

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

***AUDIT REPORT***

***FOR THE YEARS ENDED DECEMBER 31, 2012 & 2011***







# Dave Yost • Auditor of State

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

We have reviewed the *Independent Auditors' Report* of the Village of Harrisburg, Franklin County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2011 through December 31, 2012. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Village of Harrisburg is responsible for compliance with these laws and regulations.

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

Dave Yost  
Auditor of State

August 16, 2013

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**VILLAGE OF HARRISBURG  
FRANKLIN COUNTY, OHIO  
Audit Report  
For the Years Ended December 31, 2012 and 2011**

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INDEPENDENT AUDITORS' REPORT

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

To the Village Council:

***Report on the Financial Statements***

We have audited the accompanying financial statements and related notes of the Village of Harrisburg, Franklin County, (the Village) as of and for the years ended December 31, 2012 and 2011.

***Management's Responsibility for the Financial Statements***

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

***Auditor's Responsibility***

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Village's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Village's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

***Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles***

As described in Note 1 of the financial statements, the Village prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03, which is an accounting basis other than accounting principles generally accepted in the United States of America, to satisfy requirements.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2012 and 2011, or changes in financial position or its cash flows for the years then ended.

***Opinion on Regulatory Basis of Accounting***

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of the Village of Harrisburg, Franklin County, as of December 31, 2012 and 2011, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 permits, described in Note 1.

***Emphasis of Matter***

As discussed in Note 9 to the financial statements, in 2011 the Village adopted Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. Our opinion is not modified with respect to this matter.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated May 21, 2013, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.



***Charles E. Harris & Associates, Inc.***

May 21, 2013

**VILLAGE OF HARRISBURG  
FRANKLIN COUNTY  
COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
All Governmental Fund Types  
For the Year Ended December 31, 2012**

	<u>Governmental Fund Types</u>		<u>Totals- (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
<b>Receipts:</b>			
Property Taxes	\$ 4,752	\$ -	\$ 4,752
Municipal Income Tax	55,239	-	55,239
Intergovernmental	25,078	17,248	42,326
Special Assessments	-	860	860
Charges for Services	1,075	-	1,075
Fines, Licenses and Permits	12,550	1,078	13,628
Earning on Investment	97	2	99
Miscellaneous	855	-	855
<b>Total Receipts</b>	<b>99,646</b>	<b>19,188</b>	<b>118,834</b>
<b>Disbursements:</b>			
Security of Persons & Property	29,888	-	29,888
Public Health Services	952	-	952
Transportation	-	8,766	8,766
General Government	72,619	2,641	75,260
<b>Total Disbursements</b>	<b>103,459</b>	<b>11,407</b>	<b>114,866</b>
<b>Total Receipts Over/(Under) Disbursements</b>	<b>(3,813)</b>	<b>7,781</b>	<b>3,968</b>
<b>Fund Cash Balance, January 1, 2012</b>	<b>18,602</b>	<b>35,545</b>	<b>54,147</b>
<b>Fund Cash Balance:</b>			
Restricted	-	43,326	43,326
Unassigned	14,789	-	14,789
<b>Fund Cash Balance, December 31, 2012</b>	<b>\$ 14,789</b>	<b>\$ 43,326</b>	<b>\$ 58,115</b>

See Accompanying Notes to the Financial Statements.

VILLAGE OF HARRISBURG  
FRANKLIN COUNTY, OHIO  
COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND  
CASH BALANCES -PROPRIETARY FUND TYPE AND SIMILAR FIDUCIARY FUNDS  
For the Year Ended December 31, 2012

