

**VILLAGE OF HARRISBURG**  
FRANKLIN COUNTY, OHIO

**REGULAR AUDIT**

**FOR THE YEARS ENDED  
DECEMBER 31, 2020 & 2019**



OHIO AUDITOR OF STATE  
KEITH FABER



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Village Council  
Village of Harrisburg  
1100 High Street  
P. O. Box 17  
Harrisburg, Ohio 43126

We have reviewed the *Independent Auditor's Report* of the Village of Harrisburg, Franklin County, prepared by Julian & Grube, Inc., for the audit period January 1, 2019 through December 31, 2020. 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 cursive script that reads "Keith Faber".

Keith Faber  
Auditor of State  
Columbus, Ohio

September 13, 2021

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**VILLAGE OF HARRISBURG  
FRANKLIN COUNTY, OHIO**

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## Independent Auditor's 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 of the cash balances, receipts, and disbursements for each governmental and proprietary fund type and the fiduciary fund type combined total as of and for the year ended December 31, 2020 and for each governmental, proprietary and fiduciary fund type as of and for the year ended December 31, 2019, and related notes of the Village of Harrisburg, Franklin County, Ohio.

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

Management is responsible for the preparation and fair presentation of 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(D), as described in Note 2. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Village of Harrisburg's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Village of Harrisburg's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

As described in Note 2, the financial statements are prepared by the Village of Harrisburg, on the basis of the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is a basis of accounting other than accounting principles generally accepted in the United States of America (GAAP), to meet the requirements of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D).

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 2 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Though the Village of Harrisburg 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 "Unmodified 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 of Harrisburg, as of December 31, 2020 and 2019, or changes in net position, or cash flows thereof for the years then ended.

***Unmodified 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 for each governmental and proprietary fund type and the fiduciary fund type combined total as of and for the year ended December 31, 2020 and for each governmental, proprietary and fiduciary fund type as of and for the year ended December 31, 2019, and related notes of the Village of Harrisburg, in accordance with the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) as described in Note 2.

***Emphasis of Matters***

As described in Note 13 to the financial statements, during 2020, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Village of Harrisburg. As described in Note 14 to the financial statements, during 2020, the Village of Harrisburg adopted a change in accounting principle and removed the fund balance classifications from the Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis) – All Governmental Fund Types. Our opinions are not modified with respect to these matters.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated July 27, 2021 on our consideration of the Village of Harrisburg's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village of Harrisburg's 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 of Harrisburg's internal control over financial reporting and compliance.



Julian & Grube, Inc.

July 27, 2021



**Village of Harrisburg**  
*Franklin County*  
*Combined Statement of Receipts, Disbursements*  
*and Changes in Fund Balances (Regulatory Cash Basis)*  
*All Governmental Fund Types*  
*For the Year Ended December 31, 2020*

	General	Special Revenue	Totals (Memorandum Only)
<b>Cash Receipts</b>			
Property and Other Local Taxes	\$ 5,265	\$ -	\$ 5,265
Municipal Income Tax	57,145	0	57,145
Intergovernmental	25,803	84,196	109,999
Charges for Services	1,075	0	1,075
Fines, Licenses and Permits	19,840	1,620	21,460
Earnings on Investments	15	0	15
Miscellaneous	6,211	0	6,211
<i>Total Cash Receipts</i>	<u>115,354</u>	<u>85,816</u>	<u>201,170</u>
<b>Cash Disbursements</b>			
Current:			
Security of Persons and Property	29,300	27,358	56,658
Public Health Services	746	0	746
Leisure Time Activities	0	0	0
Transportation	0	9,003	9,003
General Government	62,188	28,761	90,949
<i>Total Cash Disbursements</i>	<u>92,234</u>	<u>65,122</u>	<u>157,356</u>
<i>Net Change in Fund Cash Balances</i>	23,120	20,694	43,814
<i>Fund Cash Balances, January 1</i>	<u>27,461</u>	<u>31,079</u>	<u>58,540</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 50,581</u>	<u>\$ 51,773</u>	<u>\$ 102,354</u>

*See accompanying notes to the financial statements*

**Village of Harrisburg**  
*Franklin County*  
*Combined Statement of Receipts, Disbursements*  
*and Changes in Fund Balances (Regulatory Cash Basis)*  
*All Proprietary Fund Types*  
*For the Year Ended December 31, 2020*

