

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

AUDIT REPORT

FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015





Dave Yost • Auditor of State

Village Council
Village of Harrisburg
1100 High St
Harrisburg, OH 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, 2015 through December 31, 2016. 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 cursive script that reads "Dave Yost".

Dave Yost
Auditor of State

October 6, 2017

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**VILLAGE OF HARRISBURG
FRANKLIN COUNTY, OHIO
Audit Report
For the Years Ended December 31, 2016 and 2015**

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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 of the cash balances, receipts and disbursements by fund type, and related notes of the Village of Harrisburg, Franklin County, Ohio (the Village), as of and for the years ended December 31, 2016 and 2015.

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 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, 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, 2016 and 2015, or changes in financial position or cash flows for the years then ended.

Opinion on Regulatory Basis of Accounting

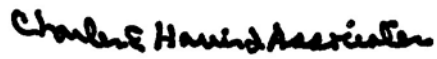
In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of the Village of Harrisburg, Franklin County, as of December 31, 2016 and 2015, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 2.

Emphasis of Matter

As discussed in Note 12 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 \$10,756 and \$3,660 at December 31, 2016 and 2015, respectively. 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 August 30, 2017, 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.
August 30, 2017

**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, 2016**

	<u>Governmental Fund Types</u>		<u>Totals- (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Property Taxes	\$ 3,769	\$ 13,880	\$ 17,649
Municipal Income Tax	43,289	-	43,289
Intergovernmental	26,313	-	26,313
Special Assessments	-	798	798
Charges for Services	2,050	-	2,050
Fines, Licenses and Permits	11,254	1,003	12,257
Earning on Investment	29	6	35
Miscellaneous	407	-	407
Total Cash Receipts	87,111	15,687	102,798
Cash Disbursements:			
Current:			
Security of Persons & Property	31,258	-	31,258
Public Health Services	622	-	622
Transportation	-	14,192	14,192
General Government	62,807	221	63,028
Total Cash Disbursements	94,687	14,413	109,100
Excess of Receipts Over/(Under) Disbursements	(7,576)	1,274	(6,302)
Other Financing Receipts (Disbursements):			
Other Financing Sources	480	-	480
Total Other Financing Receipts (Disbursements)	480	-	480
Net Change in Fund Cash Balances	(7,096)	1,274	(5,822)
Fund Cash Balance, January 1, 2016	(3,660)	7,518	3,858
Fund Cash Balance:			
Restricted	-	8,792	8,792
Unassigned	(10,756)	-	(10,756)
Fund Cash Balance, December 31, 2016	\$ (10,756)	\$ 8,792	\$ (1,964)

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, 2016**

	<u>Proprietary Fund Type Enterprise</u>	<u>Fiduciary Fund Type Agency</u>	<u>Totals- (Memorandum Only)</u>
Operating Cash Receipts:			
Charges for Services	\$ 91,203	\$ -	\$ 91,203
Total Operating Cash Receipts	<u>91,203</u>	<u>-</u>	<u>91,203</u>
Non-Operating Receipts (Disbursements):			
Fines and Forfeitures	-	15,201	15,201
Principal Retirement	(104,743)	-	(104,743)
Distribution of Fines and Forfeitures	<u>-</u>	<u>(17,395)</u>	<u>(17,395)</u>
Total Non-Operating Receipts (Disbursements)	<u>(104,743)</u>	<u>(2,194)</u>	<u>(106,937)</u>
Income (Loss) before Transfers	(13,540)	(2,194)	(15,734)
Transfers In	45,000	-	45,000
Transfers Out	<u>(45,000)</u>	<u>-</u>	<u>(45,000)</u>
Net Change in Fund Cash Balance	(13,540)	(2,194)	(15,734)
Fund Cash Balance, January 1, 2016	<u>42,468</u>	<u>4,086</u>	<u>46,554</u>
Fund Cash Balance, December 31, 2016	<u>\$ 28,928</u>	<u>\$ 1,892</u>	<u>\$ 30,820</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, 2016**

