



OHIO AUDITOR OF STATE
KEITH FABER



VILLAGE OF HARVEYSBURG
WARREN COUNTY
DECEMBER 31, 2019 AND 2018

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report	1
Prepared by Management:	
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Cash Basis) – All Governmental Fund Types – For the Year Ended December 31, 2019.....	3
Statement of Receipts, Disbursements, and Changes in Fund Balances (Cash Basis) – Agency Fund – For the Year Ended December 31, 2019	4
Notes to the Financial Statements – For the Year Ended December 31, 2019	5
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Cash Basis) – All Governmental Fund Types – For the Year Ended December 31, 2018.....	11
Statement of Receipts, Disbursements, and Changes in Fund Balances (Cash Basis) – Agency Fund – For the Year Ended December 31, 2018	12
Notes to the Financial Statements – For the Year Ended December 31, 2018	13
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	19
Schedule of Findings	21
Summary Schedule of Prior Audit Findings (Prepared by Management).....	23

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INDEPENDENT AUDITOR'S REPORT

Village of Harveysburg
Warren County
79 West Main Street
Harveysburg, Ohio 45032

To the Mayor and Village Council:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of the Village of Harveysburg, Warren County, Ohio (the Village) as of and for the years ended December 31, 2019 and 2018.

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 Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; 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 such 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 2 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(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Village does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

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, 2019 and 2018, and the respective changes in financial position thereof 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 cash balances, receipts and disbursements by fund type, and related notes of the Village of Harveysburg, Warren County as of December 31, 2019 and 2018, 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(D) permit, described in Note 2.

Emphasis of Matter

As discussed in Note 11 to the financial statements, the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Village. We did not modify our opinion regarding this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 5, 2020, 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.



Keith Faber
Auditor of State

Columbus, Ohio

October 5, 2020

Village of Harveysburg

Warren County

Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)

All Governmental Fund Types

For the Year Ended December 31, 2019

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
Cash Receipts				
Property and Other Local Taxes	\$44,200	\$48,455		\$92,655
Intergovernmental	52,609	45,982	20,850	119,441
Charges for Services	135,872	975		136,847
Fines, Licenses and Permits	75,726	3,883		79,609
Earnings on Investments	560	304		864
Miscellaneous	4,823	5,822		10,645
<i>Total Cash Receipts</i>	<u>313,790</u>	<u>105,421</u>	<u>20,850</u>	<u>440,061</u>
Cash Disbursements				
Current:				
Security of Persons and Property	7,839	45,762		53,601
Public Health Services	372			372
Leisure Time Activities	4,829			4,829
Community Environment	11,595			11,595
Basic Utility Services	65,358			65,358
Transportation		78,022		78,022
General Government	144,991	6,032		151,023
Capital Outlay	3,282	21,758	20,850	45,890
<i>Total Cash Disbursements</i>	<u>238,266</u>	<u>151,574</u>	<u>20,850</u>	<u>410,690</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>75,524</u>	<u>(46,153)</u>	<u>0</u>	<u>29,371</u>
Other Financing Receipts (Disbursements)				
Sale of Capital Assets	1,800			1,800
Transfers In		80,575		80,575
Transfers Out	(80,575)			(80,575)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(78,775)</u>	<u>80,575</u>	<u>0</u>	<u>1,800</u>
<i>Net Change in Fund Cash Balances</i>	(3,251)	34,422	0	31,171
<i>Fund Cash Balances, January 1</i>	<u>238,314</u>	<u>165,965</u>		<u>404,279</u>
Fund Cash Balances, December 31				
Restricted	0	200,387	0	200,387
Unassigned	235,063	0	0	235,063
<i>Fund Cash Balances, December 31</i>	<u>\$235,063</u>	<u>\$200,387</u>	<u>\$0</u>	<u>\$435,450</u>

See accompanying notes to the basic financial statements

Village of Harveysburg
Warren County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
Fiduciary Fund Type
For the Year Ended December 31, 2019

	<u>Agency</u>
Non-Operating Receipts (Disbursements)	
Other Non-Operating Receipts	82,237
Other Non-Operating (Disbursements)	<u>(88,345)</u>
<i>Net Change in Fund Cash Balances</i>	(6,108)
<i>Fund Cash Balances, January 1</i>	<u>9,222</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$3,114</u></u>

See accompanying notes to the basic financial statements

Village of Harveysburg
Warren County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 1 – Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of Harveyburg, Warren County, Ohio (the Village) as a body corporate and politic. A publicly-elected six-member Council directs the Village. The Mayor is elected to a four-year term, and votes only to break a tie. The Village provides general government services, maintenance of Village roads, and police services.