	Proprietary Fund Type
	Enterprise
<b>Operating Cash Receipts</b>	
Charges for Services	\$ 44,570
<i>Total Operating Cash Receipts</i>	<i>44,570</i>
<i>Operating Income (Loss)</i>	<i>44,570</i>
<b>Non-Operating Receipts (Disbursements)</b>	
Principal Retirement	(48,400)
<i>Total Non-Operating Receipts (Disbursements)</i>	<i>(48,400)</i>
<i>Net Change in Fund Cash Balances</i>	<i>(3,830)</i>
<i>Fund Cash Balances, January 1</i>	<i>(11,892)</i>
<i>Fund Cash Balances, December 31</i>	<i>\$ (15,722)</i>

*See accompanying notes to the financial statements*

**Village of Harrisburg**  
*Franklin County*  
*Statement of Additions, Deductions*  
*and Changes in Fund Balances (Regulatory Cash Basis)*  
*Fiduciary Fund Type*  
*For the Year Ended December 31, 2020*

	Fiduciary Fund Type
	Custodial
	Other Custodial
<b>Additions</b>	
Fines, Licenses and Permits for Distribution	\$ 27,230
<i>Total Additions</i>	27,230
<b>Deductions</b>	
Distributions to Other Governments	5,962
Distributions to Other Funds (Primary Gov't)	21,541
<i>Total Deductions</i>	27,503
<i>Net Change in Fund Balances</i>	(273)
<i>Fund Cash Balances, January 1</i>	1,756
<i>Fund Cash Balances, December 31</i>	\$ 1,483

*See accompanying notes to the financial statements*

**VILLAGE OF HARRISBURG  
FRANKLIN COUNTY, OHIO  
Notes to the Financial Statements  
For the Year Ended December 31, 2020**

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**Note 1 – REPORTING ENTITY**

The Village of Harrisburg, Franklin County, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly-elected six-member Council directs the Village. The Village provides general governmental services, street maintenance, police protection, and sewer services for its citizens.

The Auditor of State of Ohio declared the Village of Harrisburg to be in a state of fiscal caution on February 26, 2019, in accordance with Section 118.025(A) of the Ohio Revised Code.

**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 proprietary fund types and a combined statement of additions, deductions, and changes in fund balances (regulatory cash basis) 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 Fund:

**Coronavirus Relief Fund** The coronavirus relief fund accounts for and reports restricted monies received under a federal grant to cover necessary expenditures incurred due to the public health emergency with respect to the Coronavirus Disease (COVID-19).

**Enterprise Fund** These funds account for operations that are similar to private business enterprises, where management intends to recover the significant costs of providing certain goods or services through user charges. The Village has the following significant Enterprise Fund:

**Sewer Fund** The sewer fund accounts for the provision of sanitary sewer services to the residents and commercial users within the Village. Assessed surcharges collected by the Franklin County Engineers office are forwarded to the Village and are used to pay its loans.

**Fiduciary Funds** Fiduciary funds include private purpose trust funds, investment trust funds, and custodial funds. Trust funds account for assets held under a trust agreement meeting certain criteria. Custodial 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 does not have private purpose trust funds. The Village's custodial fund accounts for receipts and disbursements of the Mayor's Court.

**VILLAGE OF HARRISBURG  
FRANKLIN COUNTY, OHIO  
Notes to the Financial Statements  
For the Year Ended December 31, 2020**

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For regulatory purposes, certain own source revenues are permitted to flow through clearing funds presented as custodial funds. The amounts distributed to the other funds of the entity are identified on the combined statement of additions, deductions and changes in fund balances (regulatory cash basis) all fiduciary fund types. Also, for regulatory purposes, certain deposits and clearing funds are permitted to be presented as custodial funds.

***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 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 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 custodial funds) be budgeted annually.

***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. Appropriations lapse at year end.

***Estimated Resources***

Estimated resources include estimates of cash to be received (budgeted receipts) plus 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 canceled and reappropriated in the subsequent year.

A summary of 2020 budgetary activity appears in Note 4.

***Deposits and Investments***

The Village's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively. The Village does not have any investments.

**VILLAGE OF HARRISBURG  
FRANKLIN COUNTY, OHIO  
Notes to the Financial Statements  
For the Year Ended December 31, 2020**

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***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*.

***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.

For regulatory purposes, limited disclosure related to fund balance is included in Note 11.

**Note 3 – COMPLIANCE**

Contrary to Ohio law, at December 31, 2020, the Sewer Operating fund had a cash deficit balance of \$15,722. Also, contrary to Ohio law, 65% of the tested expenditures were not certified in a timely manner.