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 and fire protection, and water and sewer services for its citizens.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The Village its 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 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 Funds: 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 funds:

- Street Construction Maintenance & Repair Fund- 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 Funds: These funds account for operations that are similar to private business enterprises, where management intends to recover the significant Enterprise Funds:

**VILLAGE OF HARRISBURG
FRANKLIN COUNTY, OHIO
Notes to the Financial Statements
For the Year Ended December 31, 2016**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

Fund Accounting- continued:

- Water Fund- The water fund accounts for the provision of water treatment and distribution to the residents and commercial users located within the Village.
- Sewer Fund- The sewer fund accounts for the provision of sanitary sewer services to the residents and commercial users located within the Village.

Fiduciary Funds: Fiduciary funds include private purpose trust funds and agency funds. Trust funds account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Village's own programs.

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

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D). This basis is similar to the cash receipts and disbursements accounting basis. The Board 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.

**VILLAGE OF HARRISBURG
FRANKLIN COUNTY, OHIO
Notes to the Financial Statements
For the Year Ended December 31, 2016**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

Estimated Resources

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

Encumbrances

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

A summary of 2016 budgetary activity appears in Note 4.

Deposits and Investments

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

Capital Assets

The Village records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

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- 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.

**VILLAGE OF HARRISBURG
FRANKLIN COUNTY, OHIO
Notes to the Financial Statements
For the Year Ended December 31, 2016**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

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 or a Village official delegated that authority by resolution.

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.

3. COMPLIANCE

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

4. BUDGETARY ACTIVITY

Budgetary activity for the year ending December 31, 2016 follows:

<u>Fund:</u>	<u>2016 Budgeted vs Actual Receipts</u>		
	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General Fund	\$ 105,410	\$ 87,591	\$ (17,819)
Special Revenue Funds	17,155	15,687	(1,468)
Enterprise Fund	45,000	136,203	91,203

<u>Fund:</u>	<u>2016 Budgeted vs Actual Budgetary Basis Disbursements</u>		
	<u>Appropriation Authority</u>	<u>Budgetary Disbursements</u>	<u>Variance</u>
General Fund	\$ 95,605	\$ 94,687	\$ 918
Special Revenue Funds	18,424	14,413	4,011
Enterprise Fund	44,160	149,743	(105,583)

**VILLAGE OF HARRISBURG
FRANKLIN COUNTY, OHIO
Notes to the Financial Statements
For the Year Ended December 31, 2016**

5. DEPOSITS

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>2016</u>
Demand Deposits	<u>\$28,856</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.

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 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.

**VILLAGE OF HARRISBURG
FRANKLIN COUNTY, OHIO
Notes to the Financial Statements
For the Year Ended December 31, 2016**

7. 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. Effective November 1, 2012 (and through October 2014) the plan increased its retention to 50% of the first \$250,000 casualty treaty. Effective November 1, 2014, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 10% 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 772 and 783 members as of December 31, 2015 and 2014 respectively.

Plan members are responsible to notify the Plan of their intent to renew coverage by their renewal date. If a member chooses not to renew with the Plan, they have no other financial obligation to the Plan, but still need to promptly notify the Plan of any potential claims occurring during their membership period. The former member’s covered claims, which occurred during their membership period, remain the responsibility of the Plan.

Settlement amount did not exceed insurance coverage for the past three years.

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, 2015 and 2014 (the latest information available):

	<u>2015</u>	<u>2014</u>
Assets	\$14,643,667	\$14,830,185
Liabilities	(9,112,030)	(8,942,504)
Members’ Equity	<u>\$5,531,637</u>	<u>\$5,887,681</u>

**VILLAGE OF HARRISBURG
FRANKLIN COUNTY, OHIO
Notes to the Financial Statements
For the Year Ended December 31, 2016**

7. RISK MANAGEMENT - (Continued)

Risk Pool Membership – (Continued)

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.