The Village participates in the Public Entities Pool of Ohio, a risk-sharing pool available to Ohio local governments. Note 6 to the financial statements provides additional information for this entity. This organization is a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services.

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

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

The Village's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types, and a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all fiduciary fund types which are organized on a fund type basis.

Fund Accounting

The Village uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Village are presented below:

General Fund The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Village for any purpose provided it is expended or transferred according to the general laws of Ohio.

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 The street construction maintenance and repair fund accounts for and reports that portion of the State gasoline tax and motor vehicle license registration fees restricted for construction, maintenance, and repair of streets within the Village.

Street Levy Fund This fund receives levy monies used for maintenance and construction of various street projects.

Police Levy Fund This fund receives levy monies used for police protection services.

Village of Harveysburg
Warren County
Notes to the Financial Statements
For the Year Ended December 31, 2019

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 funds:

Grant Construction Fund 4201 This fund accounts for the monies that will be received from the Warren County Community Block Grant that was awarded for the reconstruction of two roads within the Village. No money was received from this grant award in 2019.

Grant Construction Fund 4202 This fund accounts for the monies received from the Ohio Public Grants Award. The Village has been awarded the grant but only \$20,850 was received in 2019 for engineering services for the reconstruction of the road projects.

Fiduciary Funds Fiduciary funds include private purpose trust funds and agency funds. Trust funds account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Village's own programs.

Agency funds are purely custodial in nature and are used to report fiduciary activity that is not required to be reported in a trust fund. The Village's agency fund accounts for monies that are received and disbursed with regard to the Mayor's Court operations.

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D). This basis is similar to the cash receipts and disbursements accounting basis. The Board 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 financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit.

Budgetary Process

The Ohio Revised Code requires that each fund (except certain agency funds) be budgeted annually.

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. Unencumbered appropriations lapse at year end.

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

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

Village of Harveysburg
Warren County
Notes to the Financial Statements
For the Year Ended December 31, 2019

A summary of 2019 budgetary activity appears in Note 3.

Deposits

The Village maintains its deposits pool in checking accounts with a local commercial bank.

Capital Assets

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

Fund Balance

Fund balance is divided into five 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:

Nonspendable The Village classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

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.

Committed Council can *commit* amounts via formal action (resolution). The Village must adhere to these commitments unless the 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.

Assigned Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* 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 Village Council or a Village official delegated that authority by resolution, or by State Statute.

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.

Note 3 – Budgetary Activity

Budgetary activity for the year ending December 31, 2019 follows:

Village of Harveysburg
Warren County
Notes to the Financial Statements
For the Year Ended December 31, 2019

2019 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$269,328	\$315,590	\$46,262
Special Revenue	135,415	185,996	50,581
Capital Projects	35,000	20,850	(14,150)
Total	\$439,743	\$522,436	\$82,693

2019 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$353,930	\$319,300	\$34,630
Special Revenue	186,812	156,635	30,177
Capital Projects	20,850	20,850	0
Total	\$561,592	\$496,785	\$64,807

Note 4 – Deposits

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

	2019
Demand deposits	\$438,564

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation; or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

Note 5 – Taxes

Property Taxes

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 non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction 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.

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

Village of Harveysburg
Warren County
Notes to the Financial Statements
For the Year Ended December 31, 2019

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

Note 6 – Risk Management

Risk Pool Membership

The Village is a member of the Public Entities Pool of Ohio (The Pool). The Pool assumes the risk of loss up to the limits of the Village’s policy. The Pool covers the following risks:

- General liability and casualty
- Public official’s liability
- Cyber
- Law enforcement liability
- Automobile liability
- Vehicles
- Property
- Equipment breakdown

The Pool reported the following summary of assets and actuarially-measured liabilities available to pay those liabilities as of December 31:

	<u>2019</u>
Cash and investments	\$ 38,432,610
Actuarial liabilities	\$14,705,917

Note 7 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

Village 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 health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the Village contributed an amount equaling 14 percent of participants’ gross salaries. The Village has paid all contributions required through December 31, 2019.

Note 8 – Postemployment Benefits

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2019. The portion of

Village of Harveysburg
Warren County
Notes to the Financial Statements
For the Year Ended December 31, 2019

employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2019.

