

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

AUDIT REPORT

FOR THE YEARS ENDED DECEMBER 31, 2010 & 2009

Charles E. Harris and Associates, Inc.
Certified Public Accountants and Government Consultants



Dave Yost • Auditor of State

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

We have reviewed the *Report of Independent Accountants* of the Village of Harrisburg, Franklin County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2009 through December 31, 2010. 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.

The financial statements in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Auditor of State. Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Report of Independent Accountants* on your financial statements. While the Auditor of State does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. The attached report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the statements are misstated under the non-GAAP regulatory basis. The *Report of Independent Accountants* also includes an opinion on the financial statements using the regulatory format the Auditor of State permits.

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

May 21, 2012

This page intentionally left blank.

VILLAGE OF HARRISBURG
FRANKLIN COUNTY, OHIO
Audit Report
For the Years Ended December 31, 2010 & 2009

TABLE OF CONTENTS

<u>Title</u>	<u>Page</u>
Report of Independent Accountants	1-2
Combined Statement of Receipts, Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types - For the Year Ended December 31, 2010	3
Combined Statement of Cash Receipts, Disbursements, and Changes in Fund Cash Balances - Proprietary Fund Types - For the Year Ended December 31, 2010	4
Combined Statement of Receipts, Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types - For the Year Ended December 31, 2009	5
Combined Statement of Cash Receipts, Disbursements, and Changes in Fund Cash Balances - Proprietary Fund Types - For the Year Ended December 31, 2009	6
Notes to the Financial Statements	7-16
Schedule of Expenditures of Federal Awards	17
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	18-19
Independent Accountants' Report on Compliance with Requirements Applicable to Each Major Federal Program and on Internal Control over Compliance Required by OMB Circular A-133	20-21
Schedule of Audit Findings	22-31
Schedule of Prior Audit Findings	32-33

This page intentionally left blank.

Rockefeller Building
614 W Superior Ave, Suite1242
Cleveland OH 44113-1306
Phone - (216) 575-1630
Fax - (216) 436-2411

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

REPORT OF INDEPENDENT ACCOUNTANTS

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

To the Village Council:

We have audited the accompanying financial statements of the Village of Harrisburg, Franklin County, Ohio (the Village), as of and for the years ended December 31, 2010 and 2009. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the Village has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Revisions to GAAP would require the Village to reformat its financial statement presentation and make other changes effective for the years ended December 31, 2010 and 2009. Instead of the combined funds the accompanying financial statements present for 2010 and 2009, the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately for 2010 and 2009. While the Village does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to the new GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The Village has elected not to reformat its statements. Since the Village does not use GAAP to measure financial statement amounts, the following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.


In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2010 and 2009, do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2010 and 2009, or its changes in financial position or its cash flows for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Village of Harrisburg, Franklin County, as of December 31, 2010 and 2009, and its combined cash receipts and disbursements and changes in fund cash balances for the years then ended on the accounting basis Note 1 describes.

The aforementioned revision to generally accepted accounting principles also requires the Village to include Management's Discussion and Analysis for the years ended December 31, 2010 and 2009. The Village has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 6, 2012, on our consideration of the Village's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

We conducted our audit to opine on the Village's financial statements taken as a whole. The federal awards expenditure schedule provides additional information required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. The federal awards expenditure schedule is management's responsibility, and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. This schedule was subject to the auditing procedures we applied to the financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects, in relation to the financial statements taken as a whole.



Charles E. Harris & Associates, Inc.

February 6, 2012

**VILLAGE OF HARRISBURG
FRANKLIN COUNTY, OHIO
COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
All Governmental Fund Types
For the Year Ended December 31, 2010**

	<u>Governmental Fund Types</u>		<u>Totals- (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
Receipts:			
Property Taxes	\$ 5,864	\$ -	\$ 5,864
Municipal Income Tax	54,121	-	54,121
Intergovernmental	38,393	14,544	52,937
Charges for Services	950	-	950
Fines, Licenses and Permits	33,221	2,644	35,865
Interest	372	9	381
Other	15,105	-	15,105
Total Receipts	148,026	17,197	165,223
Disbursements:			
Security of Persons & Property	43,967	-	43,967
Public Health Services	256	-	256
Transportation	-	10,471	10,471
General Government	100,914	4,369	105,283
Total Disbursements	145,137	14,840	159,977
Total Receipts Over/(Under) Disbursements	2,889	2,357	5,246
Other Financing Sources/(Uses):			
Transfer-Out	(2,500)	-	(2,500)
Total Other Financing Sources/(Uses)	(2,500)	-	(2,500)
Excess of Receipts and Other Sources Over/(Under) Disbursements and Other Uses	389	2,357	2,746
Fund Cash Balance, January 1, 2010	(13,064)	33,788	20,724
Fund Cash Balance, December 31, 2010	\$ (12,675)	\$ 36,145	\$ 23,470

See Accompanying Notes to the Financial Statements.

