

***VILLAGE OF HARRISBURG
FRANKLIN COUNTY, OHIO***

AUDIT REPORT

FOR THE YEARS ENDED DECEMBER 31, 2014 & 2013





Dave Yost • Auditor of State

Village Council
Village of Harrisburg
1100 High Street
Harrisburg, Ohio 43126

We have reviewed the *Independent Auditors' Report* of the Village of Harrisburg, Franklin County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2013 through December 31, 2014. 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.

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

Dave Yost
Auditor of State

December 2, 2015

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**VILLAGE OF HARRISBURG
FRANKLIN COUNTY, OHIO
Audit Report
For the Years Ended December 31, 2014 and 2013**

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

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 and related notes of the Village of Harrisburg, Franklin County, Ohio (the Village), as of and for the years ended December 31, 2014 and 2013.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting 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 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 of America, to satisfy requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, 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, 2014 and 2013, or changes in financial position or cash flows for the years then ended.

Opinion on Regulatory Basis of Accounting

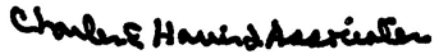
In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of the Village of Harrisburg, Franklin County, as of December 31, 2014 and 2013, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 1.

Emphasis of Matter

As discussed in Note 11 to the financial statements, the Village has been experiencing financial difficulties and met the criteria for Fiscal Caution as the result of having a deficit in the general fund balance of \$4,303 at December 31, 2014. 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 July 31, 2015, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and 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.



Charles E. Harris & Associates, Inc.
July 31, 2015

**VILLAGE OF HARRISBURG
FRANKLIN COUNTY
COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
All Governmental Fund Types
For the Year Ended December 31, 2014**

	<u>Governmental Fund Types</u>		<u>Totals- (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
Receipts:			
Property Taxes	\$ 4,754	\$ 14,779	\$ 19,533
Municipal Income Tax	52,281	-	52,281
Intergovernmental	20,644	-	20,644
Special Assessments	-	846	846
Charges for Services	1,325	-	1,325
Fines, Licenses and Permits	7,176	750	7,926
Earning on Investment	30	3	33
Miscellaneous	6,882	-	6,882
	<u>93,092</u>	<u>16,378</u>	<u>109,470</u>
Total Receipts	93,092	16,378	109,470
Disbursements:			
Security of Persons & Property	37,423	-	37,423
Public Health Services	1,032	-	1,032
Transportation	-	10,329	10,329
General Government	60,070	2,800	62,870
Capital Outlay	3,550	32,810	36,360
	<u>102,075</u>	<u>45,939</u>	<u>148,014</u>
Total Disbursements	102,075	45,939	148,014
Total Receipts Over/(Under)			
Disbursements	(8,983)	(29,561)	(38,544)
Fund Cash Balance, January 1, 2014	<u>4,680</u>	<u>40,806</u>	<u>45,486</u>
Fund Cash Balance:			
Restricted	-	11,245	11,245
Unassigned	(4,303)	-	(4,303)
Fund Cash Balance, December 31, 2014	<u>\$ (4,303)</u>	<u>\$ 11,245</u>	<u>\$ 6,942</u>

See Accompanying Notes to the Financial Statements.

VILLAGE OF HARRISBURG
FRANKLIN COUNTY, OHIO
COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND
CASH BALANCES -PROPRIETARY FUND TYPE AND SIMILAR FIDUCIARY FUNDS
For the Year Ended December 31, 2014

	<u>Proprietary Fund Type Enterprise</u>	<u>Fiduciary Fund Type Agency</u>	<u>Totals- (Memorandum Only)</u>
Receipts:			
Charges for Services	\$ 61,561	\$ -	\$ 61,561
Total Receipts	<u>61,561</u>	<u>-</u>	<u>61,561</u>
Excess of Receipts Over/(Under) Disbursements	61,561	-	61,561
Non-Operating Receipts:			
Fines and Forfeitures	<u>-</u>	<u>8,995</u>	<u>8,995</u>
Total Non-Operating Receipts	<u>-</u>	<u>8,995</u>	<u>8,995</u>
Non-Operating Disbursements:			
Debt Service:			
Principal Retirement	(57,974)	-	(57,974)
Distribution of Fines and Forfeitures	<u>-</u>	<u>(10,822)</u>	<u>(10,822)</u>
Total Nonoperating Disbursements	<u>(57,974)</u>	<u>(10,822)</u>	<u>(68,796)</u>
Excess of Receipts and Nonoperating Receipts Over (Under) Disbursements and Nonoperating Disbursements	3,587	(1,827)	1,760
Fund Cash Balance, January 1, 2014	<u>52,303</u>	<u>4,135</u>	<u>56,438</u>
Fund Cash Balance, December 31, 2014	<u>\$ 55,890</u>	<u>\$ 2,308</u>	<u>\$ 58,198</u>

See Accompanying Notes to the Financial Statements.