Note 9 – Debt

Debt outstanding at December 31, 2019, was as follows:

	Principal
Lease	\$30,749

Leases

The Village leases a vehicle under a noncancelable lease. The Village disbursed \$7,907 to pay lease costs for the year ended December 31, 2019.

Amortization

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

Year Ending December 31:	Lease
2020	\$7,907
2021	7,907
2022	7,907
2023	7,907
2024	7,907
Total	\$39,535

Note 10 – Contingent Liabilities

The Village is defendant in a lawsuit. Although management cannot presently determine the outcome of this lawsuit, management believes that the resolution of this matter will not materially adversely affect the Village’s financial condition.

Amounts grantor agencies pay to the Village are subject to audit and adjustment by the grantor. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

Note 11 – Subsequent Events

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID 19 pandemic. The financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Village. The impact on the Village’s future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

Village of Harveysburg

Warren County

Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Governmental Fund Types

For the Year Ended December 31, 2018

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Property and Other Local Taxes	\$41,021	\$46,506	\$87,527
Intergovernmental	17,828	45,841	63,669
Charges for Services	58,346	38	58,384
Fines, Licenses and Permits	116,987	4,928	121,915
Earnings on Investments	347	149	496
Miscellaneous	6,718	2,119	8,837
<i>Total Cash Receipts</i>	<u>241,247</u>	<u>99,581</u>	<u>340,828</u>
Cash Disbursements			
Current:			
Security of Persons and Property	7,728	39,888	47,616
Public Health Services	459		459
Leisure Time Activities	6,873		6,873
Community Environment	5,002		5,002
Basic Utility Services	60,086		60,086
Transportation		53,294	53,294
General Government	104,560	4,822	109,382
Capital Outlay	2,945	38,056	41,001
<i>Total Cash Disbursements</i>	<u>187,653</u>	<u>136,060</u>	<u>323,713</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>53,594</u>	<u>(36,479)</u>	<u>17,115</u>
Other Financing Receipts (Disbursements)			
Sale of Capital Assets	2,500		2,500
Other Financing Uses	(138)	(1,147)	(1,285)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>2,362</u>	<u>(1,147)</u>	<u>1,215</u>
<i>Net Change in Fund Cash Balances</i>	55,956	(37,626)	18,330
<i>Fund Cash Balances, January 1</i>	<u>182,358</u>	<u>203,591</u>	<u>385,949</u>
Fund Cash Balances, December 31			
Restricted	0	165,965	165,965
Unassigned (Deficit)	238,314	0	238,314
<i>Fund Cash Balances, December 31</i>	<u>\$238,314</u>	<u>\$165,965</u>	<u>\$404,279</u>

See accompanying notes to the basic financial statements

Village of Harveysburg
Warren County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
Fiduciary Fund Type
For the Year Ended December 31, 2018

	<u>Agency</u>
Non-Operating Receipts (Disbursements)	
Other Non-Operating Receipts	142,431
Other Non-Operating (Disbursements)	<u>(143,147)</u>
<i>Net Change in Fund Cash Balances</i>	(716)
<i>Fund Cash Balances, January 1</i>	<u>9,938</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$9,222</u></u>

See accompanying notes to the basic financial statements

Village of Harveysburg
Warren County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 1 – Reporting Entity

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

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

The Village's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types, and a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all fiduciary fund types which are organized on a fund type basis.

Fund Accounting

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Street Construction Maintenance and Repair The street construction maintenance and repair fund accounts for and reports that portion of the State gasoline tax and motor vehicle license registration fees restricted for construction, maintenance, and repair of streets within the Village.

Street Levy Fund This fund receives levy monies used for maintenance and construction of various street projects.

Police Levy Fund This fund receives levy monies used for police protection services.

Village of Harveysburg
Warren County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Fiduciary Funds Fiduciary funds include private purpose trust funds and agency funds. Trust funds account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Village's own programs.

Agency funds are purely custodial in nature and are used to report fiduciary activity that is not required to be reported in a trust fund. The Village's agency fund accounts for monies that are received and disbursed with regard to the Mayor's Court operations.

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D). This basis is similar to the cash receipts and disbursements accounting basis. The Board 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 financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit.

Budgetary Process

The Ohio Revised Code requires that each fund (except certain agency funds) be budgeted annually.

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. Unencumbered appropriations lapse at year end.

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

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

A summary of 2018 budgetary activity appears in Note 3.

Deposits

The Village maintains its deposits pool in checking accounts with a local commercial bank.

Capital Assets

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

Village of Harveysburg
Warren County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Fund Balance

Fund balance is divided into five 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:

Nonspendable The Village classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

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.

