



Dave Yost • Auditor of State

VILLAGE OF HARRISVILLE
HARRISON COUNTY

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Dave Yost • Auditor of State

Village of Harrisville
Harrison County
P.O. Box 249
Harrisville, Ohio 43974

To the Village Council:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to an interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS 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. Our Report includes an adverse opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

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Dave Yost
Auditor of State

May 5, 2011

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Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Village of Harrisville
Harrison County
P.O. Box 249
Harrisville, Ohio 43974

To the Village Council:

We have audited the accompanying financial statements of the Village of Harrisville, Harrison County, (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. The Village processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Village because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code § 117.11(A) mandates the Auditor of State to audit Ohio governments. We believe 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.

Instead of the combined funds the accompanying financial statements present, GAAP require presenting entity wide statements and also presenting the Village's larger (i.e. major) funds separately. 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 GAAP presentation requirements. The Auditor of State permits, but does not require Villages to reformat their statements. The Village has elected not to follow GAAP statement formatting requirements. 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 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 Harrisville, Harrison County, as of December 31, 2010 and 2009, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

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 May 5, 2011, 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. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.



Dave Yost
Auditor of State

May 5, 2011

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, 2010**

	<u>Governmental Fund Types</u>			<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Property and Local Taxes	\$10,276			\$10,276
Intergovernmental	18,744	\$14,650		33,394
Charges for Services	3,404			3,404
Earnings on Investments	41	46		87
Miscellaneous	16,315			16,315
	<hr/>			<hr/>
Total Cash Receipts	48,780	14,696		63,476
	<hr/>			<hr/>
Cash Disbursements:				
Current:				
Security of Persons and Property	6,011			6,011
Public Health Services	166			166
Leisure Time Activities	4,775			4,775
Transportation		11,387		11,387
General Government	35,339			35,339
Debt Service:				
Interest and Fiscal Charges	917			917
Capital Outlay			\$130,822	130,822
	<hr/>			<hr/>
Total Cash Disbursements	47,208	11,387	130,822	189,417
	<hr/>			<hr/>
Total Receipts Over/(Under) Disbursements	1,572	3,309	(130,822)	(125,941)
	<hr/>			<hr/>
Other Financing Receipts / (Disbursements):				
Proceeds from Sale of Public Debt:				
Other Debt Proceeds			130,822	130,822
	<hr/>			<hr/>
Total Other Financing Receipts / (Disbursements)			\$130,822	130,822
	<hr/>			<hr/>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	1,572	3,309		4,881
Fund Cash Balances, January 1	46,187	49,718		95,905
	<hr/>			<hr/>
Fund Cash Balances, December 31	\$47,759	\$53,027		\$100,786
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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, 2009**

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Property and Local Taxes	\$9,759		\$9,759
Intergovernmental	19,617	15,474	35,091
Charges for Services	326		326
Fines, Licenses and Permits	2,212		2,212
Earnings on Investments	80	85	165
Miscellaneous	1		1
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	31,995	15,559	47,554
	<hr/>	<hr/>	<hr/>
Cash Disbursements:			
Current:			
Security of Persons and Property	6,243		6,243
Public Health Services	176		176
Leisure Time Activities	5,593		5,593
Transportation		8,094	8,094
General Government	18,271		18,271
Debt Service:			
Redemption of Principal			0
Interest and Fiscal Charges	917		917
Capital Outlay			0
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	31,200	8,094	39,294
	<hr/>	<hr/>	<hr/>
Total Receipts Over/(Under) Disbursements	795	7,465	8,260
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, January 1	45,392	42,253	87,645
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, December 31	<u>\$46,187</u>	<u>\$49,718</u>	<u>\$95,905</u>

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, 2010 AND 2009**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of Harrisville, Harrison County, (the Village) as a body corporate and politic. A publicly-elected six-member Council directs the Village. The Village provides park operations, and general government services. The Village contracts with the Harrisville Volunteer Fire Company Incorporated to receive fire protection services.

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

B. Accounting Basis

These financial statements follow the accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The Village 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 Auditor of State prescribes or permits.

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 reports all financial resources except those required to be accounted for in another fund.

2. Special Revenue Funds

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

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

State Highway Fund – This fund receives gasoline tax and motor vehicle license tax money for constructing, maintaining, and repairing the state highway.

**VILLAGE OF HARRISVILLE
HARRISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

4. Capital Project Funds

These funds account for receipts restricted to acquiring or constructing major capital projects (except those financed through enterprise or trust funds). The Village had the following significant capital project funds:

Ohio Water Development Authority (OWDA) Fund – This fund received proceeds of an OWDA Loan. The proceeds have been used to construct a new waste water treatment system.

D. Budgetary Process

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. Appropriations lapse at year end.

2. Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus cash as of January 1. The County Budget Commission must 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 canceled, and reappropriated in the subsequent year. The Village did not encumber all commitments required by Ohio law.

A summary of 2010 and 2009 budgetary activity appears in Note 3.