**VILLAGE OF HARRISBURG  
FRANKLIN COUNTY, OHIO  
Notes to the Financial Statements  
For the Year Ended December 31, 2020**

**Note 4 - BUDGETARY ACTIVITY**

Budgetary activity for the year ending December 31, 2020, follows:

2020 Budgeted vs Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$110,327	\$115,354	\$5,027
Special Revenue	81,236	85,816	4,580
Enterprise	64,701	44,570	(20,131)
Total	\$256,264	\$245,740	(\$10,524)

2020 Budgeted vs Actual Budgetary Basis Disbursements			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$113,606	\$92,234	\$21,372
Special Revenue	80,686	65,122	15,564
Enterprise	64,354	48,400	15,954
Total	\$258,646	\$205,756	\$52,890

**Note 5 – DEPOSITS**

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

	2020
Demand deposits	\$88,115

***Deposits***

Deposits are insured by the Federal Deposit Insurance Corporation and collateralized through the Ohio Pooled Collateral System (OPCS).

**Note 6 – 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 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.

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

**VILLAGE OF HARRISBURG**  
**FRANKLIN COUNTY, OHIO**  
**Notes to the Financial Statements**  
**For the Year Ended December 31, 2020**

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

***Income Taxes***

The Village levies a municipal income tax, effective July 1, 1995, of one (1) 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 RITA which collects and processes the tax for the Village. Businesses within the Village also remit income taxes levied on their profits to RITA. RITA remits payments to the Village bi-monthly for taxes collected, less administrative fees.

**Note 7 – RISK MANAGEMENT**

***Risk Pool Membership***

The Village belongs to the Ohio Plan Risk Management, Inc. (OPRM) (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. Effective November 1, 2017, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. The OPRM is also participated in a property primary excess of loss treaty. This treaty reimbursed the OPRM 30% for losses between \$200,000 and \$1,000,000. The reimbursement is based on the amount of loss between \$200,000 and \$1,000,000. Effective November 1, 2018, the OPRM the property retention remained unchanged, however, the Plan assumed 100% of the first \$250,000 casualty treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. Effective November 1, 2019, the OPRM's property retention increased from 30% to 33%, while the casualty treaty remains unchanged and still assumes 100% of the first \$250,000 casualty treaty. Effective November 1, 2020, the OPRM's property retention increased from 33% to 55%, while the casualty treaty remains unchanged and still assumes 100% of the first \$250,000 casualty treaty. OPRM had 771 members as of December 31, 2020.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2020.

Assets	\$ 18,826,974
Liabilities	<u>( 13,530,267)</u>
Members' Equity	<u>\$ 5,296,707</u>



**VILLAGE OF HARRISBURG  
FRANKLIN COUNTY, OHIO  
Notes to the Financial Statements  
For the Year Ended December 31, 2020**

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

All employees of the Village are covered by a blanket bond, while certain individuals in policy-making roles are covered by separate, higher limit bond coverage.

***Workers’ Compensation***

The Village pays the State Worker’s Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

**Note 8 – DEFINED BENEFIT PENSION PLANS**

***Ohio Public Employees Retirement System (OPERS)***

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 post-employment healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. Village employees contribute ten percent (10%) of their gross pay while the Village contributes fourteen percent (14%) of the covered payroll. The Village has paid all required contributions through December 31, 2020.

**Note 9 - 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 2020. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2020.

**Note 10 – DEBT**

Debt outstanding at December 31, 2020, was as follows:

	Principal	Interest Rate
Ohio Water Development Authority Loan #5372	\$444,417	0%
Ohio Water Development Authority Loan #5379	134,698	0%
Ohio Public Works Commission Loan #CT06I	109,295	0%
Ohio Public Works Commission Loan #CC05J	462,523	0%
	\$1,150,933	

Principal requirements for loans outstanding at December 31, 2020, follows:

**VILLAGE OF HARRISBURG  
FRANKLIN COUNTY, OHIO  
Notes to the Financial Statements  
For the Year Ended December 31, 2020**

Year Ending December 31:	OWDA #5372	OWDA #5379	OPWC #CT06I	OPWC #CC05J
2021	\$60,603	\$12,244	\$7,452	\$40,410
2022	40,402	12,244	4,968	26,940
2023	40,402	12,244	4,968	26,940
2024	40,402	12,244	4,968	26,940
2025	40,402	12,244	4,968	26,940
2026-2030	101,005	61,220	24,840	134,700
2031-2035	121,201	12,258	24,840	134,700
2036-2040	0	0	24,840	44,953
2041-2042	0	0	7,451	0
Total	<u>\$444,417</u>	<u>\$134,698</u>	<u>\$109,295</u>	<u>\$462,523</u>

The OWDA and OPWC loans relate to EPA mandated water and sewer construction projects. The Village will repay the loans in semiannual installments of 20 years.

Franklin County collects water and sewer payments from Village residents and services the principal payments on OWDA loan #5372. The County remits sewer surcharges back to the Village on a quarterly basis from which the Village services the remaining debt.