	<u>Proprietary Fund Type Enterprise</u>	<u>Fiduciary Fund Type Agency</u>	<u>Totals- (Memorandum Only)</u>
<b>Receipts:</b>			
Charges for Services	\$ 6,549	\$ -	\$ 6,549
<b>Total Receipts</b>	<u>6,549</u>	<u>-</u>	<u>6,549</u>
<b>Excess of Receipts Over/(Under) Disbursements</b>	6,549	-	6,549
<b>Non-Operating Receipts:</b>			
Intergovernmental	60,373	-	60,373
Loan Proceeds	1,002,420	-	1,002,420
Interest	42	-	42
Fines and Forfeitures	-	27,475	27,475
<b>Total Non-Operating Receipts</b>	<u>1,062,835</u>	<u>27,475</u>	<u>1,090,310</u>
<b>Non-Operating Disbursements:</b>			
Other Financing Uses - Refund of prior Year Grant	(100,000)	-	(100,000)
Capital Outlays	(1,051,748)	-	(1,051,748)
<b>Debt Service:</b>			
Principal Retirement	(78,604)	-	(78,604)
Distribution of Fines and Forfeitures	-	(29,843)	(29,843)
<b>Total Nonoperating Disbursements</b>	<u>(1,230,352)</u>	<u>(29,843)</u>	<u>(1,260,195)</u>
<b>Excess of Receipts and Nonoperating Receipts Over (Under) Disbursements and Nonoperating Disbursements</b>	(160,968)	(2,368)	(163,336)
<b>Fund Cash Balance, January 1, 2012</b>	<u>225,932</u>	<u>6,664</u>	<u>232,596</u>
<b>Fund Cash Balance, December 31, 2012</b>	<u>\$ 64,964</u>	<u>\$ 4,296</u>	<u>\$ 69,260</u>

See Accompanying Notes to the Financial Statements.

VILLAGE OF HARRISBURG  
FRANKLIN COUNTY  
COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
All Governmental Fund Types  
For the Year Ended December 31, 2011

	Governmental Fund Types		Totals- (Memorandum Only)
	General	Special Revenue	
<b>Receipts:</b>			
Property Taxes	\$ 6,204	\$ -	\$ 6,204
Municipal Income Tax	75,523	-	75,523
Intergovernmental	42,702	13,830	56,532
Special Assessments	-	741	741
Charges for Services	1,853	-	1,853
Fines, Licenses and Permits	14,419	1,265	15,684
Earning on Investment	166	18	184
Miscellaneous	436	-	436
<b>Total Receipts</b>	<b>141,303</b>	<b>15,854</b>	<b>157,157</b>
<b>Disbursements:</b>			
Security of Persons & Property	29,806	-	29,806
Public Health Services	1,112	-	1,112
Transportation	-	10,904	10,904
General Government	88,732	5,550	94,282
<b>Total Disbursements</b>	<b>119,650</b>	<b>16,454</b>	<b>136,104</b>
<b>Total Receipts Over/(Under) Disbursements</b>	<b>21,653</b>	<b>(600)</b>	<b>21,053</b>
<b>Other Financing Sources/(Uses):</b>			
Transfers-Out	(2,500)	-	(2,500)
Other Financing Sources	12,124	-	12,124
<b>Total Other Financing Sources/(Uses)</b>	<b>9,624</b>	<b>-</b>	<b>9,624</b>
<b>Excess of Receipts and Other Sources Over/(Under) Disbursements and Other Uses</b>	<b>31,277</b>	<b>(600)</b>	<b>30,677</b>
<b>Fund Cash Balance, January 1, 2011</b>	<b>(12,675)</b>	<b>36,145</b>	<b>23,470</b>
<b>Fund Cash Balance:</b>			
Restricted	-	35,545	35,545
Assigned	865	-	865
Unassigned	17,737	-	17,737
<b>Fund Cash Balance, December 31, 2011</b>	<b>\$ 18,602</b>	<b>\$ 35,545</b>	<b>\$ 54,147</b>

See Accompanying Notes to the Financial Statements.