E. Property, Plant, and Equipment

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

2. EQUITY IN POOLED DEPOSITS

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

	<u>2010</u>	<u>2009</u>
Demand deposits	<u>\$100,786</u>	<u>\$95,905</u>

**VILLAGE OF HARRISVILLE
HARRISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009
(Continued)**

2. EQUITY IN POOLED DEPOSITS – (Continued)

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

3. BUDGETARY ACTIVITY

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

2010 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$28,701	\$48,780	\$20,079
Special Revenue	7,963	14,696	6,733
Capital Projects	0	130,822	130,822
Total	\$36,664	\$194,298	\$157,634

2010 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$49,062	\$47,208	\$1,854
Special Revenue	37,648	11,387	26,261
Capital Projects	200,500	130,822	69,678
Total	\$287,210	\$189,417	\$97,793

2009 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$31,467	\$31,995	\$528
Special Revenue	7,963	15,559	7,596
Total	\$39,430	\$47,554	\$8,124

2009 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$42,007	\$31,200	\$10,807
Special Revenue	36,042	8,094	27,948
Total	\$78,049	\$39,294	\$38,755

Contrary to Ohio law, at December 31, 2010, appropriations exceeded estimated resources in Capital Projects by \$200,500.

**VILLAGE OF HARRISVILLE
HARRISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009
(Continued)**

4. PROPERTY TAX

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.

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, 2010 was as follows:

	Principal	Interest Rate
Ohio Public Works Commission Note	\$14,669	0%
Ohio Water Development Authority Loan	131,521	
Total	\$146,190	

The Village entered into contractual agreements with the Ohio Water Development Authority (OWDA) to construct a new sewer treatment system. As of December 31, 2010, the Village had received \$131,521 from OWDA. Payments to OWDA will begin in 2020 based on the total borrowed. An amortization schedule is not available at this time. The Village's taxing authority collateralized the loan.

The Ohio Public Works Commission (OPWC) note relates to a storm sewer replacement project. The OPWC approved up to \$19,000 for this project, of which \$18,336 was borrowed. The Village will repay the loan in semiannual installments of \$458 over 20 years. The Village's taxing authority collateralized the note.

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

Year ending December 31:	OPWC
2011	\$458
2012	917
2013	917
2014	917
2015	917
2016-2020	4,585
2021-2025	4,585
2026-2027	1,373
Total	\$14,669

**VILLAGE OF HARRISVILLE
HARRISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009
(Continued)**

6. RETIREMENT SYSTEMS

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

The Ohio Revised Code also prescribes contribution rates. For 2010 and 2009, OPERS members contributed 10%, of their gross salaries and the Village contributed an amount equaling 14%, respectively, of participants' gross salaries. The Village has paid all contributions required through December 31, 2010.

7. RISK MANAGEMENT

Commercial Insurance

The Village has obtained commercial insurance for the following risks:

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

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Dave Yost • Auditor of State

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

Village of Harrisville
Harrison County
P.O. Box 249
Harrisville, Ohio 43974

To the Village Council:

We have audited the financial statements of the Village of Harrisville, Harrison County (the Village) as of and for the years ended December 31, 2009 and 2010, and have issued our report thereon dated May 5, 2011 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 also noted the Village processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Village because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code § 117.11(A) mandates the Auditor of State to audit Ohio governments. 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*.

Internal Control 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 opinion 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 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 2010-03 and 2010-04 described in the accompanying schedule of 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 findings as item 2010-01 and 2010-02.

We also noted certain matters not requiring inclusion in this report that we reported to the Village's management in a separate letter dated May 5, 2011.

We intend this report solely for the information and use of management, the audit committee, and Village Council, and others within the Village. We intend it for no one other than these specified parties.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State

May 5, 2011

**VILLAGE OF HARRISVILLE
HARRISON COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2010 AND 2009**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2010-01

Noncompliance Citation

Ohio Revised Code Section 5705.41(D) provides that no subdivision shall make any contract or give any order involving the expenditure of money unless there is attached thereto a certificate of the fiscal officer of the subdivision that the amount required to meet the obligation has been lawfully appropriated for such purpose and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. This certificate need be signed only by the subdivision's fiscal officer. Every contract made without such a certificate shall be void, and no warrant shall be issued in payment of any amount due thereon.

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 no certificate is furnished as required, upon receipt of the fiscal officer's certificate that a sufficient sum was, both at the time of the contract or order and at the time of the certificate, appropriated and free of any previous encumbrances, the Village may authorize the issuance of a warrant in payment of the amount due upon such contract or order by resolution within 30 days from the receipt of such certificate, if such expenditure is otherwise valid. If the amount involved is less than \$3,000 the fiscal officer may authorize payment through a Then and Now Certificate without affirmation of Council if such expenditure is otherwise valid.
2. Blanket Certificate – The fiscal officer 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.
3. Super Blanket Certificate – The Village may also make expenditures and contracts for any amount from a specific line item appropriation 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 may be outstanding a particular time for any line item appropriation.

The Clerk/Treasurer did not certify the amount against the applicable appropriation accounts for 75% and 90% of tested expenditures in 2009 and in 2010, respectively. The Village did not utilize the certification exceptions described above.

**FINDING NUMBER 2010-01
(Continued)**

Failure to certify the availability of funds and encumber appropriations could result in overspending and negative cash 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 funds exceeding budgetary spending limitations, the Clerk/Treasurer should 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.