**Note 11 – FUND BALANCES**

Included in fund balance are amounts the Village cannot spend, including the balance of unclaimed monies which cannot be spent for five years and the unexpendable corpus of the permanent funds. Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end, the Village did not have any nonspendable fund balances.

The fund balance of special revenue funds is either restricted or committed. The fund balance of debt service funds and capital projects fund are restricted committed or assigned. The fund balance of permanent funds that is not part of the nonspendable corpus is either restricted or committed. These restricted, committed and assigned amounts in the special revenue, debt service, capital projects and permanent funds would include the outstanding encumbrances.

**Note 12 – CONTINGENT LIABILITIES**

Management is of the opinion that the ultimate disposition of claims and legal proceedings will not have a material effect on the financial condition of the Village.

**Note 13 – COVID-19**

The United States and the State of Ohio declared a state of emergency in March of 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. In addition, the impact on the Village's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

During 2020, the Village received \$61,637 of CARES Act funding as an on-behalf of grant from another government. These amounts are recorded in the Coronavirus Relief Special Revenue Fund.

**VILLAGE OF HARRISBURG  
FRANKLIN COUNTY, OHIO  
Notes to the Financial Statements  
For the Year Ended December 31, 2020**

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**Note 14 – CHANGE IN ACCOUNTING PRINCIPLES**

For 2020, the Village of Harrisburg has made changes to their cash basis reporting model. These changes include adding a separate Combined Statement of Additions, Deductions and Changes in Fund Balances (Regulatory Cash Basis) -- All Fiduciary Fund Types, and removing the fund balance classifications from the Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis) - All Governmental Fund Types.

**Village of Harrisburg**  
*Franklin 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	Totals (Memorandum Only)
<b>Cash Receipts</b>			
Property and Other Local Taxes	\$ 5,143	\$ -	\$ 5,143
Municipal Income Tax	44,687	0	44,687
Intergovernmental	26,023	18,539	44,562
Charges for Services	1,575	0	1,575
Fines, Licenses and Permits	16,943	2,499	19,442
Earnings on Investments	17	0	17
Miscellaneous	9,691	0	9,691
<i>Total Cash Receipts</i>	<u>104,079</u>	<u>21,038</u>	<u>125,117</u>
<b>Cash Disbursements</b>			
Current:			
Security of Persons and Property	39,886	0	39,886
Public Health Services	12	0	12
Transportation	0	10,333	10,333
General Government	61,264	312	61,576
<i>Total Cash Disbursements</i>	<u>101,162</u>	<u>10,645</u>	<u>111,807</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>2,917</u>	<u>10,393</u>	<u>13,310</u>
<b>Other Financing Receipts (Disbursements)</b>			
Sale of Capital Assets	8,343	0	8,343
<i>Total Other Financing Receipts (Disbursements)</i>	<u>8,343</u>	<u>0</u>	<u>8,343</u>
<i>Net Change in Fund Cash Balances</i>	11,260	10,393	21,653
<i>Fund Cash Balances, January 1, restated</i>	<u>16,201</u>	<u>20,686</u>	<u>36,887</u>
Restricted	0	31,079	31,079
Assigned	3,640	0	3,640
Unassigned	23,821	0	23,821
<i>Fund Cash Balances, December 31</i>	<u>\$ 27,461</u>	<u>\$ 31,079</u>	<u>\$ 58,540</u>

*See accompanying notes to the financial statements*

**Village of Harrisburg**  
*Franklin County*  
*Combined Statement of Receipts, Disbursements*  
*and Changes in Fund Balances (Regulatory Cash Basis)*  
*All Proprietary and Similar Fiduciary Fund Types*  
*For the Year Ended December 31, 2019*

	Proprietary Fund Type	Fiduciary Fund Type	Totals
	Enterprise	Custodial	(Memorandum Only)
<b>Operating Cash Receipts</b>			
Charges for Services	\$ 71,203	\$ -	\$ 71,203
Fines, Licenses and Permits	0	21,194	21,194
<i>Total Operating Cash Receipts</i>	<u>71,203</u>	<u>21,194</u>	<u>92,397</u>
<b>Operating Cash Disbursements</b>			
Other	0	24,580	24,580
<i>Total Operating Cash Disbursements</i>	<u>-</u>	<u>24,580</u>	<u>24,580</u>
<i>Operating Income (Loss)</i>	<u>71,203</u>	<u>(3,386)</u>	<u>67,817</u>
<b>Non-Operating Receipts (Disbursements)</b>			
Principal Retirement	(84,554)	0	(84,554)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(84,554)</u>	<u>0</u>	<u>(84,554)</u>
<i>Net Change in Fund Cash Balances</i>	(13,351)	(3,386)	(16,737)
<i>Fund Cash Balances, January 1</i>	<u>1,459</u>	<u>5,142</u>	<u>6,601</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ (11,892)</u>	<u>\$ 1,756</u>	<u>\$ (10,136)</u>