**VILLAGE OF HARRISBURG
FRANKLIN COUNTY
COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
All Governmental Fund Types
For the Year Ended December 31, 2013**

	<u>Governmental Fund Types</u>		<u>Totals- (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
Receipts:			
Property Taxes	\$ 4,544	\$ 14,509	\$ 19,053
Municipal Income Tax	49,055	-	49,055
Intergovernmental	21,018	-	21,018
Special Assessments	-	869	869
Charges for Services	1,100	-	1,100
Fines, Licenses and Permits	11,006	950	11,956
Earning on Investment	48	1	49
Miscellaneous	4,325	-	4,325
Total Receipts	91,096	16,329	107,425
Disbursements:			
Security of Persons & Property	34,646	-	34,646
Public Health Services	998	-	998
Transportation	-	15,594	15,594
General Government	65,561	3,255	68,816
Total Disbursements	101,205	18,849	120,054
Total Receipts Over/(Under) Disbursements	(10,109)	(2,520)	(12,629)
Fund Cash Balance, January 1, 2013	14,789	43,326	58,115
Fund Cash Balance:			
Restricted	-	40,806	40,806
Unassigned	4,680	-	4,680
Fund Cash Balance, December 31, 2013	\$ 4,680	\$ 40,806	\$ 45,486

See Accompanying Notes to the Financial Statements.

**VILLAGE OF HARRISBURG
FRANKLIN COUNTY, OHIO
COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND
CASH BALANCES -PROPRIETARY FUND TYPE AND SIMILAR FIDUCIARY FUNDS
For the Year Ended December 31, 2013**

	<u>Proprietary Fund Type Enterprise</u>	<u>Fiduciary Fund Type Agency</u>	<u>Totals- (Memorandum Only)</u>
Receipts:			
Charges for Services	\$ 60,174	\$ -	\$ 60,174
Total Receipts	<u>60,174</u>	<u>-</u>	<u>60,174</u>
Excess of Receipts Over/(Under) Disbursements	60,174	-	60,174
Non-Operating Receipts:			
Loan Proceeds	170,550	-	170,550
Interest	10	-	10
Fines and Forfeitures	<u>-</u>	<u>14,625</u>	<u>14,625</u>
Total Non-Operating Receipts	<u>170,560</u>	<u>14,625</u>	<u>185,185</u>
Non-Operating Disbursements:			
Debt Service:			
Principal Retirement	(231,296)	-	(231,296)
Interest and Fiscal Charges	(103)	-	(103)
Distribution of Fines and Forfeitures	<u>-</u>	<u>(14,786)</u>	<u>(14,786)</u>
Total Nonoperating Disbursements	<u>(231,399)</u>	<u>(14,786)</u>	<u>(246,185)</u>
Excess of Receipts and Nonoperating Receipts Over (Under) Disbursements and Nonoperating Disbursements	(665)	(161)	(826)
Fund Cash Balance, January 1, 2013, Restated	<u>52,968</u>	<u>4,296</u>	<u>57,264</u>
Fund Cash Balance, December 31, 2013	<u>\$ 52,303</u>	<u>\$ 4,135</u>	<u>\$ 56,438</u>

See Accompanying Notes to the Financial Statements.

VILLAGE OF HARRISBURG
FRANKLIN COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2014 and 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. DESCRIPTION OF THE ENTITY

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

The Village's management believes these financial statements included in this report represent all of the funds of the Village over which the Village has the ability to exercise direct operating control.

B. BASIS OF ACCOUNTING

The Village prepares its financial statements following the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved.)

The statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

C. CASH

Investments are included in the fund cash balances. Accordingly, purchases of investments are not recorded as disbursements and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

D. FUND ACCOUNTING

The Village maintains its accounting records in accordance with the principles of "Fund" accounting. Fund accounting is a concept developed to meet the needs of governmental entities in which legal or other restraints require the recording of specific receipts and disbursements. The transactions of each fund are reflected in a self-balancing group of accounts, an accounting entity, which stands separate from the activities reported in other funds. The restrictions associated with each class of funds are as follows:

VILLAGE OF HARRISBURG
FRANKLIN COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2014 and 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

D. FUND ACCOUNTING - (Continued)

Governmental Fund Types:

General Fund: The general operating fund of the Village. It is used to account for all financial resources except those required by law or contract to be accounted for in another fund.

Special Revenue Funds: These funds are used to account for proceeds from special sources (other than from trusts or for capital projects) that are restricted to expenditures for specific purposes. The Village has the following significant Special Revenue fund:

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

Proprietary Fund Types:

Enterprise Funds: To account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and net income is appropriate for capital maintenance, public policy, management control, accountability or other purpose.

The Village has the following significant Enterprise Funds:

- **Sewer Fund-** This fund receives loans and grants for the planning construction of a wastewater collection system as well as user fees from residents for the operation of the system.
- **Water Fund-** This fund receives loans and grants for the planning construction of a water distribution system as well as user fees for the operation of the system.

VILLAGE OF HARRISBURG
FRANKLIN COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2014 and 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

D. FUND ACCOUNTING - (Continued)

Fiduciary Fund Types: These funds are used to account for assets held by the Village in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds. The following is the Village's fiduciary fund type:

Mayor's Court- This agency fund accounts for receipts and disbursements of the Mayor's Court.

E. BUDGETARY PROCESS

The Ohio Revised Code requires that each fund be budgeted annually. A budget of estimated cash receipts and disbursements is prepared by the Clerk, approved by the Village Council, and submitted to the county auditor, as secretary of the County Budget Commission, by July 20 of each year, for the period January 1 to December 31 of the following year.

1. Appropriations

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

2. Estimated Resources

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

3. Encumbrances

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 2014 and 2013 budgetary activity appears in Note 4.

VILLAGE OF HARRISBURG
FRANKLIN COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2014 and 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

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.

1. Nonspendable- The Village classifies assets as nonspendable when legally or contractually required to maintain the amounts intact.
2. 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.
3. Committed- The Village Council can commit amounts via formal action (resolution or ordinance). The Village must adhere to these commitments unless the Council amends the resolution or ordinance. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.
4. Assigned- Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as restrict 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 the Village Council.
5. 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.

G. PROPERTY, PLANT AND EQUIPMENT

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

VILLAGE OF HARRISBURG
FRANKLIN COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2014 and 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

H. ACCUMULATED LEAVE

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Village's basis of accounting.

2. EQUITY IN POOLED CASH AND CASH EQUIVALENTS

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

	<u>2014</u>	<u>2013</u>
Demand Deposits	<u>\$65,140</u>	<u>\$101,924</u>

Deposits: Deposits are either (1) insured by the Federal Deposit Insurance Corporation, (2) collateralized by securities specifically pledged by the financial institution to the Village, or (3) collateralized by the financial institution's public entity deposit pool.

3. 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.

VILLAGE OF HARRISBURG
FRANKLIN COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2014 and 2013

4. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2014 and 2013 follows:

<u>Fund:</u>	<u>2014 Budgeted vs Actual Receipts</u>		<u>Variance</u>
	<u>Budgeted</u> Receipts	<u>Actual</u> Receipts	
General Fund	\$ 92,198	\$ 93,092	\$ 894
Special Revenue Funds	12,250	16,378	4,128
Enterprise Fund	-	61,561	61,561

<u>Fund:</u>	<u>2014 Budgeted vs Actual Budgetary Basis Disbursements</u>		<u>Variance</u>
	<u>Appropriation</u> Authority	<u>Budgetary</u> Disbursements	
General Fund	\$ 108,665	\$ 102,075	\$ 6,590
Special Revenue Funds	24,300	45,939	(21,639)
Enterprise Fund	-	57,974	(57,974)

<u>Fund:</u>	<u>2013 Budgeted vs Actual Receipts</u>		<u>Variance</u>
	<u>Budgeted</u> Receipts	<u>Actual</u> Receipts	
General Fund	\$ 94,762	\$ 91,096	\$ (3,666)
Special Revenue Funds	14,000	16,329	2,329
Enterprise Fund	183,376	230,734	47,358