VILLAGE OF HARRISBURG
FRANKLIN COUNTY, OHIO
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND
CASH BALANCES -PROPRIETARY FUND TYPE AND SIMILAR FIDUCIARY FUND TYPE
For the Year Ended December 31, 2010

	<u>Proprietary Fund Type Enterprise</u>	<u>Fiduciary Fund Type Agency</u>	<u>Totals- (Memorandum Only)</u>
Disbursements:			
Contractual Services	\$ 813	\$ -	\$ 813
Total Disbursements	<u>813</u>	<u>-</u>	<u>813</u>
Excess of Receipts Over/(Under) Disbursements	(813)	-	(813)
Non-Operating Receipts:			
Intergovernmental	545,100	-	545,100
Loan Proceeds	1,683,210	-	1,683,210
Interest	50	-	50
Fines and Forfeitures	-	24,425	24,425
Total Non-Operating Receipts	<u>2,228,360</u>	<u>24,425</u>	<u>2,252,785</u>
Non-Operating Disbursements:			
Capital Outlay	(1,922,320)	-	(1,922,320)
Debt Service:			
Principal Retirement	(2,500)	-	(2,500)
Interest and Fiscal Charges	(1,081)	-	(1,081)
Distribution of Fines and Forfeitures	-	(38,900)	(38,900)
Total Nonoperating Disbursements	<u>(1,925,901)</u>	<u>(38,900)</u>	<u>(1,964,801)</u>
Excess of Receipts and Nonoperating Receipts Over (Under) Disbursements and Nonoperating Disbursements	301,646	(14,475)	287,171
Transfer In	<u>2,500</u>	<u>-</u>	<u>2,500</u>
Net Receipts Over/(Under) Disbursements	304,146	(14,475)	289,671
Fund Cash Balance, January 1, 2010	<u>7</u>	<u>24,497</u>	<u>24,504</u>
Fund Cash Balance, December 31, 2010	<u>\$ 304,153</u>	<u>\$ 10,022</u>	<u>\$ 314,175</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
All Governmental Fund Types
For the Year Ended December 31, 2009**

	<u>Governmental Fund Types</u>		<u>Totals- (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
Receipts:			
Property Taxes	\$ 4,261	\$ -	\$ 4,261
Municipal Income Tax	43,084	-	43,084
Intergovernmental	41,465	9,533	50,998
Fines, Licenses and Permits	6,871	922	7,793
Interest	193	-	193
Other	6,992	1,672	8,664
Total Receipts	102,866	12,127	114,993
Disbursements:			
Security of Persons & Property	43,423	-	43,423
Public Health Services	14	-	14
Transportation	-	5,859	5,859
General Government	71,594	2,294	73,888
Total Disbursements	115,031	8,153	123,184
Total Receipts Over/(Under) Disbursements	(12,165)	3,974	(8,191)
Other Financing Sources/(Uses):			
Transfer-Out	(2,500)	-	(2,500)
Advances Out	(1,505)	-	(1,505)
Total Other Financing Sources/(Uses)	(4,005)	-	(4,005)
Excess of Receipts and Other Sources Over/(Under) Disbursements and Other Uses	(16,170)	3,974	(12,196)
Fund Cash Balance, January 1, 2009	3,106	29,814	32,920
Fund Cash Balance, December 31, 2009	\$ (13,064)	\$ 33,788	\$ 20,724

See Accompanying Notes to the Financial Statements.

**VILLAGE OF HARRISBURG
FRANKLIN COUNTY, OHIO
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND
CASH BALANCES -PROPRIETARY FUND TYPE AND SIMILAR FIDUCIARY FUND TYPE
For the Year Ended December 31, 2009**

	<u>Proprietary Fund Type Enterprise</u>	<u>Fiduciary Fund Type Agency</u>	<u>Totals- (Memorandum Only)</u>
Non-Operating Receipts:			
Intergovernmental	\$ 54,900	\$ -	\$ 54,900
Loan Proceeds	394,960	-	394,960
Fines and Forfeitures	-	36,252	36,252
Total Non-Operating Receipts	<u>449,860</u>	<u>36,252</u>	<u>486,112</u>
Non-Operating Disbursements:			
Capital Outlay	(224,837)	-	(224,837)
Debt Service:			
Principal Retirement	(175,714)	-	(175,714)
Interest and Fiscal Charges	(53,307)	-	(53,307)
Distribution of Fines and Forfeitures	-	(13,967)	(13,967)
Total Nonoperating Disbursements	<u>(453,858)</u>	<u>(13,967)</u>	<u>(467,825)</u>
Excess of Receipts and Nonoperating Receipts Over (Under) Disbursements and Nonoperating Disbursements	(3,998)	22,285	18,287
Transfer-In	2,500	-	2,500
Advances-In	1,505	-	1,505
Net Receipts Over/(Under) Disbursements	<u>7</u>	<u>22,285</u>	<u>22,292</u>
Fund Cash Balance, January 1, 2009	<u>-</u>	<u>2,212</u>	<u>2,212</u>
Fund Cash Balance, December 31, 2009	<u>\$ 7</u>	<u>\$ 24,497</u>	<u>\$ 24,504</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, 2010 and 2009

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 street maintenance services and police protection 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, 2010 and 2009**

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 funds:

- Street Construction Maintenance & Repair Fund- This fund receives gasoline tax and motor vehicle tax money for constructing, maintaining and repairing Village streets.
- Mayor's Court Computer Fund- This fund receives money from the Village's Mayor's Court for upgrading the Village's computers.

