	

Principal requirements for loans outstanding at December 31, 2018, follows:

Year Ending December 31:	OWDA #5372	OWDA #5379	OPWC #CT06I	OPWC #CC05J
2019	\$40,402	\$12,244	\$4,968	\$26,940
2020	40,402	12,244	4,968	26,940
2021	40,402	12,244	4,968	26,940
2022	40,402	12,244	4,968	26,940
2023	40,402	12,244	4,968	26,940
2024-2028	202,010	61,220	24,840	134,700
2029-2033	100,999	48,993	24,840	134,700
2034-2038	0	0	24,840	125,771
2039-2042	0	0	22,356	0
Total	\$505,019	\$159,189	\$116,748	\$502,931

The OWDA and OPWC loans relate to EPA mandated water and sewer construction projects.

Franklin County collects water and sewer payments from Village residents and services the principal payments on OWDA loan #5372. The County remits sewer surcharges back to the Village on a quarterly basis from which the Village services the remaining debt.

**Note 11 – CONTINGENT LIABILITIES**

Management is of the opinion that the ultimate disposition of claims and legal proceedings will not have a material effect on the financial condition of the Village.

**Note 12 – FINANCIAL DIFFICULTIES/SUBSEQUENT EVENTS**

The Auditor of State of Ohio declared the Village of Harrisburg to be in a state of fiscal caution on February 26, 2019, in accordance with Section 118.025(A) of the Ohio Revised Code based on fiscal caution conditions including negative fund balances, unreconciled cash accounts and budgetary violations.

**VILLAGE OF HARRISBURG  
FRANKLIN COUNTY  
COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND  
CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)  
All Governmental Fund Types  
For the Year Ended December 31, 2017**

	<u>Governmental Fund Types</u>		<u>Totals- (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Property Taxes	\$ 3,232	\$ 13,901	\$ 17,133
Municipal Income Tax	59,054	-	59,054
Intergovernmental	25,288	-	25,288
Special Assessments	-	813	813
Charges for Services	2,300	-	2,300
Fines, Licenses and Permits	6,966	570	7,536
Earning on Investment	21	2	23
Miscellaneous	2,250	-	2,250
<b>Total Cash Receipts</b>	<b>99,111</b>	<b>15,286</b>	<b>114,397</b>
<b>Cash Disbursements:</b>			
<b>Current:</b>			
Security of Persons & Property	30,815	-	30,815
Public Health Services	10	-	10
Transportation	-	8,496	8,496
General Government	68,250	929	69,179
<b>Total Cash Disbursements</b>	<b>99,075</b>	<b>9,425</b>	<b>108,500</b>
<b>Net Change in Fund Cash Balances</b>	<b>36</b>	<b>5,861</b>	<b>5,897</b>
<b>Fund Cash Balance, January 1, 2017</b>	<b>(10,756)</b>	<b>8,792</b>	<b>(1,964)</b>
<b>Fund Cash Balance:</b>			
Restricted	-	14,653	14,653
Unassigned	(10,720)	-	(10,720)
<b>Fund Cash Balance, December 31, 2017</b>	<b>\$ (10,720)</b>	<b>\$ 14,653</b>	<b>\$ 3,933</b>

See Accompanying Notes to the Financial Statements.

**VILLAGE OF HARRISBURG  
FRANKLIN COUNTY, OHIO  
COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND  
BALANCES (REGULATORY CASH BASIS)  
PROPRIETARY FUND TYPE AND SIMILAR FIDUCIARY FUNDS  
For the Year Ended December 31, 2017**

