



Dave Yost • Auditor of State

VILLAGE OF HARRISVILLE
HARRISON COUNTY

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report	1
Combined Statement of Receipts, Disbursements And Changes in Fund Balances (Cash Basis) - All Governmental Fund Types - For the Year Ended December 31, 2012	3
Combined Statement of Receipts, Disbursements And Changes in Fund Balances (Cash Basis) - All Governmental Fund Types - For the Year Ended December 31, 2011	4
Notes to the Financial Statements	5
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	11
Schedule of Findings.....	13
Schedule of Prior Audit Findings.....	16

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

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

To the Village Council:

Report on the Financial Statements

We have audited the accompanying financial statements and related notes of the Village of Harrisville, Harrison County, Ohio (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 opinion.

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 thereof for the year 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 Village of Harrisville, Harrison County, Ohio, 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

During 2011, the Village adopted new accounting guidance in 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 August 16, 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.



Dave Yost
Auditor of State

Columbus, Ohio

August 16, 2013

**VILLAGE OF HARRISVILLE
HARRISON COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2012**

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
Cash Receipts				
Property and Other Local Taxes	\$8,639			\$8,639
Intergovernmental	22,319	\$14,318		36,637
Charges for Services	1,435			1,435
Fines, Licenses and Permits	1,092			1,092
Earnings on Investments	9	6		15
Miscellaneous	459			459
<i>Total Cash Receipts</i>	<u>33,953</u>	<u>14,324</u>	<u>\$0</u>	<u>48,277</u>
Cash Disbursements				
Current:				
Security of Persons and Property	9,217			9,217
Public Health Services	817			817
Leisure Time Activities	11,955			11,955
Transportation		6,689		6,689
General Government	21,911			21,911
Capital Outlay	576	13,870	55,448	69,894
Debt Service:				
Principal Retirement	458			458
<i>Total Cash Disbursements</i>	<u>44,934</u>	<u>20,559</u>	<u>55,448</u>	<u>120,941</u>
<i>Excess of Receipts (Under) Disbursements</i>	<u>(10,981)</u>	<u>(6,235)</u>	<u>(55,448)</u>	<u>(72,664)</u>
Other Financing Receipts (Disbursements)				
Sale of Notes			55,448	55,448
Sale of Capital Assets	527			527
Other Financing Sources	240			240
Other Financing Uses	(168)			(168)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>599</u>	<u>0</u>	<u>55,448</u>	<u>56,047</u>
<i>Net Change in Fund Cash Balances</i>	<u>(10,382)</u>	<u>(6,235)</u>		<u>(16,617)</u>
<i>Fund Cash Balances, January 1</i>	<u>43,304</u>	<u>60,549</u>	<u>0</u>	<u>103,853</u>
Fund Cash Balances, December 31				
Restricted		54,314		54,314
Unassigned (Deficit)	32,922			32,922
<i>Fund Cash Balances, December 31</i>	<u>\$32,922</u>	<u>\$54,314</u>	<u>\$0</u>	<u>\$87,236</u>

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

**VILLAGE OF HARRISVILLE
HARRISON COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2011**

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
Cash Receipts				
Property and Other Local Taxes	\$7,843			\$7,843
Intergovernmental	22,220	\$14,965		37,185
Charges for Services	35			35
Fines, Licenses and Permits	2,240			2,240
Earnings on Investments	22	33		55
Miscellaneous	321			321
<i>Total Cash Receipts</i>	<u>32,681</u>	<u>14,998</u>	<u>\$0</u>	<u>47,679</u>
Cash Disbursements				
Current:				
Security of Persons and Property	7,382			7,382
Public Health Services	254			254
Leisure Time Activities	8,922			8,922
Transportation		7,534		7,534
General Government	19,332			19,332
Capital Outlay			66,332	66,332
Debt Service:				
Principal Retirement	917			917
<i>Total Cash Disbursements</i>	<u>36,807</u>	<u>7,534</u>	<u>66,332</u>	<u>110,673</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(4,126)</u>	<u>7,464</u>	<u>(66,332)</u>	<u>(62,994)</u>
Other Financing Receipts (Disbursements)				
Sale of Notes			66,332	66,332
Other Financing Sources		58		58
Other Financing Uses	(329)			(329)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(329)</u>	<u>58</u>	<u>66,332</u>	<u>66,061</u>
<i>Net Change in Fund Cash Balances</i>	<u>(4,455)</u>	<u>7,522</u>		<u>3,067</u>
<i>Fund Cash Balances, January 1</i>	<u>47,759</u>	<u>53,027</u>	<u>0</u>	<u>100,786</u>
Fund Cash Balances, December 31				
Restricted		60,549		60,549
Unassigned (Deficit)	43,304		0	43,304
<i>Fund Cash Balances, December 31</i>	<u>\$43,304</u>	<u>\$60,549</u>	<u>\$0</u>	<u>\$103,853</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, 2012 AND 2011**