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/or 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 from OWDA for the planning construction of a wastewater collection system. The fund will receive user fees from residents when the construction is complete.
- Water Fund- This fund receives loans from OWDA for the planning construction of a water distribution system. The fund will receive user fees from residents when the construction is complete.

VILLAGE OF HARRISBURG
FRANKLIN COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2010 and 2009

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

A budget of estimated cash receipts and disbursements is prepared by the Fiscal Officer, 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. Estimated Resources

The county auditor calculates the estimated revenues available to the Village. He prepares a certificate of estimated resources based upon this calculation and upon the other financial information supplied in the budget sent by the Village. The certificate is approved by the county budget commission and sent to the Village Fiscal Officer by September 1.

Prior to December 31, the Village must revise its budget so that the total budgeted expenditures for a fund will not exceed the amount of estimated resources stated in the certificate of estimated resources. The revised budget serves as the basis for the annual appropriation measure.

On or about January 1, the Fiscal Officer sends the county auditor a certificate which includes the actual unencumbered balances from the preceding year. The county auditor prepares an amended certificate, submits it to the county budget commission for approval. This amended certificate may be further amended during the year if projected revenue increases or the Fiscal Officer identifies decreases in revenue.

Budgeted receipts, as shown in Note 4, do not include the unencumbered fund balances as of January 1, 2009 and 2010. However, those fund balances are available for appropriation.

VILLAGE OF HARRISBURG
FRANKLIN COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2010 and 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

E. BUDGETARY PROCESS- (Continued)

2. Appropriations

A temporary appropriation measure to control cash expenditures may be passed on or about January 1 of each year for the period January 1 to March 31. An annual appropriation measure must be passed by March 31 of each year for the period January 1 to December 31. The appropriation measure may be amended or supplemented during the year as new information becomes available. Appropriations may not exceed estimated resources.

3. Encumbrances

The Village is required to use the encumbrance method of accounting by virtue of Ohio law. Under this system, purchase orders, contracts and other commitments for the expenditure of funds are recorded in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. The sum of expenditures and encumbrances may not exceed appropriated totals at any level of budgetary control. The legal level of control is the object level.

Unencumbered appropriations lapse at year-end. Encumbered appropriations outstanding at year end are cancelled and re-appropriated in the subsequent year. The Village did not encumber all commitments required by Ohio law.

F. 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.

G. 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:

**VILLAGE OF HARRISBURG
FRANKLIN COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2010 and 2009**

2. EQUITY IN POOLED CASH AND CASH EQUIVALENTS-(Continued)

	<u>2010</u>	<u>2009</u>
Demand Deposits	<u>\$337,645</u>	<u>\$45,228</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 are levied on assessed values, which equal 35% of appraised value. The county auditor reappraises all real property every six years with a triennial update.

Real property taxes become a lien on all non-exempt real property located in the county on January 1. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31 with the remainder payable by June 20 of the following year. Under certain circumstances, state statute permits later payment dates to be established.

The State Board of Tax Equalization adjusts the tax rates for inflation. Real property owners' tax bills are further reduced by homestead and rollback deductions when applicable. The amount of these homestead and rollback reductions is reimbursed to the Village by the State of Ohio. The amounts reimbursed by the State of Ohio are reflected in the accompanying financial statements as intergovernmental receipts.

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

Tangible personal property tax is assessed on the property owners, who must file a list of such property to the County by each April 30. Tangible personal property taxes are being phased out through 2009.

The County Treasurer collects property tax on behalf of all taxing authorities within the county. The County Auditor periodically remits to the taxing authorities their portions of the taxes collected.

VILLAGE OF HARRISBURG
FRANKLIN COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2010 and 2009

4. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2010 and 2009 follows:

<u>Fund:</u>	<u>2010 Budgeted vs Actual Receipts</u>		<u>Variance</u>
	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	
General Fund	\$ 111,941	\$ 148,026	\$ 36,085
Special Revenue Funds	-	17,197	17,197
Enterprise Fund	2,228,310	2,230,860	2,550

<u>Fund:</u>	<u>2010 Budgeted vs Actual Budgetary Basis Disbursements</u>		<u>Variance</u>
	<u>Appropriation Authority</u>	<u>Budgetary Disbursements</u>	
General Fund	\$ 127,740	\$ 147,637	\$ (19,897)
Special Revenue Funds	-	14,840	(14,840)
Enterprise Fund	2,228,310	1,926,714	301,596