**VILLAGE OF HARRISBURG  
FRANKLIN COUNTY, OHIO  
COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND  
CASH BALANCES -PROPRIETARY FUND TYPE AND SIMILAR FIDUCIARY FUNDS  
For the Year Ended December 31, 2011**

	<u>Proprietary Fund Type Enterprise</u>	<u>Fiduciary Fund Type Agency</u>	<u>Totals- (Memorandum Only)</u>
<b>Disbursements:</b>			
Contractual Services	\$ 597	\$ -	\$ 597
<b>Total Disbursements</b>	<u>597</u>	<u>-</u>	<u>597</u>
<b>Excess of Receipts Over/(Under) Disbursements</b>	(597)	-	(597)
<b>Non-Operating Receipts:</b>			
Intergovernmental	100,000	-	100,000
Loan Proceeds	144,564	-	144,564
Interest	123	-	123
Fines and Forfeitures	<u>-</u>	<u>28,979</u>	<u>28,979</u>
<b>Total Non-Operating Receipts</b>	<u>244,687</u>	<u>28,979</u>	<u>273,666</u>
<b>Non-Operating Disbursements:</b>			
Capital Outlays	(322,311)	-	(322,311)
Debt Service:			
Principal Retirement	(2,500)	-	(2,500)
Distribution of Fines and Forfeitures	<u>-</u>	<u>(32,337)</u>	<u>(32,337)</u>
<b>Total Nonoperating Disbursements</b>	<u>(324,811)</u>	<u>(32,337)</u>	<u>(357,148)</u>
<b>Excess of Receipts and Nonoperating Receipts Over (Under) Disbursements and Nonoperating Disbursements</b>	(80,721)	(3,358)	(84,079)
<b>Transfer In</b>	<u>2,500</u>	<u>-</u>	<u>2,500</u>
<b>Net Receipts Over/(Under) Disbursements</b>	(78,221)	(3,358)	(81,579)
<b>Fund Cash Balance, January 1, 2011</b>	<u>304,153</u>	<u>10,022</u>	<u>314,175</u>
<b>Fund Cash Balance, December 31, 2011</b>	<u>\$ 225,932</u>	<u>\$ 6,664</u>	<u>\$ 232,596</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, 2012 and 2011**

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, 2012 and 2011**

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 and OPWC 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 and OPWC 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, 2012 and 2011**

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, 2011 and 2012. 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, 2012 and 2011**

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 are carried forward to the succeeding fiscal year without being re-appropriated. The Village did not encumber all commitments required by Ohio law.

F. FUND BALANCE

Fund balance is divided into five classifications based primarily on the extent to which the Council must observe constraints imposed upon the use of its governmental-fund resources.

1. Nonspendable- Council classifies assets as nonspendable when legally or contractually required to maintain the amounts intact.

2. Restricted- Fund balance is restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

**VILLAGE OF HARRISBURG**  
**FRANKLIN COUNTY, OHIO**  
**Notes to the Financial Statements**  
**For the Years Ended December 31, 2012 and 2011**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

F. FUND BALANCE - (Continued)

3. Committed- Council can commit amounts via formal action (resolution). Council must adhere to these commitments unless Council amends the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

4. Assigned- Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as restrict or committed. Governmental funds other than the general fund report all fund balances as assigned unless they are restricted or committed. In the general fund, assigned amounts represent intended uses established by Council.

5. Unassigned- Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

Council applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

G. PROPERTY, PLANT AND EQUIPMENT

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

H. ACCUMULATED LEAVE

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

2. EQUITY IN POOLED CASH AND CASH EQUIVALENTS

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

**VILLAGE OF HARRISBURG  
FRANKLIN COUNTY, OHIO  
Notes to the Financial Statements  
For the Years Ended December 31, 2012 and 2011**

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

	<u>2012</u>	<u>2011</u>
Demand Deposits	\$127,375	\$286,743

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.

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, 2012 and 2011**

4. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2012 and 2011 follows:

<u>Fund:</u>	<u>2012 Budgeted vs Actual Receipts</u>		<u>Variance</u>
	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	
General Fund	\$ 97,724	\$ 99,646	\$ 1,922
Special Revenue Funds	13,850	19,188	5,338
Enterprise Fund	1,004,842	1,069,384	64,542

<u>Fund:</u>	<u>2012 Budgeted vs Actual Budgetary Basis Disbursements</u>		<u>Variance</u>
	<u>Appropriation Authority</u>	<u>Budgetary Disbursements</u>	
General Fund	\$ 97,720	\$ 103,459	\$ (5,739)
Special Revenue Funds	16,756	11,407	5,349
Enterprise Fund	1,004,842	1,230,352	225,510