Committed Council can *commit* amounts via formal action (resolution). The Village must adhere to these commitments unless the 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.

Assigned Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* 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 Village Council or a Village official delegated that authority by resolution, or by State Statute.

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.

Note 3 – Budgetary Activity

Budgetary activity for the year ending December 31, 2018 follows:

2018 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$199,331	\$243,747	\$44,416
Special Revenue	119,987	99,581	(20,406)
Total	\$319,318	\$343,328	\$24,010

Village of Harveysburg
Warren County
Notes to the Financial Statements
For the Year Ended December 31, 2018

2018 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$183,496	\$188,073	(\$4,577)
Special Revenue	234,716	137,607	97,109
Total	\$418,212	\$325,680	\$92,532

Note 4 – Deposits

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

	2018
Demand deposits	\$413,501

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation; or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

Note 5 – Taxes

Property Taxes

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 non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction 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.

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

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

Note 6 – Risk Management

Risk Pool Membership

The Village is a member of the Public Entities Pool of Ohio (The Pool). The Pool assumes the risk of loss up to the limits of the Village’s policy. The Pool covers the following risks:

- General liability and casualty
- Public official’s liability

Village of Harveysburg
Warren County
Notes to the Financial Statements
For the Year Ended December 31, 2018

- Cyber
- Law enforcement liability
- Automobile liability
- Vehicles
- Property
- Equipment breakdown

The Pool reported the following summary of assets and actuarially-measured liabilities available to pay those liabilities as of December 31:

<u>2018</u>	
Cash and investments	\$ 35,381,789
Actuarial liabilities	\$12,965,015

Note 7 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

Village 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 health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the Village contributed an amount equaling 14 percent of participants’ gross salaries. The Village has paid all contributions required through December 31, 2018.

Note 8 – Postemployment Benefits

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2018. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2018.

Note 9 – Debt

Debt outstanding at December 31, 2018, was as follows:

	Principal
Lease	\$35,461

Village of Harveysburg
Warren County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Leases

The Village leases a vehicle under a noncancelable lease. The Village disbursed \$7,907 to pay lease costs for the year ended December 31, 2018.

Amortization

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

<u>Year Ending December 31:</u>	<u>Lease</u>
2019	\$7,907
2020	7,907
2021	7,907
2022	7,907
2023	7,907
2024	7,907
Total	<u><u>\$47,442</u></u>

Note 10 – Contingent Liabilities

The Village has resolved previous litigation. Year ended December 31, 2018, there is no pending litigation.

Amounts grantor agencies pay to the Village are subject to audit and adjustment by the grantor. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

OHIO AUDITOR OF STATE KEITH FABER



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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 Harveysburg
Warren County
79 West Main Street
Harveysburg, Ohio 45032

To the Mayor and 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 cash balances, receipts, and disbursements by fund type of the Village of Harveysburg, Warren County, (the Village) as of and for the years ended December 31, 2019 and 2018, and the related notes to the financial statements and have issued our report thereon dated October 5, 2020 wherein we noted the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. We also noted the financial impact of COVID-19 and how the ensuing emergency measures will impact subsequent periods of the Village.

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 opinion 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.

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. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings that we consider material weaknesses. We consider findings 2019-001 and 2019-002 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, 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 no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

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 report is not suitable for any other purpose.



Keith Faber
Auditor of State

Columbus, Ohio

October 5, 2020

VILLAGE OF HARVEYSBURG
WARREN COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2019 AND 2018

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

FINDING NUMBER 2019-001

Material Weakness

In our audit engagement letter, as required by AU-C Section 210, *Terms of Engagement*, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; 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 as discussed in AU-C Section 210 paragraphs .A146 & .A16.

We identified the following conditions related to the Village's financial statements at December 31, 2019:

- The Village improperly posted Mayor's Court activity, resulting in an understatement of Beginning Fund Balance in the amount of \$7,379, an understatement of Other Non-Operating Receipts in the amount of \$82,237, an understatement of Other Non-Operating Disbursements in the amount of \$88,345, and an understatement of Ending Fund Balance in the amount of \$1,271, in the Agency Fund.
- The Village improperly posted a State grant received and a community development fee charged, resulting in an understatement of Intergovernmental Revenue in the amount of \$35,000, an understatement of Charges for Services in the amount of \$81,000, and an overstatement of Miscellaneous Revenue in the amount of \$116,000, all in the General Fund.
- The Village improperly posted motor vehicle license tax revenue, resulting in individual fund balances within the Special Revenue Fund to be improperly stated, with no net effect on the Special Revenue Fund's ending fund balance.