The Village should certify purchases to which section Ohio Revised Code Section 5705.41(D) applies. The most convenient certification method is to use purchase orders that include the certification language which Ohio Revised Code Section 5705.41(D) requires authorizing disbursements. The Clerk/Treasurer should sign the certification at the time the Village incurs a commitment, and only when the requirements of Ohio Revised Code Section 5705.41(D) are satisfied. The Clerk/Treasurer should post approved purchase commitments to the proper appropriation code, to reduce the available appropriation.

FINDING 2010-02

Noncompliance Citation

Ohio Revised Code Section 5705.39 requires that the total appropriation from each fund shall not exceed the total estimated revenue available certified by the county auditor.

In 2010, appropriations exceeded the amount certified as available by the budget commission in the fund Ohio Water Development Authority (OWDA) Fund, a capital projects fund by \$200,500 (100% of appropriations).

Failure to limit appropriations to the amount certified by the budget commission could result in overspending and negative cash balances. The Clerk/Treasurer should compare appropriations to estimated resources and if adequate resources are available for additional appropriations, the Village should submit an amended certificate of estimated resources to the budget commission for certification. If the resources are not available to cover the appropriations, an amendment to the appropriation resolution should be passed by the Village Council to reduce the appropriations.

FINDING 2010-03

Material Weakness

The Clerk/Treasurer did not correctly code and classify all receipts in 2009 and 2010, resulting in adjustments and reclassifications to the financial statements. The Clerk/Treasurer has agreed to and posted the adjustments to the Village's accounting records and corrected amounts are reflected in the accompanying financial statements.

Fund Name	Account Type	Amount	Description
Adjustments - 2009			
General	Intergovernmental revenue	\$86	Revenue incorrectly posted to the Street Construction, Maintenance & Repair Fund
General	Intergovernmental revenue	\$1,064	Revenue incorrectly posted to State Highway Fund
General	General government expenses	\$26	Check incorrectly voided; adjusted back to expenses to balance at year end
General	Transportation expenses	\$116	Check incorrectly voided; adjusted back to expenses to balance at year end
Reclassification - 2009			
General	Fines, license, fees revenue	\$ 2,212	Incorrectly posted as charges for services
Adjustments - 2010			
General	Intergovernmental revenue	\$2,204	Homestead & rollback revenue incorrectly posted to Street Construction, Maintenance and Repair Fund
General	Intergovernmental revenue	\$179	Homestead & rollback revenue incorrectly posted to State Highway Fund
State Highway	Intergovernmental revenue	\$624	Revenue Incorrectly posted to the Street, Construction, Maintenance and Repair Fund
Reclassification - 2010			
OWDA	OWDA loan proceeds	\$130,822	Incorrectly posted as intergovernmental revenue

Failure to consistently follow a uniform chart of accounts increases the possibility that the Village will not be able to identify, assemble, analyze, classify, record, and report its transactions correctly or to document compliance with finance-related legal and contractual requirements. The Clerk/Treasurer should maintain the accounting system to enable the Village to identify, assemble analyze, classify, record and report all transactions and to maintain accountability. The Village should adopt procedures for the review of the ledgers, reconciliations and the annual financial report.

FINDING NUMBER 2010-04

Material Weakness

The Clerk/Treasurer did accurately post the amounts of appropriations approved by Council or the amounts of estimated resources as certified by the budget commission.

The amounts posted in error are in the table below.

Year	Fund	Certified Estimated Resources	Posted Estimated Resources	Variance
2009	General	\$31,467	\$0	(\$31,467)
2009	Street Construction, Maintenance & Repair	\$7,427	\$0	(\$7,427)
2009	State Highway	\$536	\$0	(\$536)
2010	General	\$38,664	\$0	(\$38,664)
		Approved Appropriations	Posted Appropriations	Variance
2010	General	\$49,062	\$68,186	(\$19,124)

As the original certificate and amendments establish the amounts available for expenditures in the Village and the receipt ledger provides the process by which the Village controls what is available, it is necessary that the amounts estimated by the County Budget Commission are posted accurately to the receipts ledger. And as the appropriation resolution and subsequent amendments establish the legal spending authority of the Village and the appropriation ledger provides the process by which the Village controls spending, it is necessary that the amounts appropriated by the Council are accurately posted to the appropriation ledger. Failure to accurately post the estimated resources and appropriations to the ledgers could result in overspending and negative cash balances and inaccurate reporting of the budgetary information in the financial statements.

To effectively control the budgetary cycle and to maintain accountability over Village revenue and expenditures, the Clerk/Treasurer should post to the ledgers, on a timely basis, estimated resources as certified by the budget commission and appropriation amounts passed by Council.

**VILLAGE OF HARRISVILLE
HARRISON COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2010 AND 2009**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2008-001	Ohio Revised Code 5705.41(D), failure to encumber	No	Reissued as Finding 2010-011
2008-002	Material Weakness, receipts not posted correctly	No	Reissued as Finding 2010-03

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Dave Yost • Auditor of State

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
AUGUST 9, 2011