	<b>Proprietary Fund Type Enterprise</b>	<b>Fiduciary Fund Type Agency</b>	<b>Totals- (Memorandum Only)</b>
<b>Operating Cash Receipts:</b>			
<b>Charges for Services</b>	\$ <u>71,132</u>	\$ <u>-</u>	\$ <u>71,132</u>
<b>Total Operating Cash Receipts</b>	<u>71,132</u>	<u>-</u>	<u>71,132</u>
 <b>Non-Operating Receipts (Disbursements):</b>			
<b>Fines and Forfeitures</b>	-	10,293	10,293
<b>Principal Retirement</b>	(84,582)	-	(84,582)
<b>Distribution of Fines and Forfeitures</b>	<u>-</u>	<u>(9,421)</u>	<u>(9,421)</u>
<b>Total Non-Operating Receipts (Disbursements)</b>	<u>(84,582)</u>	<u>872</u>	<u>(83,710)</u>
<b>Net Change in Fund Cash Balance</b>	(13,450)	872	(12,578)
<b>Fund Cash Balance, January 1, 2017</b>	<u>28,928</u>	<u>1,892</u>	<u>30,820</u>
<b>Fund Cash Balance, December 31, 2017</b>	<u>\$ 15,478</u>	<u>\$ 2,764</u>	<u>\$ 18,242</u>

See Accompanying Notes to the Financial Statements.

**VILLAGE OF HARRISBURG**  
**FRANKLIN COUNTY, OHIO**  
**Notes to the Financial Statements**  
**For the Year Ended December 31, 2017**

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**Note 1 – REPORTING ENTITY**

The Village of Harrisburg, Franklin County, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly-elected six-member Council directs the Village. The Village provides general governmental services, street maintenance, police protection, and water and sewer services for its citizens.

**Note 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***Basis of Presentation***

The Village's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types, and a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all proprietary and fiduciary fund types which are organized on a fund type basis.

***Fund Accounting***

The Village uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Village are presented below:

**General Fund** The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Village for any purpose provided it is expended or transferred according to the general laws of Ohio.

**Special Revenue Fund** These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Village has the following significant Special Revenue Fund:

**Street Construction Maintenance and Repair** The street construction maintenance and repair fund accounts for and reports that portion of the State gasoline tax and motor vehicle license registration fees restricted for construction, maintenance, and repair of streets within the Village.

**Enterprise Fund** These funds account for operations that are similar to private business enterprises, where management intends to recover the significant costs of providing certain goods or services through user charges. The Village has the following significant Enterprise Fund:

**Sewer Fund** The sewer fund accounts for the provision of sanitary sewer services to the residents and commercial users within the Village.

**Agency funds** are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Village's agency fund accounts for receipts and disbursements of the Mayor's Court.

**VILLAGE OF HARRISBURG  
FRANKLIN COUNTY, OHIO  
Notes to the Financial Statements  
For the Year Ended December 31, 2017**

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**Note 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)**

***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. Council 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.

***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 object level of control, and appropriations may not exceed estimated resources. The Village Council must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end.

***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 approve estimated resources.

***Encumbrances***

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are canceled and reappropriated in the subsequent year.

A summary of 2017 budgetary activity appears in Note 4.

**VILLAGE OF HARRISBURG  
FRANKLIN COUNTY, OHIO  
Notes to the Financial Statements  
For the Year Ended December 31, 2017**

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**Note 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)**

***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* amounts via formal action (resolution). The Village must adhere to these commitments unless the 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 the 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 resolution or by State Statute. Council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated resources and appropriations in the subsequent year's budget.

***Unassigned*** Unassigned fund balance is the residual classification for the general fund and includes amounts not included 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 (committed, assigned, and 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.

**Note 3 – COMPLIANCE**

The Village was in violation of ORC section 5705.10(H), 5705.39 and 5705.41(B).