We identified the following conditions related to the Village's financial statements at December 31, 2018:

- The Village improperly posted Mayor's Court activity, resulting in an overstatement of Beginning Fund Balance in the amount of \$161, an understatement of Other Non-Operating Receipts in the amount of \$142,431, an understatement of Other Non-Operating Disbursements in the amount of \$143,147, and an overstatement of Ending Fund Balance in the amount of \$877, all in the Agency Fund.
- The Village improperly posted motor vehicle license tax revenue, resulting in an overstatement of both Intergovernmental Revenue and Ending Fund Balance, both in the amount of \$1,641 in the General Fund.
- The Village improperly posted motor vehicle license tax revenue, permissive tax revenue, and county vehicle tax (CVT) revenue, resulting in individual fund balances within the Special Revenue Fund to be improperly stated, with a net effect of an understatement of Ending Fund Balance in the amount of \$1,641 in the Special Revenue Fund.

The financial statements and accounting records have been adjusted for these errors, where applicable.

The Village did not have procedures in place for effective monitoring of financial activity and the accuracy of accounting and financial reporting. Failure to accurately post financial activity and monitor financial activity increases the risk that errors, theft, and fraud could occur and not be detected in a timely manner.

**FINDING NUMBER 2019-001
(Continued)**

Due care should be exercised when positing entries to the financial records and preparation of the financial statements to prevent errors and to assist in properly reflecting the Village's activity. In addition, the Council should adopt procedures for ongoing reviews of the activity recorded in the underlying accounting records and reported on the financial statements so that errors can be detected and corrected in a timely manner.

FINDING NUMBER 2019-002

Material Weakness

Sound accounting practices require that when designing the public office's system of internal control and the specific control activities, management should ensure adequate security of assets and records, and verify the existence and valuation of assets and liabilities and periodically reconcile them to the accounting records.

The reconciliation of cash (bank) balances to accounting system records (book) to the accounting system is the most basic and primary control process performed. Lack of completing an accurate and timely reconciliation may allow for accounting errors, theft and fraud to occur without timely detection.

The Mayor's Court Clerk is responsible for reconciling the Mayor's Court book (fund) balance to the total bank balance on a monthly basis, and the Council and/or other administrator are responsible for reviewing the reconciliations and related support.

Monthly Mayor's Court bank to book reconciliations were not prepared or reviewed each month of 2019 and 2018. Failure to reconcile monthly increases the possibility that the Village will not be able to identify, assemble, analyze, classify, and record its transactions correctly or to document compliance with finance related legal and contractual requirements. Further, the lack of accurate monthly Mayor's Court reconciliations increases the risk of theft/fraud over the Mayor's Court cash cycle and could lead to inaccurate reporting in the annual financial statements.

The Mayor's Court Clerk should record all Mayor's Court transactions and prepare monthly Mayor's Court bank to book cash reconciliations, which include all Mayor's Court bank accounts and all Mayor's Court fund balances. Variances should be investigated, documented and corrected. In addition, the Council should review the monthly cash reconciliations including the related support (such as reconciling items) and document the reviews.

We did not receive a response from Officials to the findings reported above.

VILLAGE OF HARVEYSBURG

79 West Main Street
Harveysburg, Ohio 45032

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

DECEMBER 31, 2019 AND 2018

Finding Number	Finding Summary	Status	Additional Information
2017-001	Ohio Rev. Code § 5705.41(D)(1), failure to properly certify the availability of funds	Fully Corrected	
2017-002	The Village did not properly reconcile Mayor's Court.	Not Corrected	Reissued as Finding 2019-002
2017-003	The Village reported various errors within their financial statements.	Not Corrected	Reissued as Finding 2019-001
2017-004	The Village did not properly incorporate budgetary information to the accounting system.	Partially Corrected – Re-issued as management letter comment	
2017-005	Ohio Rev. Code § 5705.39, appropriations in excess of estimated resources	Fully Corrected	

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OHIO AUDITOR OF STATE KEITH FABER



VILLAGE OF HARVEYSBURG

WARREN COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

This is a true and correct copy of the report, which is required to be filed pursuant to Section 117.26, Revised Code, and which is filed in the Office of the Ohio Auditor of State in Columbus, Ohio.



Certified for Release 11/5/2020

88 East Broad Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at
www.ohioauditor.gov