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 postretirement healthcare and survivor and disability benefits.

Contribution rates are prescribed by the Ohio Revised Code. For 2016, 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 2016.

9. POST EMPLOYMENT BENEFITS

OPERS offers a cost-sharing, multiple-employer defined benefit postemployment plan, which includes multiple health care plan including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. OPERS contributes 2 percent of the employer contribution to fund these benefits.

**VILLAGE OF HARRISBURG
FRANKLIN COUNTY, OHIO
Notes to the Financial Statements
For the Year Ended December 31, 2016**

10. DEBT

Debt outstanding at December 31, 2016 is as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Ohio Water Development Authority Loan #5372	\$ 585,825	0.00%
Ohio Water Development Authority Loan #5379	183,694	0.00%
Ohio Public Works Commission Loan #CT06I	126,684	0.00%
Ohio Public Works Commission Loan #CC05J	556,819	0.00%
Total	<u>\$ 1,453,022</u>	

Principal and interest requirements for loans outstanding at December 31, 2016 is as follows:

<u>Year Ended</u>	<u>OWDA #5372</u>	<u>OWDA #5379</u>	<u>OPWC #CT06I</u>	<u>OPWC #CC05J</u>
2017	\$ 40,402	\$ 12,246	\$ 4,968	\$26,940
2018	40,402	12,246	4,968	26,940
2019	40,402	12,246	4,968	26,940
2020	40,402	12,246	4,968	26,940
2021	40,402	12,246	4,968	26,940
2022-2026	202,010	61,230	24,840	134,700
2027-2031	181,805	61,234	24,840	134,700
2032-2036	-	-	24,840	134,700
2037-2041	-	-	24,840	18,019
2042	-	-	2,484	-
Total	<u>\$585,825</u>	<u>\$183,694</u>	<u>\$126,684</u>	<u>\$556,819</u>

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 and water surcharges back to the Village on a quarterly basis from which the Village services the remaining debt.

11. CONTINGENT LIABILITES/SUBSEQUENT EVENTS

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.

**VILLAGE OF HARRISBURG
FRANKLIN COUNTY, OHIO
Notes to the Financial Statements
For the Year Ended December 31, 2016**

12. FINANCIAL DIFFICULTIES

The Village incurred significant losses the past several years and has a deficit fund balance of \$10,756 in its general fund at December 31, 2016. A deficit fund balance in the general fund of greater than 2% of 2016 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.

**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, 2015**

	<u>Governmental Fund Types</u>		<u>Totals- (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Property Taxes	\$ 4,418	\$ 14,743	\$ 19,161
Municipal Income Tax	50,281	-	50,281
Intergovernmental	24,105	-	24,105
Special Assessments	-	793	793
Charges for Services	2,250	-	2,250
Fines, Licenses and Permits	7,358	698	8,056
Earning on Investment	41	1	42
Miscellaneous	385	-	385
	<u>88,838</u>	<u>16,235</u>	<u>105,073</u>
Total Cash Receipts	88,838	16,235	105,073
Cash Disbursements:			
Current:			
Security of Persons & Property	30,772	-	30,772
Public Health Services	1,183	-	1,183
Transportation	-	10,109	10,109
General Government	58,240	3,564	61,804
Capital Outlay	-	6,289	6,289
	<u>90,195</u>	<u>19,962</u>	<u>110,157</u>
Total Cash Disbursements	90,195	19,962	110,157
Excess of Receipts Over/(Under) Disbursements	(1,357)	(3,727)	(5,084)
Other Financing Receipts (Disbursements)			
Sale of Capital Assets	2,000	-	2,000
	<u>2,000</u>	<u>-</u>	<u>2,000</u>
Total Other Financing Receipts (Disbursements)	2,000	-	2,000
Net Change in Fund Cash Balances	643	(3,727)	(3,084)
Fund Cash Balance, January 1, 2015	(4,303)	11,245	6,942
	<u>(4,303)</u>	<u>11,245</u>	<u>6,942</u>
Fund Cash Balance:			
Restricted	-	7,518	7,518
Unassigned	(3,660)	-	(3,660)
Fund Cash Balance, December 31, 2015	\$ (3,660)	\$ 7,518	\$ 3,858
	<u><u>(3,660)</u></u>	<u><u>7,518</u></u>	<u><u>3,858</u></u>