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. Deposits and Investments

The Village maintains cash deposits in a checking account.

D. 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 accounts for and reports all financial resources not accounted for and reported in another fund.

2. Special Revenue Funds

These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Village had the following significant Special Revenue Funds:

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

**VILLAGE OF HARRISVILLE
HARRISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

D. Fund Accounting

3. Capital Project Funds

These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Village had the following significant Capital Project Fund:

Ohio Water Development Authority (OWDA) Fund – This fund receives proceeds of OWDA Loan. The proceeds are being used to construct a new waste water treatment system.

E. Budgetary Process

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

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the object level of control and appropriations may not exceed estimated resources. The Village Council must annually approve appropriation measures and subsequent amendments. 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 2012 and 2011 budgetary activity appears in Note 3.

F. Fund Balance

Fund balance is divided into two classifications based primarily on the extent to which the Village must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

1. 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 HARRISVILLE
HARRISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

F. Fund Balance (Continued)

2. Unassigned

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

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

G. 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.

H. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

2. Equity in Pooled Deposits

The Village maintains a deposit 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>2012</u>	<u>2011</u>
Demand deposits	<u>\$87,236</u>	<u>\$103,853</u>

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

3. Budgetary Activity

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

2012 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$32,620	\$34,720	\$2,100
Special Revenue	13,245	14,324	1,079
Capital Projects		55,448	55,448
Total	\$45,865	\$104,492	\$58,627

**VILLAGE OF HARRISVILLE
HARRISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011
(Continued)**

3. Budgetary Activity (Continued)

2012 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$73,745	\$45,102	\$28,643
Special Revenue	74,590	20,559	54,031
Capital Projects		55,448	(55,448)
Total	\$148,335	\$121,109	\$27,226

2011 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$29,156	\$32,681	\$3,525
Special Revenue	7,900	15,056	7,156
Capital Projects	72,000	66,332	(5,668)
Total	\$109,056	\$114,069	\$5,013

2011 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$68,185	\$37,136	\$31,049
Special Revenue	57,395	7,534	49,861
Capital Projects	72,000	66,332	5,668
Total	\$197,580	\$111,002	\$86,578

Contrary to Ohio Rev. Code Section 5705.41(B), budgetary expenditures exceeded appropriation authority in the Ohio Water Development Authority (OWDA) Fund by \$55,448 for the year ended December 31, 2012. Also, contrary to Ohio Rev. Code Section 5705.41(D), certain expenditures tested were not properly certified.

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.

**VILLAGE OF HARRISVILLE
HARRISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011
(Continued)**

5. Debt

Debt outstanding at December 31, 2012 was as follows:

	Principal	Interest Rate
Ohio Public Works Commission Loan	\$13,294	0%
Ohio Water Development Authority Loan	266,300	0%
Total	\$279,594	

The Ohio Public Works Commission (OPWC) note relates to the 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.

The Village entered into contractual agreements with the Ohio Water Development Authority (OWDA) to construct a new sewer treatment system. As of December 31, 2012, the Village received \$279,593 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.

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

Year ending December 31:	OPWC Loan
2013	\$1,375
2014	917
2015	917
2016	917
2017	917
2018-2022	4,584
2023-2027	3,667
Total	\$13,294

6. Retirement System

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

The Ohio Revised Code also prescribes contribution rates. For 2012 and 2011, OPERS members contributed 10% of their gross salaries and the Village contributed an amount equaling 14% of participants' gross salaries. The Village has not paid all contributions required through December 31, 2012.