**VILLAGE OF HARRISBURG  
FRANKLIN COUNTY, OHIO  
Notes to the Financial Statements  
For the Year Ended December 31, 2017**

**Note 4 - BUDGETARY ACTIVITY**

Budgetary activity for the year ending December 31, 2017, follows:

2017 Budgeted vs Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$107,485	\$99,111	(\$8,374)
Special Revenue	17,460	15,286	(2,174)
Enterprise	45,000	71,132	26,132
Total	\$169,945	\$185,529	\$15,584

2017 Budgeted vs Actual Budgetary Basis Disbursements			
Fund Type	Appropriation Authority	Budgetary Disbursements	Variance
General	\$108,017	\$99,075	\$8,942
Special Revenue	17,884	9,425	8,459
Enterprise	45,000	84,582	(39,582)
Total	\$170,901	\$193,082	(\$22,181)

**Note 5 – DEPOSITS**

The Village maintains a deposit and investments pool all funds use. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits and investments at December 31 was as follows:

Demand deposits	2017 \$22,175
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***Deposits***

Deposits are insured by the Federal Deposit Insurance Corporation and collateralized through the Ohio Pooled Collateral System (OPCS).

**VILLAGE OF HARRISBURG  
FRANKLIN COUNTY, OHIO  
Notes to the Financial Statements  
For the Year Ended December 31, 2017**

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**Note 6 – TAXES**

***Property Taxes***

Real property taxes become a lien on January 1 preceding the October 1 date for which the Council adopted tax 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 pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

Public utilities are also taxed on personal and real property located within the Village.

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

***Income Taxes***

The Village levies a municipal income tax, effective July 1, 1995, of one (1) percent on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village.

Employers within the Village withhold income tax on employee compensation and remit the tax to the City of Columbus Income Division which collects and processes the tax for the Village. Businesses within the Village also remit income taxes levied on their profits to the City of Columbus. The City of Columbus remits payments to the Village monthly for taxes collected, less administrative fees.

**Note 7 – RISK MANAGEMENT**

***Risk Pool Membership***

The Village belongs to the Ohio Plan Risk Management, Inc. (OPRM) (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. Effective November 1, 2016, the OPRM retained 50% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. Effective November 1, 2017, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 764 members as of December 31, 2017.

**VILLAGE OF HARRISBURG  
FRANKLIN COUNTY, OHIO  
Notes to the Financial Statements  
For the Year Ended December 31, 2017**

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**Note 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 fiscal years.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2017.

Assets	\$14,853,620
Liabilities	<u>(9,561,108)</u>
Members' Equity	<u>\$ 5,292,512</u>

You can read the complete audited financial statements for OPRM at the Plan's website, [www.ohioplan.org](http://www.ohioplan.org).

All employees of the Village are covered by a blanket bond, while certain individuals in policy-making roles are covered by separate, higher limit bond coverage.

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

**Note 8 – DEFINED BENEFIT PENSION PLANS**

***Ohio Public Employees Retirement System (OPERS)***

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

The Ohio Revised Code also prescribes contribution rates. Village employees contribute ten percent (10%) of their gross pay while the Village contributes fourteen percent (14%) of the covered payroll. The Village paid all required contributions through December 31, 2017.

**Note 9 – POSTEMPLOYMENT BENEFITS**

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was one percent during calendar year 2017. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2017.

**VILLAGE OF HARRISBURG  
FRANKLIN COUNTY, OHIO  
Notes to the Financial Statements  
For the Year Ended December 31, 2017**

**Note 10 – DEBT**

Debt outstanding at December 31, 2017 was as follows:

	Principal	Interest Rate
Ohio Water Development Authority Loan #5372	\$545,421	0%
Ohio Water Development Authority Loan #5379	171,433	0%
Ohio Public Works Commission Loan #CT06I	121,716	0%
Ohio Public Works Commission Loan #CC05J	529,870	0%
	\$1,368,440	

Principal requirements for loans outstanding at December 31, 2017, follows:

Year Ending December 31:	OWDA #5372	OWDA #5379	OPWC #CT06I	OPWC #CC05J
2018	\$40,402	\$12,244	\$4,968	\$26,940
2019	40,402	12,244	4,968	26,940
2020	40,402	12,244	4,968	26,940
2021	40,402	12,245	4,968	26,940
2022	40,402	12,244	4,968	26,940
2023-2027	202,010	61,220	24,840	134,700
2028-2032	141,401	48,992	24,840	134,700
2033-2037	0	0	24,840	125,770
2038-2042	0	0	22,356	0
Total	\$545,421	\$171,433	\$121,716	\$529,870

The OWDA and OPWC loans relate to EPA mandated water and sewer construction projects.