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, 2015**

	<u>Proprietary Fund Type Enterprise</u>	<u>Fiduciary Fund Type Agency</u>	<u>Totals- (Memorandum Only)</u>
Operating Cash Receipts:			
Charges for Services	\$ 71,141	\$ -	\$ 71,141
Total Operating Cash Receipts	<u>71,141</u>	<u>-</u>	<u>71,141</u>
Non-Operating Receipts (Disbursements):			
Fines and Forfeitures	-	13,646	13,646
Principal Retirement	(84,563)	-	(84,563)
Distribution of Fines and Forfeitures	<u>-</u>	<u>(11,868)</u>	<u>(11,868)</u>
Total Non-Operating Receipts (Disbursements)	<u>(84,563)</u>	<u>1,778</u>	<u>(82,785)</u>
Income (Loss) before Transfers	(13,422)	1,778	(11,644)
Transfers In	45,000	-	45,000
Transfers Out	<u>(45,000)</u>	<u>-</u>	<u>(45,000)</u>
Net Change in Fund Cash Balance	(13,422)	1,778	(11,644)
Fund Cash Balance, January 1, 2015	<u>55,890</u>	<u>2,308</u>	<u>58,198</u>
Fund Cash Balance, December 31, 2015	<u>\$ 42,468</u>	<u>\$ 4,086</u>	<u>\$ 46,554</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, 2015**

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 and fire protection, and water and sewer services for its citizens.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The Village its 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 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 Funds: 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 funds:

- Street Construction Maintenance & Repair Fund- 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 Funds: These funds account for operations that are similar to private business enterprises, where management intends to recover the significant Enterprise Funds:

**VILLAGE OF HARRISBURG
FRANKLIN COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2015**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

Fund Accounting- continued:

- Water Fund- The water fund accounts for the provision of water treatment and distribution to the residents and commercial users located within the Village.
- Sewer Fund- The sewer fund accounts for the provision of sanitary sewer services to the residents and commercial users located within the Village.

Fiduciary Funds: Fiduciary funds include private purpose trust funds and agency funds. Trust funds account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Village's own programs.

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

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D). This basis is similar to the cash receipts and disbursements accounting basis. The Board 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.

**VILLAGE OF HARRISBURG
FRANKLIN COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2015**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

Estimated Resources

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

Encumbrances

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

A summary of 2015 budgetary activity appears in Note 4.

Deposits and Investments

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

Capital Assets

The Village records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

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- 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.

**VILLAGE OF HARRISBURG
FRANKLIN COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2015**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

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 or a Village official delegated that authority by resolution.

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.

3. COMPLIANCE

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

4. BUDGETARY ACTIVITY

Budgetary activity for the year ending December 31, 2015 follows:

<u>Fund:</u>	<u>2015 Budgeted vs Actual Receipts</u>		<u>Variance</u>
	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	
General Fund	\$ 110,152	\$ 90,838	\$ (19,314)
Special Revenue Funds	10,400	16,235	5,835
Enterprise Fund	48,000	116,141	68,141

<u>Fund:</u>	<u>2015 Budgeted vs Actual Budgetary Basis Disbursements</u>		<u>Variance</u>
	<u>Appropriation Authority</u>	<u>Budgetary Disbursements</u>	
General Fund	\$ 104,328	\$ 90,195	\$ 14,133
Special Revenue Funds	18,333	19,962	(1,629)
Enterprise Fund	-	129,563	(129,563)

**VILLAGE OF HARRISBURG
FRANKLIN COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2015**

5. DEPOSITS

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>2015</u>
Demand Deposits	\$ <u>50,412</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.