<u>Fund:</u>	<u>2009 Budgeted vs Actual Receipts</u>		<u>Variance</u>
	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	
General Fund	\$ 117,801	\$ 102,866	\$ (14,935)
Special Revenue Funds	20,000	12,127	(7,873)
Enterprise Fund	449,860	452,360	2,500

<u>Fund:</u>	<u>2009 Budgeted vs Actual Budgetary Basis Disbursements</u>		<u>Variance</u>
	<u>Appropriation Authority</u>	<u>Budgetary Disbursements</u>	
General Fund	\$ 127,740	\$ 117,531	\$ 10,209
Special Revenue Funds	-	8,153	(8,153)
Enterprise Fund	449,860	453,858	(3,998)

Advances in and out are not required to be budgeted.

The Village was in violation of ORC sections 5705.36, 5705.41(B) and (D), 5705.39 and 5705.10.

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, 2010 and 2009**

5. RETIREMENT SYSTEM-(Continued)

Contribution rates are prescribed by the Ohio Revised Code. OPERS members contributed 10.0% in 2009 and 2010 of their gross pay while the Village contributed an amount equal to 14.00% in 2009 and 2010 of covered payroll. The Village paid all required contributions through 2010.

6. RISK MANAGEMENT

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

RISK POOL MEMBERSHIP

The Village belongs to the Ohio Plan Risk Management, Inc., formerly known as the Ohio Risk Management Plan (the Plan).

On January 1, 2009, through an internal reorganization, the Plan created three separate non-profit corporations including:

- Ohio Plan Risk Management, Inc. (OPRM) - formerly known as the Ohio Risk Management Plan;
- Ohio Plan Healthcare Consortium, Inc. (OPHC) - formerly known as the Ohio Healthcare Consortium; and
- Ohio Plan, Inc. - mirrors the oversight function previously performed by the Board of Directors. The Board of Trustees consists of eleven (11) members that include appointed and elected officials from member organizations.

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. These coverage programs, referred to as Ohio Plan Risk management (“OPRM”), 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 40% (17.5% through October 31, 2010 and 15% through October 31, 2009) 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 761 and 725 members as of December 31, 2010 and 2009 respectively. The Village participates in this coverage.

**VILLAGE OF HARRISBURG
FRANKLIN COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2010 and 2009**

6. RISK MANAGEMENT – (Continued)

RISK POOL MEMBERSHIP – (Continued)

The Plan formed the Ohio Plan Healthcare Consortium (“OPHC”), as authorized by Section 9.833 of the Ohio Revised Code. The OPHC was established to provide cost effective employee benefit programs for Ohio political subdivisions and is a self-funded, group purchasing consortium that offers medical, dental, vision and prescription drug coverage as well as life insurance for its members. The OPHC is sold through seventeen appointed independent agents in the State of Ohio. Coverage programs are developed specific to each member’s healthcare needs and the related premiums for coverage are determined through the application of uniform underwriting criteria. Variable plan options are available to members. These plans vary primarily by deductibles, coinsurance levels, office visit co-pays and out-of-pocket maximums. OPHC had 65 and 60 members as of December 31, 2010 and 2009 respectively. The Village does not participate in this coverage.

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.

The Pool’s audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2010 and 2009 (the latest information available), and include amounts for both OPRM and OPHC:

	2010		2009	
	OPRM	OPHC	OPRM	OPHC
Assets	\$12,036,541	\$1,355,131	\$11,176,186	\$1,358,802
Liabilities	<u>(4,845,056)</u>	<u>(1,055,096)</u>	<u>(4,852,485)</u>	<u>(1,253,617)</u>
Members’ Equity	<u>\$7,191,485</u>	<u>\$300,035</u>	<u>\$6,323,701</u>	<u>\$105,185</u>

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

There have been no significant reductions in insurance coverage from the prior fiscal years and settled claims have not exceeded this commercial coverage in any of the last three years. The Village pays the State Worker’s Compensation System a premium based on a rate per \$100 of salaries. The rate is calculated based on accident history and administrative costs.

**VILLAGE OF HARRISBURG
FRANKLIN COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2010 and 2009**

7. DEBT

Debt outstanding at December 31, 2010 is as follows:

<u>Description:</u>	<u>Principal</u>	<u>Interest Rate</u>
OWDA #3653	\$ 7,500	0.00%
OWDA #5372	618,313	0.00%
OWDA #5379	239,905	0.00%
	<u>\$ 865,718</u>	

The OWDA loans relate to EPA mandated water and sewer construction projects. The projects are not yet complete and amortization schedules have not been established for loan #5372 and #5379.

Portions of the loans were forgiven in 2009 and 2010 by OWDA in the amount of \$30,000 and \$1,189,952, respectively.

