



**VILLAGE OF HARRISVILLE
HARRISON COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2000-1999



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

VILLAGE OF HARRISVILLE
HARRISON COUNTY

TABLE OF CONTENTS

| <u>TITLE</u> | <u>PAGE</u> |
|---|-------------|
| Report of Independent Accountants | 1 |
| Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Governmental Fund Types - For the Year Ended December 31, 2000 | 3 |
| Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Governmental Fund Types - For the Year Ended December 31, 1999 | 4 |
| Notes to the Financial Statements | 5 |
| Report of Independent Accountants on Compliance and on Internal Control Required by <i>Government Auditing Standards</i> | 11 |

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REPORT OF INDEPENDENT ACCOUNTANTS

Village of Harrisville
Harrison County
43950 Main Street, State Rt. 250
P.O. Box 249
Harrisville, Ohio 43974

To the Village Council:

We have audited the accompanying financial statements of Village of Harrisville, Harrison County, Ohio, (the Village) as of and for the years ended December 31, 2000 and 1999. 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 *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 discussed in Note 1, the Village prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Village of Harrisville, Harrison County, as of December 31, 2000 and 1999, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 27, 2001 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 grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

This report is intended solely for the information and use of management, Village Council and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

Jim Petro
Auditor of State

June 27, 2001

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**VILLAGE OF HARRISVILLE
HARRISON COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2000**

| | <u>Governmental Fund Types</u> | | Totals (Memorandum Only) |
|--|--------------------------------|----------------------------|---|
| | <u>General</u> | <u>Special Revenue</u> | |
| Cash Receipts: | | | |
| Property Tax and Other Local Taxes | \$4,697 | | \$4,697 |
| State Shared Taxes and Permits | 21,851 | \$6,179 | 28,030 |
| Charges for Services | 836 | | 836 |
| Earnings on Investments | 2,034 | | 2,034 |
| | <hr/> | | <hr/> |
| Total Cash Receipts | 29,418 | 6,179 | 35,597 |
| | <hr/> | | <hr/> |
| Cash Disbursements: | | | |
| Current: | | | |
| Security of Persons and Property | 4,564 | | 4,564 |
| Public Health Services | 292 | | 292 |
| Leisure Time Activities | 5,128 | | 5,128 |
| Community Environment | 7 | | 7 |
| Transportation | 771 | 1,412 | 2,183 |
| General Government | 10,230 | | 10,230 |
| | <hr/> | | <hr/> |
| Total Cash Disbursements | 20,992 | 1,412 | 22,404 |
| | <hr/> | | <hr/> |
| Total Receipts Over/(Under) Disbursements | 8,426 | 4,767 | 13,193 |
| | <hr/> | | <hr/> |
| Other Financing Receipts/(Disbursements): | | | |
| Contingencies | (797) | | (797) |
| | <hr/> | | <hr/> |
| Total Other Financing Receipts/(Disbursements) | (797) | | (797) |
| | <hr/> | | <hr/> |
| Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements | 7,629 | 4,767 | 12,396 |
| | <hr/> | | <hr/> |
| Fund Cash Balances January 1 | 37,135 | 22,002 | 59,137 |
| | <hr/> | | <hr/> |
| Fund Cash Balances, December 31 | \$44,764 | \$26,769 | \$71,533 |
| | <hr/> | | <hr/> |
| Reserves for Encumbrances, December 31 | \$299 | \$13 | \$312 |
| | <hr/> | | <hr/> |

The notes to the financial statements are an integral part of this statement.

**VILLAGE OF HARRISVILLE
HARRISON COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1999**

| | <u>Governmental Fund Types</u> | | Totals (Memorandum Only) |
|--|--------------------------------|-----------------------------|---|
| | <u>General</u> | <u>Special Revenue</u> | |
| Cash Receipts: | | | |
| Property Tax and Other Local Taxes | \$5,597 | | \$5,597 |
| Intergovernmental Receipts | 28,019 | \$6,192 | 34,211 |
| Charges for Services | 801 | | 801 |
| Earnings on Investments | 1,611 | | 1,611 |
| Miscellaneous | 56 | | 56 |
| | <hr/> | | <hr/> |
| Total Cash Receipts | 36,084 | 6,192 | 42,276 |
| Cash Disbursements: | | | |
| Current: | | | |
| Security of Persons and Property | 4,595 | | 4,595 |
| Public Health Services | 328 | | 328 |
| Leisure Time Activities | 4,989 | | 4,989 |
| Community Environment | 6 | | 6 |
| Transportation | 830 | 2,481 | 3,311 |
| General Government | 11,901 | | 11,901 |
| | <hr/> | | <hr/> |
| Total Cash Disbursements | 22,649 | 2,481 | 25,130 |
| Total Receipts Over/(Under) Disbursements | <hr/> | <hr/> | <hr/> |
| | 13,435 | 3,711 | 17,146 |
| Other Financing Receipts/(Disbursements): | | | |
| Contingencies | <u>(717)</u> | | <u>(717)</u> |
| Total Other Financing Receipts/(Disbursements) | <hr/> | | <hr/> |
| | (717) | | (717) |
| Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements | 12,718 | 3,711 | 16,429 |
| Fund Cash Balances January 1 | <hr/> | <hr/> | <hr/> |
| | 24,417 | 18,291 | 42,708 |
| Fund Cash Balances, December 31 | <hr/> \$37,135 <hr/> | <hr/> \$22,002 <hr/> | <hr/> \$59,137 <hr/> |
| Reserves for Encumbrances, December 31 | <hr/> | <hr/> | <hr/> |
| | \$281 | | \$281 |

The notes to the financial statements are an integral part of this statement.