*See accompanying notes to the financial statements*

**VILLAGE OF HARRISBURG  
FRANKLIN COUNTY, OHIO  
Notes to the Financial Statements  
For the Year Ended December 31, 2019**

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**Note 1 – REPORTING ENTITY**

The Village of Harrisburg, Franklin County, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly-elected six-member Council directs the Village. The Village provides general governmental services, street maintenance, police protection, and sewer services for its citizens.

**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 proprietary and 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 has the following significant Special Revenue Fund:

**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.

**Enterprise Fund** These funds account for operations that are similar to private business enterprises, where management intends to recover the significant costs of providing certain goods or services through user charges. The Village has the following significant Enterprise Fund:

**Sewer Fund** The sewer fund accounts for the provision of sanitary sewer services to the residents and commercial users within the Village. Assessed surcharges collected by the Franklin County Engineers office are forwarded to the Village and are used to pay its loans.

**Fiduciary Funds** Fiduciary funds include private purpose trust funds and custodial 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. Custodial 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 does not have private purpose trust funds. The Village's custodial fund accounts for receipts and disbursements of the Mayor's Court.

**VILLAGE OF HARRISBURG**  
**FRANKLIN COUNTY, OHIO**  
**Notes to the Financial Statements**  
**For the Year Ended December 31, 2019**

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***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 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 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 custodial funds) be budgeted annually.

***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. Appropriations lapse at year end.

***Estimated Resources***

Estimated resources include estimates of cash to be received (budgeted receipts) plus 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 canceled and reappropriated in the subsequent year.

A summary of 2019 budgetary activity appears in Note 4.

***Deposits and Investments***

The Village's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively. The Village does not have any investments.

***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 HARRISBURG  
FRANKLIN COUNTY, OHIO  
Notes to the Financial Statements  
For the Year Ended December 31, 2019**

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***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. The Village Clerk assigned fund balance to cover a gap between estimated revenue and appropriations in the 2020 appropriated budget.

***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 – COMPLIANCE**

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the Sewer Operating fund by \$40,401 for the year ended December 31, 2019. Also, contrary to Ohio law, at December 31, 2019, the Sewer Operating fund had a cash deficit balance of \$11,892 and 87% of the tested expenditures were not certified in a timely manner.



**VILLAGE OF HARRISBURG  
FRANKLIN COUNTY, OHIO  
Notes to the Financial Statements  
For the Year Ended December 31, 2019**

**Note 4 - BUDGETARY ACTIVITY**

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

2019 Budgeted vs Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$109,138	\$112,422	\$3,284
Special Revenue	18,960	21,038	2,078
Enterprise	45,000	71,203	26,203
Total	\$173,098	\$204,663	\$31,565

2019 Budgeted vs Actual Budgetary Basis Disbursements			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$110,000	\$101,162	\$8,838
Special Revenue	18,375	10,645	7,730
Enterprise	44,153	84,554	(40,401)
Total	\$172,528	\$196,361	(\$23,833)

**Note 5 – DEPOSITS**

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

Demand deposits	2019
	\$48,404

***Deposits***

Deposits are insured by the Federal Deposit Insurance Corporation and collateralized through the Ohio Pooled Collateral System (OPCS).

**Note 6 – 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 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.

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

**VILLAGE OF HARRISBURG**  
**FRANKLIN COUNTY, OHIO**  
**Notes to the Financial Statements**  
**For the Year Ended December 31, 2019**

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

***Income Taxes***

The Village levies a municipal income tax, effective July 1, 1995, of one (1) 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 RITA which collects and processes the tax for the Village. Businesses within the Village also remit income taxes levied on their profits to RITA. RITA remits payments to the Village bi-monthly for taxes collected, less administrative fees.

**Note 7 – RISK MANAGEMENT**

***Risk Pool Membership***

The Village belongs to the Ohio Plan Risk Management, Inc. (OPRM) (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. Effective November 1, 2017, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. This treaty reimbursed the OPRM 30% for losses between \$200,000 and \$1,000,000. The reimbursement is based on the amount of loss between \$200,000 and \$1,000,000. Effective November 1, 2018, the OPRM the property retention remained unchanged, however, the Plan assumed 100% of the first \$250,000 casualty treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. Effective November 1, 2019, the OPRM's property retention increased from 30% to 33%, while the casualty treaty remains unchanged and still assumes 100% of the first \$250,000 casualty treaty. OPRM had 776 members as of December 31, 2019.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2019.