Principal and interest requirements for loan #3653 outstanding at December 31, 2010 is as follows:

<u>Year Ended</u>	<u>OWDA #3653</u>
2011	\$ 2,500
2012	2,500
2013	2,500
Total	<u>\$7,500</u>

8. INCOME TAX

The Village levies an income tax 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, 2010 and 2009

9. INTERFUND TRANSFERS/ADVANCES

Transfers are used to move revenues from the general fund to provide additional resources for current operations in other funds. All requirements of the Ohio Revised Code were followed.

10. CONTINGENT LIABILITES/SUBSEQUENT EVENTS

Management believes there are no pending claims or lawsuits.

**Village of Harrisburg, Franklin County
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2010**

<u>Pass-Through Grantor/ Program Title</u>	<u>Grant Number or Description</u>	<u>Federal CFDA Number</u>	<u>Expenditures</u>
<u>U. S. Department of Housing and Urban and Development</u>			
<u>Pass-Through, Franklin County:</u>			
Community Development Block Grant	N/A	14.218	<u>\$ 545,100</u>
Total Department of Housing and Urban Development			<u>545,100</u>
Total Expenditures of Federal Awards			<u><u>\$ 545,100</u></u>

Note: This Schedule of Expenditures of Federal Awards was prepared using the cash basis method of accounting.

This page intentionally left blank.

Rockefeller Building
614 W Superior Ave, Suite1242
Cleveland OH 44113-1306
Phone - (216) 575-1630
Fax - (216) 436-2411

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

INDEPENDENT ACCOUNTANTS' 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 the financial statements of the Village of Harrisburg, Franklin County, Ohio (the Village), as of and for the years ended December 31, 2010 and 2009, and have issued our report thereon dated February 6, 2012, wherein we noted the Village followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Controls Over Financial Reporting

In planning and performing our audit, we considered the Village's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of opining on the effectiveness of the Village's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Village's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. Therefore, we cannot assure that we have identified all deficiencies, significant deficiencies or material weaknesses. 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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and timely corrected. We consider findings 2010-HARR-01 and 02 described in the accompanying Schedule of Audit Findings to be material weaknesses.

Compliance and Other Matters

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion 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 or other matters we must report under *Government Auditing Standards*, which are described in the accompanying Schedule of Audit Findings as findings 2010-HARR-01 and 2010-HARR-03 through 08.

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.

We also noted certain matters not requiring inclusion in this report that we reported to the Village's management in a separate letter dated February 6, 2012.

We intend this report solely for the information and use of management, the audit committee, members of the Village Council, federal awarding agencies and pass-through entities and others within the Village. We intend it for no one other than these specified parties.

Charles E. Harris and Associates

Charles E. Harris and Associates, Inc.

February 6, 2012

Rockefeller Building
614 W Superior Ave Ste 1242
Cleveland, OH 44113-1306
Office phone - (216) 575-1630
Fax (216) 436-2411

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

INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

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

To the Village Council:

Compliance

We have audited the compliance of the Village of Harrisburg, Franklin County (the Village), with the types of compliance requirements described in U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect the Village's major federal program for the year ended December 31, 2010. The summary of auditor's results section of the accompanying schedule of findings identifies the Village's major federal program. The Village's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to opine on the Village's compliance based on our audit.

Our compliance audit followed auditing standards generally accepted in the United States of America; the standards applicable to financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. These standards and OMB Circular A-133 require that we plan and perform the audit to reasonably assure whether noncompliance occurred with the compliance requirements referred to above that could directly and materially affect a major federal program. An audit includes examining, on a test basis, evidence about the Village's compliance with these requirements and performing other procedures we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Village's compliance with these requirements.

In our opinion, the Village of Harrisburg complied, in all material respects, with the requirements referred to above that could directly and materially affect its major federal program for the year ended December 31, 2010. However, the results of our auditing procedures disclosed an instance of noncompliance with these requirements that, while not affecting our opinion on compliance, OMB Circular A-133 requires us to report. The accompanying schedule of findings lists this instance as finding 2010-HARR-09.

Internal Control Over Compliance

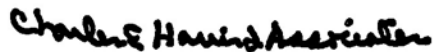
The Village's management is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Village's internal control over compliance with requirements that could directly and materially affect a major federal program, to determine our auditing procedures for the purpose of opining on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of opining on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the Village's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and therefore, we cannot assure we have identified all deficiencies, significant deficiencies, or material weaknesses. However, as discussed below, we identified a certain deficiency in internal control over compliance that we consider to be a material weakness.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program compliance requirement. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings as finding 2010-HARR-09 to be a material weakness.

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

We intend this report solely for the information and use of the audit committee, management, Village Council, others within the entity, and federal awarding agencies and pass-through entities. It is not intended for anyone other than these specified parties.

A handwritten signature in black ink that reads "Charles E. Harris". The signature is written in a cursive, slightly slanted style.