Franklin County collects water and sewer payments from Village residents and services the principal payments on OWDA loan #5372. The County remits sewer surcharges back to the Village on a quarterly basis from which the Village services the remaining debt.

**Note 11 – CONTINGENT LIABILITIES**

Management is of the opinion that the ultimate disposition of claims and legal proceedings will not have a material effect on the financial condition of the Village.

**Note 12 – FINANCIAL DIFFICULTIES/SUBSEQUENT EVENTS**

The Auditor of State of Ohio declared the Village of Harrisburg to be in a state of fiscal caution on February 26, 2019, in accordance with Section 118.025(A) of the Ohio Revised Code based on fiscal caution conditions including negative fund balances, unreconciled cash accounts and budgetary violations.

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***Charles E. Harris & Associates, Inc.***  
*Certified Public Accountants*

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

Village of Harrisburg  
Franklin County  
1100 High Street  
Harrisburg, Ohio 43126

To the Village Council:

We have audited in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts and disbursements by fund type, of the Village of Harrisburg, Franklin County (the Village), as of and for the years ended December 31, 2018 and 2017, and the related notes to the financial statements and have issued our report thereon dated September 30, 2019, 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, and was experiencing financial difficulties and was placed on Fiscal Caution on February 26, 2019.

***Internal Controls Over Financial Reporting***

As part of our financial statement audit, we considered the Village'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 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 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. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Audit Findings that we consider material weaknesses. We consider findings 2018-003, 005 and 006 to be material weaknesses.

***Compliance and Other Matters***

As part of reasonably assuring whether the Village'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 with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance we must report under *Government Auditing Standards*, which are described in the accompanying Schedule of Audit Findings as items 2018-001, 002 and 004.

We also noted a certain matter not requiring inclusion in this report that we reported to the Village's management in a separate letter dated September 30, 2019.

***Entity's Responses to Findings***

The Village's responses to the findings identified in our audit are described in the accompanying Corrective Action Plan. We did not audit the Village's responses and, accordingly, we express no opinion on them.

***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.



***Charles E. Harris & Associates, Inc.***  
September 30, 2019

**VILLAGE OF HARRISBURG  
FRANKLIN COUNTY, OHIO  
SCHEDULE OF AUDIT FINDINGS  
For the Years Ended December 31, 2018 and 2017**

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

**Finding Number 2018-001 – Material Noncompliance**

**Appropriations Exceeded Estimated Resources**

Ohio Revised Code Section 5705.39 states, in part, that "... The total appropriations from each fund shall not exceed the total of the estimated resources available for expenditure there from, as certified by the budget commission..." Contrary to this requirement, the following funds had total appropriations in excess of estimated receipts plus carryover balances:

**2018**

<u>Fund</u>	<u>Estimated Resources</u>	<u>Appropriations</u>	<u>Variance</u>
General	\$96,828	\$104,491	\$(7,663)
Sewer Improvement	(31,568)	44,152	(75,720)

**2017**

<u>Fund</u>	<u>Estimated Resources</u>	<u>Appropriations</u>	<u>Variance</u>
General	\$96,729	\$108,017	\$(11,288)
Street Construction	13,553	14,909	(1,356)

We recommend that the Fiscal Officer enter budgetary information only from Council approved appropriation ordinances and from documents certified by the County Auditor. We also recommend the Fiscal Officer and Council monitor budgetary activity and amend the budget as necessary.

**Management’s Response:**

See Corrective Action Plan on page 30.