Assets	\$15,920,504
Liabilities	<u>(11,329,011)</u>
Members' Equity	<u>\$ 4,591,493</u>

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

**VILLAGE OF HARRISBURG  
FRANKLIN COUNTY, OHIO  
Notes to the Financial Statements  
For the Year Ended December 31, 2019**

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All employees of the Village are covered by a blanket bond, while certain individuals in policy-making roles are covered by separate, higher limit bond coverage.

The Village pays the State Worker’s Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

**Note 8 – DEFINED BENEFIT PENSION PLANS**

***Ohio Public Employees Retirement System (OPERS)***

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 post-employment healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. Village employees contribute ten percent (10%) of their gross pay while the Village contributes fourteen percent (14%) of the covered payroll. The Village has paid all required contributions through December 31, 2019.

**Note 9 - 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 employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2019.

**Note 10 – DEBT**

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

	Principal	Interest Rate
Ohio Water Development Authority Loan #5372	\$464,618	0%
Ohio Water Development Authority Loan #5379	146,943	0%
Ohio Public Works Commission Loan #CT06I	111,779	0%
Ohio Public Works Commission Loan #CC05J	475,993	0%
	\$1,199,333	

Principal requirements for loans outstanding at December 31, 2019, follows:

**VILLAGE OF HARRISBURG  
FRANKLIN COUNTY, OHIO  
Notes to the Financial Statements  
For the Year Ended December 31, 2019**

Year Ending December 31:	OWDA #5372	OWDA #5379	OPWC #CT06I	OPWC #CC05J
2020	\$40,402	\$12,244	\$4,968	\$26,940
2021	40,402	12,244	4,968	26,940
2022	40,402	12,244	4,968	26,940
2023	40,402	12,244	4,968	26,940
2024	40,402	12,244	4,968	26,940
2025-2029	202,010	61,220	24,840	134,700
2030-2034	60,598	24,503	24,840	134,700
2035-2039	0	0	24,840	71,893
2040-2042	0	0	12,419	0
Total	<u>\$464,618</u>	<u>\$146,943</u>	<u>\$111,779</u>	<u>\$475,993</u>

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

Franklin County collects water and sewer payments from Village residents and services the principal payments on OWDA loan #5372. The County remits sewer surcharges back to the Village on a quarterly basis from which the Village services the remaining debt.

**Note 11 - FUND BALANCE RESTATEMENT**

For 2019, the Village restated the beginning General, Street Construction Maintenance and Repair (SCMR), and Court Computer fund balances due to older checks that cleared the system previously but were incorrectly included in the bank reconciliations as outstanding items, therefore they were being accounted for twice. Below are the restated fund amounts:

	Balance January 1, 2019	Adjustment	Restated Balance
General Fund	\$12,415	\$3,786	\$16,201
SCMR Fund	\$8,172	\$639	\$8,811
Court Computer Fund	\$1,176	\$315	\$1,491

**Note 12 – CONTINGENT LIABILITIES/SUBSEQUENT EVENTS**

Management is of the opinion that the ultimate disposition of claims and legal proceedings will not have a material effect on the financial condition of the Village.

The Auditor of State of Ohio declared the Village of Harrisburg to be in a state of fiscal caution on February 26, 2019, in accordance with Section 118.025(A) of the Ohio Revised Code.

**Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other  
Matters Based on an Audit of Financial Statements Performed in Accordance with  
*Government Auditing Standards***

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

To the Village Council:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the cash balances, receipts, and disbursements for each governmental and proprietary fund type and the fiduciary fund type combined total of the Village of Harrisburg, Franklin County, Ohio, as of and for the year ended December 31, 2020, and for each governmental, proprietary, and fiduciary fund type as of and for the year ended December 31, 2019, and the related notes to the financial statements and have issued our report thereon dated July 27, 2021, wherein we noted as described in Note 2 to the financial statements, the Village of Harrisburg followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. As described in Note 13 to the financial statements, during 2020, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Village of Harrisburg. Additionally, as described in Note 14 to the financial statements, during 2020, the Village of Harrisburg adopted a change in accounting principle and removed the fund balance classifications from the Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis) - All Governmental Fund Types.

***Internal Control over Financial Reporting***

In planning and performing our audit of the financial statements, we considered the Village of Harrisburg's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village of Harrisburg's internal control. Accordingly, we do not express an opinion on the effectiveness of the Village of Harrisburg's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Village of Harrisburg's financial statements will not be prevented, or detected and corrected, on a timely basis. 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 deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings as items 2020-003 and 2020-004 that we consider to be significant deficiencies.