Charles E. Harris and Associates, Inc.
February 6, 2012

**SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 SECTION .505**

**VILLAGE OF HARRISBURG
FRANKLIN COUNTY
December 31, 2010 and 2009**

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	<i>Type of Financial Statement Opinion</i>	Unqualified
(d)(1)(ii)	<i>Were there any material weaknesses reported at the financial statement level (GAGAS)?</i>	Yes
(d)(1)(ii)	<i>Were there any significant deficiencies reported at the financial statement level/(GAGAS)?</i>	No
(d)(1)(iii)	<i>Was there any reported material non-compliance at the financial statement level (GAGAS)?</i>	Yes
(d)(1)(iv)	<i>Were there any material weaknesses reported for major federal programs?</i>	Yes
(d)(1)(iv)	<i>Were there any significant deficiencies reported for major federal programs?</i>	No
(d)(1)(v)	<i>Type of Major Programs' Compliance Opinion</i>	Unqualified
(d)(1)(vi)	<i>Are there any reportable findings under Section .510</i>	Yes
(d)(1)(vii)	<i>Major Program:</i>	CFDA #14.218 Community Development Block Grant
(d)(1)(viii)	<i>Dollar Threshold: Type A/B Programs</i>	\$300,000
(d)(1)(ix)	<i>Low Risk Auditee?</i>	No

**VILLAGE OF HARRISBURG
FRANKLIN COUNTY, OHIO
SCHEDULE OF FINDINGS
For the Years Ended December 31, 2010 and 2009**

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

Finding Number 2010-HARR-01 - Noncompliance Citation/Material Weakness

Ohio Admin. Code Section 117-2-02(A) provides that all local public offices should maintain an accounting system and accounting records sufficient to enable the public office to identify, assemble, analyze, classify, record and report its transactions, maintain accountability for the related assets, document compliance with finance-related legal and contractual requirements and prepare financial statements.

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 numerous errors and misstatements.

We noted the following errors during 2010 and 2009:

- Intergovernmental receipts of \$9,533 in 2009 and \$14,545 in 2010 were improperly recorded as property taxes and special assessments.
- Mayor's Court activity was not reflected in the financial statements for either year.
- On-behalf-of payments and other loan disbursements made by OWDA were not recorded in the amount of \$394,960 in 2009 and \$105,138 in 2010.
- Loan principal payments of \$2,500 in 2009 and 2010 were classified as general government expenses.
- CDBG monies of \$54,900 in 2009 and \$545,100 in 2010 were classified as loan proceeds.
- OWDA on-behalf-of payments of \$168,439 and \$72,385 for 2009 and 2011, respectively, were recorded in 2010.
- Capital outlays of \$56,398 in 2009 and \$1,922,320 in 2010 were classified as contractual expenses.

The financial statements have been adjusted to properly reflect these transactions.

We recommend the Village implement additional internal control procedures to ensure the accuracy and completeness of transactions and the annual financial reports. The internal control procedures can include additional review of financial statements, revenue ledgers, and expenditures ledgers by an outside party and/or using analytical reviews for comparison of current year to prior year numbers.

Management Response:

We did not receive a management response.

**VILLAGE OF HARRISBURG
FRANKLIN COUNTY, OHIO
SCHEDULE OF FINDINGS-(Continued)
For the Years Ended December 31, 2010 and 2009**

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

Finding Number 2010-HARR-02 – Material Weakness

A necessary step in the internal control over financial reporting is to prove both the balance of the bank and the balance of cash in the accounting records. This process involves accounting for the differences between the balance on the bank statement(s) and the cash and investment balances according to the entity's records. The Village did not resolve various differences between the adjusted bank balance and the cash balance reflected in the Village's accounting records. These differences were the result of various recording errors and omissions. The book balance was overstated by \$24,000 and understated by \$110,000 at December 31, 2009 and 2010, respectively. The annual reports for these years were filed with the Auditor of State with these unresolved differences. The financial statements and the Village's records have been adjusted accordingly.

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

We noted that the Village obtained assistance from the Auditor of State's office to assist them in the reconciliation process.

We recommend the Village complete formal bank reconciliations for their general and mayor's court accounts. If there are reconciling items, the respective Clerk's should determine the accuracy of these items and update the accounting systems and records timely. The Council could then monitor the Village's monthly financial activity, determine their respective cash position and make sound decisions. Reconciliations should be reviewed by the governing body on a monthly basis and formally approved attesting to their accuracy and completeness and noted in the monthly minute meeting.

Management Response:

We did not receive a management response.

**VILLAGE OF HARRISBURG
FRANKLIN COUNTY, OHIO
SCHEDULE OF FINDINGS-(Continued)
For the Years Ended December 31, 2010 and 2009**

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

Finding Number 2010-HARR-03 – Noncompliance Citation

Ohio Rev. Code Section 5705.41(D)(1) prohibits a subdivision or taxing entity from making any contract or ordering any expenditure of money unless a certificate signed by the fiscal officer is attached thereto. The fiscal officer must certify that the amount required to meet any such contract or expenditure has been lawfully appropriated and is in the treasury, or is in the process of collection to the credit of an appropriate fund free from any previous encumbrance. Further, contracts and orders for expenditures lacking prior certification shall be null and void.