<u>Fund:</u>	<u>2011 Budgeted vs Actual Receipts</u>		<u>Variance</u>
	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	
General Fund	\$ 122,363	\$ 153,427	\$ 31,064
Special Revenue Funds	15,000	15,854	854
Enterprise Fund	744,839	247,187	(497,652)

<u>Fund:</u>	<u>2011 Budgeted vs Actual Budgetary Basis Disbursements</u>		<u>Variance</u>
	<u>Appropriation Authority</u>	<u>Budgetary Disbursements</u>	
General Fund	\$ 91,600	\$ 123,015	\$ (31,415)
Special Revenue Funds	50,000	16,740	33,260
Enterprise Fund	938,500	325,408	613,092

The Village was in violation of ORC section 5705.41(D).

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, 2012 and 2011**

5. RETIREMENT SYSTEM – (Continued)

Contribution rates are prescribed by the Ohio Revised Code. OPERS members contributed 10.0% in 2011 and 2012 of their gross pay while the Village contributed an amount equal to 14.0% in 2011 and 2012 of covered payroll. The Village paid all required contributions through 2012.

6. RISK MANAGEMENT

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

**RISK POOL MEMBERSHIP**

The Government belongs to the Ohio Plan Risk Management, Inc. (OPRM) - formerly known as the Ohio Risk Management Plan, (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments ("Members"). The Plan is legally separate from its member governments.

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio.

OPRM coverage programs are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss, except OPRM retains 41.5% (41.5% effective November 1, 2011, 40% through October 31, 2011 and 17.5% through October 31, 2010) 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 782 and 761 members as of December 31, 2011 and 2010 respectively.

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

**VILLAGE OF HARRISBURG  
FRANKLIN COUNTY, OHIO  
Notes to the Financial Statements  
For the Years Ended December 31, 2012 and 2011**

6. RISK MANAGEMENT - (Continued)

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2011 and 2010 (the latest information available):

	<b>2011</b>	<b>2010</b>
Assets	\$12,501,280	\$12,036,541
Liabilities	(5,328,761)	(4,845,056)
Members' Equity	\$7,172,519	\$7,191,485

You can read the complete audited financial statements for OPRM and OPHC at the Plan's website, [www.ohioplan.org](http://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.

7. DEBT

Debt outstanding at December 31, 2012 is as follows:

<u>Description:</u>	<u>Principal</u>	<u>Interest Rate</u>
OWDA #5372	\$ 747,383	0.00%
OWDA #5379	229,470	0.00%
OPWC - CT06I	146,556	0.00%
OPWC - CC05J	808,189	0.00%
	<b>\$ 1,931,598</b>	

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

**VILLAGE OF HARRISBURG  
FRANKLIN COUNTY, OHIO  
Notes to the Financial Statements  
For the Years Ended December 31, 2012 and 2011**

7. DEBT – (Continued)

Principal and interest requirements for loans outstanding at December 31, 2012 is as follows:

<u>Year Ended</u>	OWDA #5372	OWDA #5379	OPWC #CT061	OPWC #CC05J
2013	\$ 40,440	\$ 15,435	\$ 4,970	\$ 13,470
2014	40,440	15,435	4,970	26,940
2015	40,440	15,435	4,970	26,940
2016	40,440	15,435	4,970	26,940
2017	40,440	15,435	4,970	26,940
2018-2022	202,200	77,175	24,850	134,700
2023-2027	202,200	75,120	24,850	134,700
2028-2032	140,783	-	24,850	134,700
2033-2037	-	-	24,850	134,700
2038-2042	-	-	22,306	134,700
2043	-	-	-	13,459
Total	<u>\$747,383</u>	<u>\$229,470</u>	<u>\$146,556</u>	<u>\$808,189</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.

9. CHANGE IN ACCOUNTING PRINCIPLE

For 2011, the Village implemented Governmental Accounting Standards Board (GASB) Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions." GASB Statement No. 54 enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The implementation of GASB Statement No. 54 had no effect on the fund balances as previously reported.