***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the Village of Harrisburg's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as items 2020-001, 2020-002 and 2020-004.

***The Village of Harrisburg's Responses to Findings***

The Village of Harrisburg's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. The Village of Harrisburg's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

***Purpose of this Report***

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village of Harrisburg's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village of Harrisburg's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Julian & Grube, Inc.  
July 27, 2021

**VILLAGE OF HARRISBURG  
FRANKLIN COUNTY, OHIO**

**SCHEDULE OF FINDINGS AND RESPONSES  
DECEMBER 31, 2020 AND 2019**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENT REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>	
Finding Number	2020-001

Noncompliance – Disbursements Exceeding Appropriations:

Ohio Revised Code Section 5705.41(B) requires that no subdivision is to expend money unless it has been appropriated. Ohio Revised Cod Section 5705.40 outlines the requirements for amending and supplementing appropriations. This section requires that any amendments to an appropriation measure be made by Council resolution and comply with the same provisions of the law as used in making the original appropriations.

The Village did not properly modify its appropriations throughout 2019. Due to not properly modifying appropriations, the Village had disbursements exceeding appropriations in the following fund for the year ended December 31, 2019:

<u>Fund</u>	<u>Appropriations</u>	<u>Disbursements</u>	<u>Excess</u>
<u>Enterprise Fund:</u>			
Sewer Operating	\$ 44,153	\$ 84,554	\$ 40,401

By not timely and properly modifying the Village’s appropriations, the Village is not adequately monitoring appropriations versus disbursements. With disbursements exceeding appropriations, the Village is expending monies that have not been appropriated and approved by the Village Council. This may result in unnecessary purchases or overspending which may lead to a fund deficit.

We recommend the Village comply with the Ohio Revised Code and the Auditor of State Bulletin 97-010 by monitoring disbursements so they do not exceed lawful appropriations and amending the budget prior to year-end. This may be achieved by monitoring the budget more closely on a continual basis and making appropriation amendments as necessary to the passage of permanent appropriations.

Client Response: This fund has always been “off” – however it has been corrected going forward.

Finding Number	2020-002
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Noncompliance – Negative Fund Balances

Ohio Revised Code Section 5705.10(I) states that money paid into any fund shall be used only for the purposes for which such fund was established. The existence of a deficit fund balance indicates money from another fund or funds was used to pay obligations of funds that carry the deficit fund balance.

A negative fund balance existed in the Sewer Operating fund at December 31, 2020 in the amount of (\$15,722) and at December 31, 2019 in the amount of (\$11,892).

The Village may be using money from another fund to cover disbursements for of the sewer fund.

**VILLAGE OF HARRISBURG  
FRANKLIN COUNTY, OHIO**

**SCHEDULE OF FINDINGS AND RESPONSES  
DECEMBER 31, 2020 AND 2019**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENT REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS - (Continued)</b>	
Finding Number	2020-002 – (continued)

We recommend that fund activity be closely monitored to prevent future disbursements in excess of available resources.

*Client Response:* This fund has been negative for a while, however a manual check from the General Fund was written to pay the loan. This should now be corrected.

Finding Number	2020-003
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Significant Deficiency - Financial Statement Presentation:

Accurate financial reporting is required in order to provide management and other stakeholders with objective and timely information to enable well-informed decisions. Presentation of materially correct financial statements and the related footnotes is the responsibility of management. This responsibility remains intact even if management decides to outsource this function for efficiency purposes or any other reason. In either case, it is important that control procedures are developed related to the financial statements that enable management to identify, prevent, detect and correct potential misstatements in the financial statements and footnotes. In general, an accounting and information system should be designed to provide management with accurate and timely information.

Adjustments were made to the financial statements and note disclosures to properly state amounts for the years ended December 31, 2020 and 2019:

- During 2019, the Village improperly recorded \$17,691 of intergovernmental receipts for the Street Construction, Maintenance and Repair Fund. In the Street Construction, Maintenance and Repair Fund, \$16,364 of this was recorded as property and other taxes and the remaining \$1,327 was recorded in the General Fund as intergovernmental receipts. In addition, \$847 of intergovernmental receipts were incorrectly posted to special assessments in the Permissive Motor Vehicle License fund.
- During 2020, the Village improperly recorded \$21,740 of intergovernmental receipts for the Street Construction, Maintenance and Repair Fund. In the Street Construction, Maintenance and Repair Fund, \$20,109 of this was recorded as property and other taxes and the remaining \$1,631 was recorded in the General Fund as intergovernmental receipts. In addition, \$819 of intergovernmental receipts were incorrectly posted to special assessments in the Permissive Motor Vehicle License fund.