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

1. “Then and Now” Certificate – If the fiscal officer can certify that both at the time that the contract or order was made (“then”), and at the time that the fiscal officer is completing the certification (“now”), that sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the Village’s fiscal officer can authorize the drawing of a warrant for the payment of the amount due. The Village has thirty days from the receipt of the “then and now” certificate to approve payment by ordinance or resolution.

Amounts of less than \$3,000 may be paid by the fiscal officer without a resolution or ordinance upon completion of the “then and now” certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the Village.

2. Blanket Certificate – Fiscal officers may prepare “blanket” certificates for a certain sum of money not in excess of an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority against any specific line item account over a period not running beyond the end of the current fiscal year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.

**VILLAGE OF HARRISBURG
FRANKLIN COUNTY, OHIO
SCHEDULE OF FINDINGS-(Continued)
For the Years Ended December 31, 2010 and 2009**

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

Finding Number 2010-HARR-03 – Noncompliance Citation-(Continued)

3. Super Blanket Certificate – The Village may also make expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification is not to extend beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any line item appropriation.

Forty-seven percent of the transactions tested were not certified by the Clerk/Treasurer at the time the commitment was incurred and there was no evidence that the Village followed the aforementioned exceptions. Failure to properly certify the availability of funds can result in overspending funds and negative cash fund balances.

Unless the exceptions noted above are used, prior certification is not only required by statute but is a key control in the disbursement process to assure that purchase commitments receive prior approval. To improve controls over disbursements and to help reduce the possibility of the Village’s expenditures exceeding budgetary spending limitations, we recommend that the Fiscal Officer certify that the funds are or will be available prior to obligation by the Village. When prior certification is not possible, “then and now” certification should be used.

Management Response:

We did not receive a management response.

Finding Number 2010-HARR-04 – Noncompliance Citation

Ohio Revised Code Section 5705.10 states that money paid into a fund must be used only for the purpose for which such fund has been established. The existence of negative fund balances indicates that money from one fund has been used to cover expenses of another fund.

We noted that after correcting the accounting records for recording errors, the general fund had a negative fund balance of \$13,064 for 2009 and a negative \$12,675 for 2010.

Management Response:

We did not receive a substantive response from management to the above finding.

**VILLAGE OF HARRISBURG
FRANKLIN COUNTY, OHIO
SCHEDULE OF FINDINGS-(Continued)
For the Years Ended December 31, 2010 and 2009**

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

Finding Number 2010-HARR-05 – Noncompliance Citation

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..." This section also provides that no appropriation measure shall become effective until the Village obtains the County Auditor's certificate that total appropriations from each fund do not exceed the total official estimate or amended official estimate when amending estimated resources. Contrary to this requirement, the following funds had total appropriations in excess of estimated resources plus carryover balances:

2009

<u>Fund</u>	<u>Estimated Resources</u>	<u>Appropriations</u>	<u>Variance</u>
General Fund	\$120,907	\$127,740	\$(6,833)

2010

<u>Fund</u>	<u>Estimated Resources</u>	<u>Appropriations</u>	<u>Variance</u>
General Fund	\$98,877	\$127,740	\$(28,863)

Management Response:

We did not receive a substantive response from management to the above finding.

**VILLAGE OF HARRISBURG
FRANKLIN COUNTY, OHIO
SCHEDULE OF AUDIT FINDINGS-(Continued)
For the Years Ended December 31, 2010 and 2009**

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

Finding Number 2010-HARR-06 – Noncompliance Citation

Ohio Revised Code Section 5705.36(A)(3) states that upon a determination by the fiscal officer of a subdivision that the revenue to be collected by the subdivision will be greater than the amount included in an official certificate and the legislative authority intends to appropriate and expend the excess revenue, the fiscal officer shall certify the amount of the excess to the commission, and if the commission determines that the fiscal officer’s certification is reasonable, the commission shall certify an amended official certificate reflecting the excess.

5705.36(A)(4) states that upon a determination by the fiscal officer of a subdivision that the revenue to be collected by the subdivision will be less than the amount included in an official certificate and that the amount of the deficiency will reduce available resources below the level of current appropriations, the fiscal officer shall certify the amount of the deficiency to the commission, and the commission shall certify an amended certificate reflecting the deficiency.

The following funds had actual revenues which were (less) than budgeted revenues at December 31 and the amount of the deficiency reduced available resources below the level of current appropriations:

	2009
General Fund	\$(14,935)
Special-SCMR	(7,873)

By not amending its certificate of estimated resources, the Village cannot make reasonable decisions regarding the monies it has available for appropriation and expenditure. The Village Council should monitor its budgeted revenues versus its actual revenues throughout the year and amend its certificate of estimated resources accordingly.

Management Response:

We did not receive a substantive response from management to the above finding.