**VILLAGE OF HARRISBURG  
FRANKLIN COUNTY, OHIO  
SCHEDULE OF AUDIT FINDINGS - Continued  
For the Years Ended December 31, 2018 and 2017**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS – Continued</b>
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**Finding Number 2018-002 – Material Noncompliance**

**Expenditures Exceeded Appropriations**

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

We noted the following funds had expenditures plus encumbrances that exceeded appropriations at December 31, 2018:

Fund	Approved Appropriations	Budgetary Disbursements	Variance
Sewer Improvement	\$44,152	\$84,553	\$(40,401)

We noted the following funds had expenditures plus encumbrances that exceeded appropriations at December 31, 2017:

Fund	Approved Appropriations	Budgetary Disbursements	Variance
Sewer Improvement	\$45,000	\$84,582	\$(39,582)

Expenditures for each fund should not exceed appropriations. Failure to follow approved budgets could lead to overspending and the possibility of negative fund balances. To ensure expenditures do not exceed appropriations, the Village should monitor its financial activity periodically and amend its approved budgets accordingly.

**Management’s Response:**

See Corrective Action Plan on Page 30.

**VILLAGE OF HARRISBURG  
FRANKLIN COUNTY, OHIO  
SCHEDULE OF AUDIT FINDINGS - Continued  
For the Years Ended December 31, 2018 and 2017**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS – Continued</b>
--

**Finding Number 2018-003–Material Weakness**

**Unrecorded on Behalf of Payments**

The Village has an agreement with Franklin County, whereby the County bills and collects water and sewer charges from Village residents. The County also makes payment to OWDA on the Village’s water system improvement loan with a portion of the water receipts and remits the balance to the Village. The Village only records the net amount it receives from the County and does not record the loan payments made on its behalf. Accordingly, charges for services and debt payments were each understated by \$40,401 in 2017 and 2018.

The financial statements and Village’s records have been adjusted to properly reflect these transactions.

Sound financial reporting is the responsibility of the Village and is essential to ensure the information provided to the readers of the financial statements is complete and accurate. We recommend the Village adopt policies and procedures to identify and correct errors and omissions in a timely manner. Management can use the UAN Accounting Manual, the Village Officers’ Handbook and other Auditor of State guidance to aid in properly identifying account classifications.

We recommend the Village record the total receipts received by Franklin County on its behalf and the corresponding loan payments. Also, the Village should ensure all disbursements are recorded promptly and accurately.

**Management’s Response:**

See Corrective Action Plan on page 30.

**Finding Number 2018-004 – Material Noncompliance**

**Negative Fund Balance**

Ohio Rev. Code 5705.10(H) states that money paid into a fund must be used only for the purposes for which such fund has been established. As a result, a negative fund balance indicates that money from one fund was used to cover the expenses of another fund.

As of December 31, 2017, the Village had a negative General fund balance of \$10,720. Additionally, as of December 31, 2017 and 2018, the Village had negative Sewer Improvement fund balances of \$75,818 and \$160,371, respectively.

We recommend the Village monitor the fund balances and implement the action items included in the fiscal recovery plan.

**VILLAGE OF HARRISBURG  
FRANKLIN COUNTY, OHIO  
SCHEDULE OF AUDIT FINDINGS - Continued  
For the Years Ended December 31, 2018 and 2017**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS – Continued</b>
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**Finding Number 2018-004 – Material Noncompliance – (continued)**

**Management Response:**

See Correct Action Plan on page 30.

**Finding Number 2018-005 – Material Weakness**

Although the Village utilizes the UAN system provided by the Auditor of State to record transactions and prepare cash basis financial statements, the Village does not have a process to review the output for errors. Accordingly, the financial statements required the following adjustments during 2017 and 2018:

2017:

- Mayor’s Court activity was not recorded.

2018:

- A receipt for \$7,469 from Franklin County for Village sewer receipts was erroneously recorded in the general fund rather than the sewer operating fund (#5201).
- Mayors court activity was not recorded.

The Village Officers’ Handbook and UAN manual provide suggested account classifications. These accounts classify receipts by fund and source (taxes or charges for services, for example). Using these classifications and the aforementioned accounting records will provide the Village with information required to monitor compliance and with the budget and prepare annual reports in the format required by the Auditor of State.