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 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.

**VILLAGE OF HARRISBURG
FRANKLIN COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2015**

7. 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. Effective November 1, 2012 (and through October 2014) the plan increased its retention to 50% of the first \$250,000 casualty treaty. Effective November 1, 2014, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 10% 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 772 and 783 members as of December 31, 2015 and 2014 respectively.

Plan members are responsible to notify the Plan of their intent to renew coverage by their renewal date. If a member chooses not to renew with the Plan, they have no other financial obligation to the Plan, but still need to promptly notify the Plan of any potential claims occurring during their membership period. The former member’s covered claims, which occurred during their membership period, remain the responsibility of the Plan.

Settlement amount did not exceed insurance coverage for the past three years.

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, 2015 and 2014 (the latest information available):

	<u>2015</u>	<u>2014</u>
Assets	\$14,643,667	\$14,830,185
Liabilities	(9,112,030)	(8,942,504)
Members’ Equity	<u>\$5,531,637</u>	<u>\$5,887,681</u>

**VILLAGE OF HARRISBURG
FRANKLIN COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2015**

7. RISK MANAGEMENT - (Continued)

Risk Pool Membership – (Continued)

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.

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 postretirement healthcare and survivor and disability benefits.

Contribution rates are prescribed by the Ohio Revised Code. For 2015 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 2015.

9. POST EMPLOYMENT BENEFITS

OPERS offers a cost-sharing, multiple-employer defined benefit postemployment plan, which includes multiple health care plan including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. OPERS contributes 2 percent of the employer contribution to fund these benefits.

**VILLAGE OF HARRISBURG
FRANKLIN COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2015**

10. DEBT

Debt outstanding at December 31, 2015 is as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Ohio Water Development Authority Loan #5372	\$ 646,425	0.00%
Ohio Water Development Authority Loan #5379	195,923	0.00%
Ohio Public Works Commission Loan #CT06I	131,658	0.00%
Ohio Public Works Commission Loan #CC05J	583,759	0.00%
Total	<u>\$ 1,557,765</u>	

Principal and interest requirements for loans outstanding at December 31, 2015 is as follows:

<u>Year Ended</u>	<u>OWDA #5372</u>	<u>OWDA #5379</u>	<u>OPWC #CT061</u>	<u>OPWC #CC05J</u>
2016	\$ 40,402	\$ 12,246	\$ 4,968	\$26,940
2017	40,402	12,246	4,968	26,940
2018	40,402	12,246	4,968	26,940
2019	40,402	12,246	4,968	26,940
2020	40,402	12,246	4,968	26,940
2021-2025	202,010	61,230	24,840	134,700
2026-2030	202,010	61,230	24,840	134,700
2031-2035	40,395	12,233	24,840	134,700
2036-2040	-	-	24,840	44,959
2041-2043	-	-	7,458	-
Total	<u>\$646,425</u>	<u>\$195,923</u>	<u>\$131,658</u>	<u>\$583,759</u>

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 and water surcharges back to the Village on a quarterly basis from which the Village services the remaining debt.

11. CONTINGENT LIABILITIES/SUBSEQUENT EVENTS

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.

**VILLAGE OF HARRISBURG
FRANKLIN COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2015**

12. FINANCIAL DIFFICULTIES

The Village incurred significant losses the past several years and has a deficit fund balance of \$3,660 in its general fund at December 31, 2015. A deficit fund balance in the general fund of greater than 2% of 2015 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 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, 2016 and 2015, and the related notes to the financial statements and have issued our report thereon dated August 30, 2017, 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.

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 2016-003 and 005 to be material weaknesses.