**VILLAGE OF HARRISVILLE
HARRISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Village of Harrisville, Harrison County, (the Village) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village is directed by a publicly-elected six-member Council. The Village provides general governmental services including street maintenance services. The Village contracts with the Harrisville Volunteer Fire Department for fire protection services.

The Village's management believes these financial statements present all activities for which the Village is financially accountable.

B. Basis of Accounting

These financial statements follow the 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).

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

C. Fund Accounting

The Village uses fund accounting to segregate cash and investments that are restricted as to use. The Village classifies its funds into the following types:

1. General Fund

The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

2. Special Revenue Funds

These funds are used to account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. The Village had the following significant Special Revenue Fund:

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

D. Budgetary Process

The Ohio Revised Code requires that each fund be budgeted annually.

VILLAGE OF HARRISVILLE
HARRISON COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

1. Appropriations

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

The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year end.

2. Estimated Resources

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

3. Encumbrances

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

A summary of 2000 and 1999 budgetary activity appears in Note 3.

E. Property, Plant and Equipment

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

2. EQUITY IN POOLED CASH

The Village maintains a cash 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>2000</u> | <u>1999</u> |
|-----------------|-------------|-------------|
| Demand deposits | \$ 71,533 | \$ 59,137 |

Deposits: Deposits are insured by the Federal Depository Insurance Corporation.

**VILLAGE OF HARRISVILLE
HARRISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2000 and 1999 follows:

| 2000 Budgeted vs. Actual Receipts | | | |
|-----------------------------------|----------------------|--------------------|-----------|
| Fund Type | Budgeted Receipts | Actual Receipts | Variance |
| General | \$33,094 | \$29,418 | (\$3,676) |
| Special Revenue | 6,300 | 6,179 | (121) |
| Total | \$39,394 | \$35,597 | (\$3,797) |

| 2000 Budgeted vs. Actual Budgetary Basis Expenditures | | | |
|---|----------------------------|---------------------------|----------|
| Fund Type | Appropriation Authority | Budgetary Expenditures | Variance |
| General | \$42,675 | \$22,088 | \$20,587 |
| Special Revenue | 13,940 | 1,425 | 12,515 |
| Total | \$56,615 | \$23,513 | \$33,102 |

| 1999 Budgeted vs. Actual Receipts | | | |
|-----------------------------------|----------------------|--------------------|----------|
| Fund Type | Budgeted Receipts | Actual Receipts | Variance |
| General | \$33,094 | \$36,084 | \$2,990 |
| Special Revenue | 6,300 | 6,192 | (108) |
| Total | \$39,394 | \$42,276 | \$2,882 |

| 1999 Budgeted vs. Actual Budgetary Basis Expenditures | | | |
|---|----------------------------|---------------------------|----------|
| Fund Type | Appropriation Authority | Budgetary Expenditures | Variance |
| General | \$42,675 | \$23,647 | \$19,028 |
| Special Revenue | 13,940 | 2,481 | 11,459 |
| Total | \$56,615 | \$26,128 | \$30,487 |

**VILLAGE OF HARRISVILLE
HARRISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by Village Council. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to make semiannual payment, the first half is due December 31. The second half payment is due the following June 20.

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

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

5. DEBT

Debt outstanding at December 31, 2000 was as follows:

| | Principal | Interest Rate |
|-----------|-----------|------------------|
| OWDA Loan | \$ 19,662 | 6.32% |

The Ohio Water Development Authority (OWDA) loan relates to the planning costs for a sewer project. The project has been abandoned. The loan will be repaid in monthly installments of \$864, including interest, over the next two and a half years. The loan is collateralized by the full faith and credit of the Village.

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

| Year ending December 31: | OWDA Loan |
|-----------------------------|--------------|
| 2001 | \$ 5,182 |
| 2002 | 10,365 |
| 2003 | 5,182 |
| Total | \$ 20,729 |

6. RETIREMENT SYSTEMS

The Village's employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is cost-sharing, multiple-employer plans. This plan provides retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

**VILLAGE OF HARRISVILLE
HARRISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

6. RETIREMENT SYSTEMS (Continued)

Contribution rates are also prescribed by the Ohio Revised Code. For 2000 PERS members contributed 8.5% of their gross salaries. The Village contributed an amount equal to 10.84% of participants' gross salaries. The Village has paid all contributions required through December 31, 2000.

7. RISK MANAGEMENT

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Vehicles
- Errors and omissions

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STATE OF OHIO
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**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND ON INTERNAL CONTROL
REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Village of Harrisville
Harrison County
43950 Main Street, State Rt. 250
P. O. Box 249
Harrisville, Ohio 43974

To the Village Council:

We have audited the accompanying financial statements of Village of Harrisville, Harrison County, Ohio (the Village), as of and for the years ended December 31, 2000 and 1999, and have issued our report thereon dated June 27, 2001. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on 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 such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted an immaterial instance of noncompliance that we have reported to management of the Village in a separate letter dated June 27, 2001.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Village's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Village in a separate letter dated June 27, 2001.

Village of Harrisville
Harrison County
Report of Independent Accountants on Compliance and on
Internal Control Required by *Government Auditing Standards*
Page 2

This report is intended for the information and use of the management and Village Council, and is not intended to be and should not be used by anyone other than these specified parties.

Jim Petro
Auditor of State

June 27, 2001



STATE OF OHIO
OFFICE OF THE AUDITOR

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VILLAGE OF HARRISVILLE

HARRISON 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
JULY 24, 2001**