We recommend that the Village refer to the Village Officers’ Handbook, UAN manual and other Auditor of state guidance to properly classify its transactions. We also recommend the Fiscal Officer review all reports compiled by the computer system to ensure their accuracy.

**Management Response:**

See Corrective Action Plan on page 30.

**VILLAGE OF HARRISBURG  
FRANKLIN COUNTY, OHIO  
SCHEDULE OF AUDIT FINDINGS - Continued  
For the Years Ended December 31, 2018 and 2017**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS – Continued</b>
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**Finding Number 2018-006 – Material Weakness**

A necessary step in the internal control over financial reporting is to prove both the balance of the bank and the balance of cash in the accounting records. This process involves completing a monthly reconciliation to account for the differences between the balance on the bank statement(s) and the cash and investment balances according to the Village’s records. For January 1, 2017 through December 31, 2018, the Village did not complete the monthly reconciliations. The Village contracted with Local Government Services to perform proofs of cash and include most adjustments in the annual reports, but both years were done at the same time prior to filing the reports with the Hinkle System, rather than monthly.

Without complete and accurate monthly bank reconciliations, the Village’s internal control is weakened, which could hinder the detection of errors or irregularities by the Village’s management in a timely manner.

We recommend that the Village complete monthly bank reconciliations and have them reviewed and approved by Council.

**Management Response:**

See Corrective Action Plan on page 30.

VILLAGE OF HARRISBURG  
FRANKLIN COUNTY  
For the Years Ended December 31, 2018 and 2017

SCHEDULE OF PRIOR AUDIT FINDINGS-PREPARED BY MANAGEMENT

FINDING NUMBER	FUNDING SUMMARY	STATUS	ADDITIONAL INFORMATION
2016-001	Material Noncompliance – Appropriations exceeded estimated resources	Not corrected.	See Corrective Action Plan
2016-002	Material Noncompliance – Expenditures exceeded appropriations	Not corrected.	See Corrective Action Plan
2016-003	Material Weakness – Unrecorded on behalf of payments	Not corrected.	See Corrective Action Plan
2016-004	Material Noncompliance – Negative fund balance	Not corrected.	See Corrective Action Plan
2016-005	Material Weakness – Financial statements contained misstatements	Not corrected.	See Corrective Action Plan

VILLAGE OF HARRISBURG  
FRANKLIN COUNTY  
For the Years Ended December 31, 2018 and 2017

CORRECTIVE ACTION PLAN-PREPARED BY MANAGEMENT

FINDING NUMBER	FINDING SUMMARY	CORRECTIVE ACTION
2018-001	Material Noncompliance – Appropriations exceeded estimated resources	Fiscal Officer will enter budgetary information only from Council approved appropriation ordinances and from documents certified by the County Auditor. Budgetary activity will be monitored by the Fiscal Officer and Council on a regular basis.
2018-002	Material Noncompliance – Expenditures exceeded appropriations	Changed process, effective January 1, 2019, to correct.
2018-003	Material Weakness – Unrecorded on behalf of payments	Fiscal Officer will begin to record these transactions in 2019.
2018-004	Material Noncompliance – Negative fund balance	A fiscal recovery plan was developed and approved on April 12, 2019. Execution of the action items included in the plan will eliminate this going forward.
2018-005	Material Weakness – Financial statements contained misstatements	A fiscal recovery plan was developed and approved on April 12, 2019. Execution of the action items included in the plan should help to reduce the number of misstatements going forward.
2018-006	Material Weakness – Monthly bank reconciliations were not completed for 24 months	Fiscal Officer will work with Local Government Services to record all necessary adjustments and then begin to complete monthly reconciliations.

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# OHIO AUDITOR OF STATE KEITH FABER



**VILLAGE OF HARRISBURG**

**FRANKLIN 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  
NOVEMBER 19, 2019**