<u>Fund:</u>	<u>2013 Budgeted vs Actual Budgetary Basis Disbursements</u>		<u>Variance</u>
	<u>Appropriation</u> Authority	<u>Budgetary</u> Disbursements	
General Fund	\$ 102,551	\$ 101,205	\$ 1,346
Special Revenue Funds	14,438	18,849	(4,411)
Enterprise Fund	170,550	231,399	(60,849)

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

5. RETIREMENT SYSTEM

The Village's employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a state operated, cost sharing, multiple employer plan. These plans provide retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

**VILLAGE OF HARRISBURG
FRANKLIN COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2014 and 2013**

5. RETIREMENT SYSTEM - (Continued)

Contribution rates are prescribed by the Ohio Revised Code. For 2014 and 2013 OPERS, members contributed 10.00% of their gross pay while the Village contributed an amount equal to 14.00% of covered payroll. The Village paid all required contributions through 2014.

6. RISK MANAGEMENT

RISK POOL MEMBERSHIP

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 was 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 on the first \$250,000 casualty treaty and 10% of the first \$1,000,000 property treaty. Effective November 1, 2012 the plan increased its retention to 50% of the first \$250,000 casualty treaty. The Plan’s property retention remained unchanged from prior years. This change was made to balance the reinsurance market conditions. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 783 and 774 members as of December 31, 2014 and 2013 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 amount did not exceed insurance coverage for the past three years.

**VILLAGE OF HARRISBURG
FRANKLIN COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2014 and 2013**

6. RISK MANAGEMENT - (Continued)

RISK POOL MEMBERSHIP – (Continued)

The Pool’s audited financial statements (audited by other accountants) conform to generally accepted accounting principles, and reported the following assets, liabilities and member’s equity at December 31, 2014 and 2013:

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

You can read the complete audited financial statements for OPRM at the Plan’s website, 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.

7. DEBT

Debt outstanding at December 31, 2014 is as follows:

	Principal	Interest Rate
Ohio Water Development Authority Loan #5372	\$ 686,839	0.00%
Ohio Water Development Authority Loan #5379	208,169	0.00%
Ohio Public Works Commission Loan #CT06I	136,624	0.00%
Ohio Public Works Commission Loan #CC05J	610,696	0.00%
Total	\$ 1,642,328	

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

OWDA forgave \$170,550 of the principal balance of loan #5379 in 2013.

**VILLAGE OF HARRISBURG
FRANKLIN COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2014 and 2013**

7. DEBT – (Continued)

Principal and interest requirements for loans outstanding at December 31, 2014 is as follows:

<u>Year Ended</u>	<u>OWDA #5372</u>	<u>OWDA #5379</u>	<u>OPWC #CT061</u>	<u>OPWC #CC05J</u>
2015	\$ 40,402	\$ 12,246	\$ 4,968	
2016	40,402	12,246	4,968	Not
2017	40,402	12,246	4,968	Available
2018	40,402	12,246	4,968	
2019	40,402	12,246	4,968	
2020-2024	202,010	61,230	24,840	
2025-2029	202,010	61,230	24,840	
2030-2034	80,809	24,479	24,840	
2035-2039	-	-	24,840	
2040-2043	-	-	12,424	
2043	-	-	-	
Total	<u>\$686,839</u>	<u>\$208,169</u>	<u>\$136,624</u>	

8. INCOME TAX

The Village levies an income tax, effective January 1, 2013, of 1.00 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 which collects and processes the tax for the Village. Businesses within the Village also remit income taxes levied on their profits to the City. The City of Columbus remits payments to the Village monthly for taxes collected less administrative fees.

9. PRIOR PERIOD ADJUSTMENT

A disbursement in 2012 to a contractor was improperly recorded resulting in the overstatement of the ending balance for the sewer fund in the amount of \$11,996. The cash balance at January 1, 2013 was adjusted to correct the error. A summary of the cash balances as previously reported compared to the actual allocation of cash balances is as follows:

	Enterprise
Previously Reported	<u>\$64,964</u>
Restated	<u>\$52,968</u>

**VILLAGE OF HARRISBURG
FRANKLIN COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2014 and 2013**

10. CONTINGENT LIABILITES/SUBSEQUENT EVENTS

Management believes there are no pending claims or lawsuits.

11. FINANCIAL DIFFICULTIES

The Village incurred significant losses the past several years and has a deficit fund balance of \$4,303 in its general fund at December 31, 2014. A deficit fund balance in the general fund of greater than 2% of 2014 receipts is one of the conditions that could place the Village in Fiscal Caution. As of the date of this report the Auditor of State had not placed the Village in Fiscal Caution.