**VILLAGE OF HARRISBURG**  
**FRANKLIN COUNTY, OHIO**  
**Notes to the Financial Statements**  
**For the Years Ended December 31, 2012 and 2011**

10. 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.

11. CONTINGENT LIABILITES/SUBSEQUENT EVENTS

Management believes there are no pending claims or lawsuits.

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, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the Village of Harrisburg, Franklin County, (the Village) as of and for the years ended December 31, 2012 and 2011, and the related notes to the financial statements and have issued our report thereon dated May 21, 2013, wherein we noted the Village followed accounting financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 permit, and implemented GASB 54 as described in Note 9.

***Internal Control Over Financial Reporting***

As part of our financial statement audit, we considered the Village's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Village's internal control. Accordingly, we have not opined on it.

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

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. *A material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Village's financial statements. We consider finding 2012-HARR-01 described in the accompanying schedule of findings to be a material weakness.

***Compliance and Other Matters***

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters we must report under *Government Auditing Standards*, which are described in the accompanying Schedule of Audit Findings as findings 2012-HARR-01 and 2012-HARR-02.

***Entity's Responses to Findings***

The Village's responses to the findings identified in our audit are described in the accompanying schedule of audit findings. We did not audit the Village's responses and accordingly, we express no opinion on them.

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 21, 2013.

***Purpose of this Report***

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Village's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Village's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Charles E. Harris and Associates*

***Charles E. Harris and Associates, Inc.***

May 21, 2013

**VILLAGE OF HARRISBURG  
FRANKLIN COUNTY, OHIO  
SCHEDULE OF AUDIT FINDINGS  
For the Years Ended December 31, 2012 and 2011**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**Finding Number 2012-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 2012 and 2011:

- Mayor's Court activity was not reflected in the financial statements for either year.
- Intergovernmental receipts of \$18,343 in 2011 and \$17,248 in 2012 were classified as municipal income tax and property tax receipts.
- On-behalf-of payments and other loan disbursements were not recorded in the amount of \$1,004,842 in 2012.
- Loan principal payments of \$2,500 in 2011 were classified as general government expenses.
- Voided payments of \$27,938 in 2011 and \$11,995 in 2012 were recorded as receipts rather than as reductions in disbursements.
- A refund of grant monies of \$100,000 was classified as a capital outlay in 2012.
- Capital outlays of \$322,311 in 2011 and \$107,566 in 2012 were classified as contractual expenses.

The financial statements and Village's records 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 AUDIT FINDINGS - Continued  
For the Years Ended December 31, 2012 and 2011**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**Finding Number 2012-HARR-02 – Noncompliance Citation**

**Ohio Rev. Code Section 5705.41(D)** 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 AUDIT FINDINGS - Continued  
For the Years Ended December 31, 2012 and 2011**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**Finding Number 2012-HARR-02 – 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.

Approximately half 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.

VILLAGE OF HARRISBURG  
FRANKLIN COUNTY, OHIO  
For the Years Ended December 31, 2012 and 2011

**SCHEDULE OF PRIOR AUDIT FINDINGS**

<b>FINDING NUMBER</b>	<b>FUNDING SUMMARY</b>	<b>FULLY CORRECTED?</b>	<b>Not Corrected. Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain</b>
2010-HARR-01	Financial Statements Misstated	No	Repeated as 2012- HARR-01
2010-HARR-02	Bank Reconciliations Not Performed or Inaccurate	Yes	
2010-HARR-03	Prior Certification of Funds	No	Repeated as 2012- HARR-02
2010-HARR-04	Noncompliance-Negative Fund Balances	Yes	
2010-HARR-05	Appropriations Exceeded Estimated Resources	Yes	
2010-HARR-06	Estimated Resources Not Amended	Yes	
2010-HARR-07	Expenditures Exceeded Appropriations	Yes	
2010-HARR-08	Mayor's Court Payments To Third Parties Not Made Timely	Yes	
2010-HARR-09	Single Audit Not Performed Timely	Yes	Single Audit Not Required

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# 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  
AUGUST 29, 2013**