The financial statements and notes have been adjusted to properly report the activity.

A lack of proper policies and procedures for control and monitoring activities associated with the period-end financial reporting process could lead to financial statement and note disclosure adjustments, which if uncorrected, could lead to a misrepresentation of the Village's activity.



**VILLAGE OF HARRISBURG  
FRANKLIN COUNTY, OHIO**

**SCHEDULE OF FINDINGS AND RESPONSES  
DECEMBER 31, 2020 AND 2019**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENT REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS - (Continued)</b>	
Finding Number	2020-003 – (continued)

We recommend the Village implement additional control procedures that enable management to more timely prevent or detect and correct potential misstatements in the financial statements and related notes prior to presenting them to the auditors. A second review of the monthly cash activity and financial statements by someone other than the individual preparing them would be beneficial.

*Client Response:* The procedure causing this deficiency has been in place prior to current fiscal officer’s time and is now being corrected and changed.

Finding Number	2020-004
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Significant Deficiency/Noncompliance – Purchase Orders

Ohio Revised Code Section 5705.41(D) requires that no orders or contracts involving the expenditure of money are to be made unless there is a certificate of the fiscal officer that the amount required for the order or contract has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances.

The Village had 65% and 87% of examined disbursements that were not certified in a timely manner for the years ended December 31, 2020 and 2019, respectively.

Without timely certification, the Village may expend more funds than available in the treasury, or in the process of collection, or appropriated. This may also result in unnecessary purchases.

We recommend that all orders or contracts involving the expenditure of money be timely certified to ensure all monies expended are lawfully appropriated and available in the treasury or in the process of collection. The Village may also use “Then & Now” certification to approve a purchase order, when applicable.

*Client Response:* The Village gets approval of Council prior to making any payments, however this happens after invoice date on occasion.

**VILLAGE OF HARRISBURG  
FRANKLIN COUNTY, OHIO**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2020 AND 2019**

<b>Finding Number</b>	<b>Year Initially Occurred</b>	<b>Finding Summary</b>	<b>Status</b>	<b>Additional Information</b>
2018-001	2014	<u>Material Noncompliance – Appropriations Exceeded Estimated Resources</u> - The Village had appropriations exceeding estimated resources in certain funds, in non-compliance with ORC 5705.39.	Corrective Action Taken and Finding Fully Corrected	N/A
2018-002	2014	<u>Material Noncompliance – Expenditures Exceeded Appropriations</u> - Ohio Revised Code Section 5705.41(B) prohibits a subdivision or taxing authority from expending money unless it has been appropriated. The Village had funds where expenditures exceeded appropriations.	Not Corrected	Finding repeated at 2020-001, as disbursements exceeded appropriations.
2018-003	2016	<u>Material Weakness – Unrecorded on Behalf of Payments</u> - The Village has an agreement with Franklin County, whereby the County bills and collects water and sewer charges from Village residents and also makes payments to OWDA on behalf of the Village. The Village only recorded the net amount it received from the County and did not record the loan payments made on its behalf.	Corrective Action Taken and Finding Fully Corrected	N/A
2018-004	2014	<u>Material Noncompliance – Negative Fund Balance</u> - Ohio Revised Code Section 5705.10(I) states that money paid into a fund must be used only for the purposes for which such fund has been established. The Village had funds with a negative fund balance, indicating money from one fund was used to cover expenses of another fund.	Not Corrected	Finding repeated at 2020-002, as a negative fund balance was noted.
2018-005	2012	<u>Material Weakness</u> - The Village did not record Mayor's County activity in either year on the financial statements or accounting system. In addition an audit adjustment was made to correct the financial statements for a reclassification of a receipt.	Not Corrected	Finding repeated at 2020-003 as significant deficiency

**VILLAGE OF HARRISBURG  
FRANKLIN COUNTY, OHIO**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2020 AND 2019**

<b>Finding Number</b>	<b>Year Initially Occurred</b>	<b>Finding Summary</b>	<b>Status</b>	<b>Additional Information</b>
2018-006	2018	<u>Material Weakness</u> - A necessary step in the internal control over financial reporting is to prove both the balance of the bank and the balance of cash in the accounting records. This process involves completing a monthly reconciliation to account for the differences between the balance on the bank statement(s) and the cash and investment balances according to the Village's records. For January 1, 2017 through December 31, 2018, the Village did not complete the monthly reconciliations.	Corrective Action Taken and Finding Fully Corrected	N/A

# OHIO AUDITOR OF STATE KEITH FABER



**VILLAGE OF HARRISBURG**

**FRANKLIN 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 9/23/2021**

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

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[www.ohioauditor.gov](http://www.ohioauditor.gov)