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

**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 Village of Harrisburg, Franklin County (the Village), as of and for the years ended December 31, 2014 and 2013, and the related notes to the financial statements and have issued our report thereon dated July 31, 2015 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 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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. However, as described in the accompanying schedule of findings we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

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. We consider findings 2014-HARR-01 and 03 described in the accompanying schedule of findings to be material weaknesses.

Village of Harrisburg
Franklin County
Independent Auditor's Report on Internal Control Over
Financial Reporting and on Compliance and on Compliance and
Other Matters Required by *Government Auditing Standards*

Compliance and Other Matters

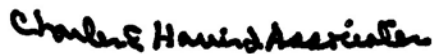
As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial 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 findings as 2014-HARR-01, 02 and 04.

Entity's Responses to Findings

The Village's responses to the findings identified in our audit are described in the accompanying schedule of findings. 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.
July 31, 2015

**VILLAGE OF HARRISBURG
FRANKLIN COUNTY, OHIO
SCHEDULE OF AUDIT FINDINGS
For the Years Ended December 31, 2014 and 2013**

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

Finding Number 2014-HARR-01 – Material Noncompliance/Material Weakness

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 fund had total appropriations in excess of estimated resources plus carryover balances:

2014			
<u>Fund</u>	<u>Estimated Resources</u>	<u>Appropriations</u>	<u>Variance</u>
General Fund	\$96,878	\$108,665	\$(11,787)

The general fund appropriation for 2014 exceeded the final Amended Certificate of Estimated Resources for 2014 filed with the County Auditor by \$11,787. Accordingly, the County Auditor certified that appropriations exceeded the official estimate of resources for 2014.

Rather than amend its appropriations, a revenue amount was entered into the UAN system for the general fund for an amount which exceeded the amount in the official estimate of resources by \$22,535 thereby allowing the Village to spend in excess of its resources. This resulted in a deficit fund balance of \$4,303 by December 31, 2014.

We recommend that the Fiscal Officer enter budgetary information only from Council approved appropriation ordinances and from the Official Estimate of Resources certified by the County Auditor.

Management’s Response:

Management concurs and has taken steps to avoid a recurrence of the above mentioned violation.

**VILLAGE OF HARRISBURG
FRANKLIN COUNTY, OHIO
SCHEDULE OF AUDIT FINDINGS
For the Years Ended December 31, 2014 and 2013**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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Finding Number 2014-HARR-02 – 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, 2014:

Fund	Approved Appropriations	Budgetary Disbursements	Variance
SR-Street Fund	\$ 21,300	\$ 43,139	\$ (21,839)
Ent-Water Fund	-	20,201	(20,201)
Ent-Sewer Fund	-	37,773	(37,773)

We noted the following funds had expenditures plus encumbrances that exceeded appropriations at December 31, 2013:

Fund	Approved Appropriations	Budgetary Disbursements	Variance
SR-SCMR Fund	\$ 11,587	\$ 16,254	\$ (4,667)
Ent-Sewer Improvement Fund	-	20,403	(20,403)
Ent-Water Fund	-	40,446	(40,446)

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:

Management concurs and has taken steps to avoid a recurrence of the above mentioned violation.

**VILLAGE OF HARRISBURG
FRANKLIN COUNTY, OHIO
SCHEDULE OF AUDIT FINDINGS
For the Years Ended December 31, 2014 and 2013**

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

Finding Number 2014-HARR-03–Material Weakness

Unrecorded Disbursements

The Village has an agreement with Franklin County to bill and collect 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 \$40,446 in 2013 and \$20,201 in 2014. There were also unrecorded disbursements for lesser amounts (under \$5,000) which were not properly recorded.

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:

Management concurs and is implementing changes to correct this weakness.

Finding Number 2014-HARR-04 – 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, 2014, the Village had a negative General fund balance of \$4,303.

Management Response

Management concurs with this finding.

VILLAGE OF HARRISBURG
FRANKLIN COUNTY, OHIO
For the Years Ended December 31, 2014 and 2013

SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING NUMBER	FUNDING SUMMARY	FULLY CORRECTED?	Not Corrected. Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain
2012-HARR-01	Financial Statements Misstated	No	Partially Corrected; Repeated as 2014- HARR-03
2012-HARR-02	Prior Certification of Funds	Yes	



Dave Yost • Auditor of State

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
DECEMBER 15, 2015**