VILLAGE OF HARRISVILLE
HARRISON COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011
(Continued)

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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INDEPENDENT AUDITOR'S 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, 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 Village of Harrisville, Harrison County, Ohio (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 August 16, 2013, wherein we noted the Village followed accounting financial reporting provisions of the Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03permits. We also noted, during 2011, the Village adopted new accounting guidance in Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

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 preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. However, as described in the accompanying schedule of 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 a 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 2012-003 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 Findings as items 2012-001 and 2012-002.

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.



Dave Yost
Auditor of State

Columbus, Ohio

August 16, 2013

**VILLAGE OF HARRISVILLE
HARRISON COUNTY
SCHEDULE OF FINDINGS
DECEMBER 31, 2012 AND 2011**

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

Finding Number 2012-001

Noncompliance

Ohio Rev. Code Section 5705.41(B) prohibits a subdivision from making an expenditure unless it has been properly appropriated.

Expenditures exceeded appropriations in for following fund for 2012:

Fund	Appropriations	Expenditures	Variance
OWDA Capital Projects	\$0	\$55,448	(\$55,448)

The failure to limit expenditures plus encumbrances to the amount appropriated by Village Council could result in overspending and negative cash balances.

The Fiscal Officer should not certify the availability of funds and should deny payment requests exceeding appropriations. The Fiscal Officer should present Village Council with the appropriation amendments in the event expenditures will exceed appropriations. A corresponding amendment may need made to estimated resources to accommodate the appropriation amendment depending if the flow of receipts is sufficient to cover total appropriations for the respective fund.

Finding Number 2012-002

Noncompliance

Ohio Rev. Code Section 5705.41(D) provides that no subdivision shall make any contract of give any order involving the expenditure of money unless there is attached thereto a certificate of the clerk 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 there

There are several exceptions to the standard requirement stated above that a clerks' 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.

**VILLAGE OF HARRISVILLE
HARRISON COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2012 AND 2011
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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Finding Number 2012-002 (Continued)

Noncompliance – Ohio Rev. Code Section 5705.41(D) (Continued)

1. Then and Now Certificate – If no certificate is furnished as required, upon receipt of the clerks' 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 Fiscal Officer did not certify the amount against the applicable appropriation accounts for 60% and 17% of expenditures tested in 2011 and 2012, respectively. The Village did not utilize the certification exceptions described above.

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

**VILLAGE OF HARRISVILLE
HARRISON COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2012 AND 2011
(Continued)**

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

Finding Number 2012-003

Material Weakness

As a result of audit procedures performed, errors were noted in the Village's financial statements that required audit adjustments and reclassifications as follows:

Fund	Account	Amount	Description
Reclassifications 2011:			
General	Intergovernmental	\$2,403	recorded as Taxes
General	Fines, Licenses & Permits	\$2,240	recorded as Charges for Services
OWDA Capital Projects	Proceeds of Notes	\$65,932	recorded as Intergovernmental
Reclassifications 2012:			
General	Intergovernmental	\$3,252	recorded as Taxes
OWDA Capital Projects	Proceeds of Notes	\$55,048	recorded as Intergovernmental
Adjustment:			
Street	Intergovernmental	\$1,717	posted to General Fund, Local Taxes

As a result, the Village's financial statements originally presented to audit were inaccurate and materially misstated.

Sound financial reporting is the responsibility of the Village and is essential to ensure the information provided to the readers of the financial statements is complete and accurate.

To help ensure the Village's financial statements and notes to the financial statements are complete and accurate, the Village should adopt policies and procedures to identify and correct errors and omissions. The Village should also refer to the UAN Accounting Training manual for additional guidance in recording receipts and expenditures in the UAN System. In addition, the Village should review the financial statements and notes prior to submission for audit.

The Village's financial statements and computer system have been adjusted accordingly.

Officials' Response: The client has elected not to respond to the findings identified above.

**VILLAGE OF HARRISVILLE
HARRISON COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2012 AND 2011**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2010-01	Ohio Revised Code Section 5705.41(D) – Proper Certification	No	Reissued as Finding Number 2012-001
2010-02	Ohio Revised Code Section 5705.39 – Appropriations exceeded Estimated Resources	Yes	
2010-03	Proper Posting of Revenue and Expenditures	No	Reissued as Finding Number 2012-003
2010-04	Proper Posting of Budget Amounts	Partially	Reissued in Management Letter



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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
SEPTEMBER 17, 2013**