**VILLAGE OF HARRISBURG
FRANKLIN COUNTY, OHIO
SCHEDULE OF AUDIT FINDINGS-(Continued)
For the Years Ended December 31, 2010 and 2009**

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

Finding Number 2010-HARR-07-Noncompliance Citation

Ohio Revised Code Section 5705.41 (B) states that no subdivision shall make any expenditure of money unless it has been appropriated as provided in such chapter. Furthermore, Ohio Administrative Code 117-2-02 states that all local public offices should integrate the budgetary accounts, at the legal level of control which is the object level for all funds. The following funds had total expenditures plus encumbrances in excess of appropriations:

2009

<u>Fund</u>	<u>Appropriations</u>	<u>Expenditures Plus Encumbrances</u>	<u>Variance</u>
Special-SCMR	\$-0-	\$5,859	\$(5,859)
Special-Computer	-0-	2,294	(2,294)
Enterprise-Sewer	449,860	453,464	(3,604)
Enterprise-Water	-0-	394	(394)

2010

<u>Fund</u>	<u>Appropriations</u>	<u>Expenditures Plus Encumbrances</u>	<u>Variance</u>
General fund	\$127,740	\$147,637	\$(19,897)
Special-SCMR	-0-	10,471	(10,471)
Special-Computer	-0-	4,369	(4,369)

Since these funds were over expended at the fund level, the legal level of control violations were not disclosed. We recommend Council and the Fiscal Officer compare expenditures to appropriations periodically. If additional appropriations are needed, then the Council and the Fiscal Officer should take the necessary steps to adopt supplemental appropriations, if possible to prevent expenditures from exceeding appropriations.

Management Response:

We did not receive a substantive response from management to the above finding.

**VILLAGE OF HARRISBURG
FRANKLIN COUNTY, OHIO
SCHEDULE OF AUDIT FINDINGS-(Continued)
For the Years Ended December 31, 2010 and 2009**

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

Finding Number 2010-HARR-08 – Noncompliance Citation

Mayor’s Court Receipts Not Promptly Remitted

Ohio Revised Code Section 733.40 requires Mayor Court receipts to be remitted to the Village by the first Monday of the month following collection and other ORC sections require remittances to the State by the 20th of the month following collection. However, the Mayor’s Court of the Village was over one year delinquent in making remittances to the State and several months in arrears in the remittances to the Village. The funds were accumulating in the Mayor’s Court checking account, a non-interest bearing account.

We recommend the Clerk of Court make monthly remittances as required by the Ohio Revised Code.

Management Response

We did not receive a management response.

**VILLAGE OF HARRISBURG
FRANKLIN COUNTY, OHIO
SCHEDULE OF AUDIT FINDINGS-(Continued)
For the Years Ended December 31, 2010 and 2009**

3. FINDINGS FOR FEDERAL AWARDS

Finding Number: 2010-HARR-09 – Noncompliance/Material Weakness

31 U.S.C. 7502 (a)(1)(A) requires non-federal entities that expend \$500,000 or more in a year in federal awards to have an annual Single or Program-Specific audit conducted for that year and filed with the Federal Audit Clearinghouse within nine months after year-end.

The Village does not have a procedure to identify all federal funds received and expended during the fiscal year. A grant received from the Franklin County Commissioners in 2010 in the amount of \$545,100 was not identified as federal funds. Therefore, the Village was not aware that it had expended over \$500,000 in federal funds during 2010 and was required to have an audit in accordance with OMB Circular A-133.

The failure to file a timely report with the Federal Audit Clearinghouse jeopardizes the Village's eligibility for future federal awards.

We recommend that the Village implement a procedure where the Mayor's office notifies the Fiscal Officer of federal grant awards and that the Fiscal Officer establish separate funds and revenue and expenditure accounts to track federal awards.

Management Response:

We did not receive a management response.

VILLAGE OF HARRISBURG
FRANKLIN COUNTY, OHIO
For the Years Ended December 31, 2010 and 2009

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
2008-001	Financial Statements Misstated	No	Repeated as 2010- HARR-01
2008-002	Bank Reconciliations Not Performed or Inaccurate	No	Repeated as 2010- HARR-02
2008-003	Accounting Errors	No	Repeated as 2010- HARR-01
2008-004	Mayor's Court Docket Not Properly Maintained	Yes	
2008-005	Prior Certification of Funds	No	Repeated as 2010- HARR-03
2008-006	Appropriations Not Adopted	Yes	
2008-007	Tax Levies Not Certified	Yes	
2008-008	Certification of Available Resources Not Filed	Yes	
2008-009	Expenditures Exceeded Appropriations	No	Repeated as 2010- HARR-07

VILLAGE OF HARRISBURG
FRANKLIN COUNTY, OHIO
For the Years Ended December 31, 2010 and 2009

SCHEDULE OF PRIOR AUDIT FINDINGS-(Continued)

FINDING NUMBER	FUNDING SUMMARY	FULLY CORRECTED?	Not Corrected. Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain
2008-010	Tax Budget Not Adopted	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
JUNE 5, 2012