Village of Harrisburg
Franklin County
Independent Auditor's Report on Internal Control Over
Financial Reporting 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 items 2016-001, 002 and 004.

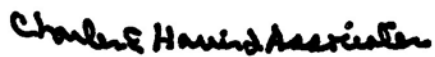
We also noted a certain matter not requiring inclusion in this report that we reported to the Village's management in a separate letter dated August 30, 2017.

Entity's Responses to Findings

The Village's responses to the findings identified in our audit are described in the accompanying schedule of audit 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.
August 30, 2017

**VILLAGE OF HARRISBURG
FRANKLIN COUNTY, OHIO
SCHEDULE OF AUDIT FINDINGS
For the Years Ended December 31, 2016 and 2015**

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

Finding Number 2016-001 – 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:

2016

<u>Fund</u>	<u>Estimated Resources</u>	<u>Appropriations</u>	<u>Variance</u>
SCMR	\$13,854	\$14,124	\$(270)
Court Computer	\$1,926	\$4,300	\$(2,374)
Sewer Improvement	\$7,929	\$44,160	\$(36,231)

2015

<u>Fund</u>	<u>Estimated Resources</u>	<u>Appropriations</u>	<u>Variance</u>
SCMR	\$9,103	\$14,033	\$(4,930)

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:

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, 2016 and 2015**

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

Finding Number 2016-002 – 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, 2016:

Fund	Approved Appropriations	Budgetary Disbursements	Variance
SCMR	\$ 14,124	\$ 14,191	\$ (67)
Sewer Operating	-	45,000	(45,000)
Sewer Improvement	44,160	104,743	(60,583)

We noted the following funds had expenditures plus encumbrances that exceeded appropriations at December 31, 2015:

Fund	Approved Appropriations	Budgetary Disbursements	Variance
SCMR Fund	\$ 14,033	\$ 16,398	\$ (2,365)
Sewer Operating	-	45,000	(45,000)
Sewer Improvement	-	84,563	(84,563)

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, 2016 and 2015**

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

Finding Number 2016-003–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 \$39,610 in 2015 and \$60,578 in 2016.

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 2016-004 – 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, 2015 and 2016, the Village had negative General fund balances of \$3,660 and \$10,756, respectively.

Management Response:

Management concurs with this finding.

**VILLAGE OF HARRISBURG
FRANKLIN COUNTY, OHIO
SCHEDULE OF AUDIT FINDINGS
For the Years Ended December 31, 2016 and 2015**

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

Finding Number 2016-005 – 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 contained the following misstatements during 2015 and 2016:

2015:

- A extraordinary item of \$1,500 was recorded was in error.
- A check for \$6,289 to a contractor was not recorded.
- Various payroll related items in the amount of \$3,621 were not recorded.
- The sale of a Village vehicle was classified as a miscellaneous receipt rather than as a sale of a capital asset.
- Mayor’s Court activity was not recorded.

2016:

- A receipt from Franklin County for Village sewer receipts was erroneously recorded in the general fund rather than the sewer operating fund.
- A debt payment of \$22,076 was not recorded.
- Mayors court activity was not recorded.
- Various payroll related items in the amount of \$1,458 were 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:

Management concurs with this finding and intends to implement changes to correct this condition.

VILLAGE OF HARRISBURG
FRANKLIN COUNTY, OHIO
For the Years Ended December 31, 2016 and 2015

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
2014-HARR-01	ORC 5705.39- Appropriations exceeded estimated resources	No	Not Corrected; Repeated as 2016- 001
2014-HARR-02	ORC 5705.41(B)-Expenditures exceeded appropriations	No	Not Corrected; Repeated as 2016-002
2014-HARR-03	Material Weakness-Unrecorded disbursements	No	Not Corrected; Repeated as 2016-003
2014-HARR-04	ORC 5705.10(H)-Negative fund balance	No	Not Corrected; Repeated as 2016-004



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
OCTOBER 19, 2017