



Mary Taylor, CPA
Auditor of State

VILLAGE OF BARNESVILLE
BELMONT COUNTY

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Mary Taylor, CPA
Auditor of State

Village of Barnesville
Belmont County
132 North Arch Street
P.O. Box 190
Barnesville, Ohio 43713

To the Village Council:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to an interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. Our Report includes an adverse opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

Mary Taylor

Mary Taylor, CPA
Auditor of State

February 17, 2009

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Village of Barnesville
Belmont County
132 North Arch Street
P.O. Box 190
Barnesville, Ohio 43713

To the Village Council:

We have audited the accompanying financial statements of the Village of Barnesville, Belmont County, Ohio (the Village), as of and for the years ended December 31, 2007 and 2006. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the Village has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Instead of the combined funds the accompanying financial statements present, GAAP require presenting entity-wide statements and also presenting the Village's larger (i.e., major) funds separately. While the Village does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require villages to reformat their statements. The Village has elected not to follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2007 and 2006 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2007 and 2006, or its changes in financial position or cash flows, where applicable, for the years then ended.

Also, in our opinion, the financial statements referred to above for the years ended December 31, 2007 and 2006 do present fairly, in all material respects, the combined fund cash balances and reserve for encumbrances of the Village of Barnesville, Belmont County, Ohio, as of December 31, 2007 and 2006, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The Village has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 17, 2009, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

We conducted our audit to opine on the Village's financial statements. The Federal Awards Expenditures Schedule for the period ended December 31, 2006 presents additional information and is required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. It is not a required part of the financial statements. We subjected this Schedule to the auditing procedures applied in our audit of the Village's financial statements. In our opinion, this information is fairly stated, in all material respects, in relation to the financial statements taken as a whole.



Mary Taylor, CPA
Auditor of State

February 17, 2009

**VILLAGE OF BARNESVILLE
BELMONT COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2007**

| | <u>Governmental Fund Types</u> | | | | Totals (Memorandum Only) |
|--|--------------------------------|----------------------------|-------------------------|-----------------------------|---|
| | <u>General</u> | <u>Special Revenue</u> | <u>Debt Service</u> | <u>Capital Projects</u> | |
| Cash Receipts: | | | | | |
| Property and Local Taxes | \$122,214 | \$43,832 | | | \$166,046 |
| Municipal Income Tax | | 583,755 | | | 583,755 |
| Intergovernmental | 280,136 | 235,842 | | \$594,936 | 1,110,914 |
| Charges for Services | 18,230 | 290,929 | | | 309,159 |
| Fines, Licenses and Permits | 69,055 | 4,785 | | | 73,840 |
| Earnings on Investments | 110,010 | 8,106 | | | 118,116 |
| Miscellaneous | 12,443 | 13,261 | | 30 | 25,734 |
| | <u>612,088</u> | <u>1,180,510</u> | <u>\$0</u> | <u>594,966</u> | <u>2,387,564</u> |
| Total Cash Receipts | | | | | |
| Cash Disbursements: | | | | | |
| Current: | | | | | |
| Security of Persons and Property | 501,275 | 171,354 | | | 672,629 |
| Public Health Services | 15,116 | 55,993 | | | 71,109 |
| Leisure Time Activities | 3,827 | 185,100 | | | 188,927 |
| Transportation | 45,143 | 271,431 | | | 316,574 |
| General Government | 116,302 | 46,834 | | | 163,136 |
| Debt Service: | | | | | |
| Redemption of Principal | | | 243,547 | | 243,547 |
| Interest and Fiscal Charges | | | 82,182 | | 82,182 |
| Capital Outlay | | | | 902,320 | 902,320 |
| | <u>681,663</u> | <u>730,712</u> | <u>325,729</u> | <u>902,320</u> | <u>2,640,424</u> |
| Total Cash Disbursements | | | | | |
| Total Cash Receipts Over/(Under) Cash Disbursements | <u>(69,575)</u> | <u>449,798</u> | <u>(325,729)</u> | <u>(307,354)</u> | <u>(252,860)</u> |
| Other Financing Receipts / (Disbursements): | | | | | |
| Proceeds from Sale of Public Debt: | | | | | |
| Other Debt Proceeds | | | | 311,946 | 311,946 |
| Sale of Fixed Assets | | | | 2,606 | 2,606 |
| Transfers-In | 144,015 | 178,194 | 325,717 | 119,150 | 767,076 |
| Transfers-Out | (12,140) | (407,425) | (15) | (36,152) | (455,732) |
| Advances-In | | 18,400 | | | 18,400 |
| Advances-Out | | (18,400) | | | (18,400) |
| Other Financing Sources | 130 | 97 | | | 227 |
| | <u>132,005</u> | <u>(229,134)</u> | <u>325,702</u> | <u>397,550</u> | <u>626,123</u> |
| Total Other Financing Receipts / (Disbursements) | | | | | |
| Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements | 62,430 | 220,664 | (27) | 90,196 | 373,263 |
| Fund Cash Balances, January 1 | 233,710 | 574,703 | 31 | 172,885 | 981,329 |
| Fund Cash Balances, December 31 | <u>\$296,140</u> | <u>\$795,367</u> | <u>\$4</u> | <u>\$263,081</u> | <u>\$1,354,592</u> |
| Reserve for Encumbrances, December 31 | <u>\$5,007</u> | <u>\$24,334</u> | <u>\$0</u> | <u>\$0</u> | <u>\$29,341</u> |

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

**VILLAGE OF BARNESVILLE
BELMONT COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH
DISBURSEMENTS, AND CHANGES IN FUND CASH BALANCES -
ALL PROPRIETARY AND SIMILAR FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2007**

| | <u>Proprietary Fund Type</u> | <u>Fiduciary Fund Type</u> | <u>Totals (Memorandum Only)</u> |
|--|----------------------------------|--------------------------------|---|
| | <u>Enterprise</u> | <u>Agency</u> | |
| Operating Cash Receipts: | | | |
| Charges for Services | \$1,504,021 | | \$1,504,021 |
| Fines, Licenses and Permits | 9,267 | \$48,818 | 58,085 |
| Miscellaneous | 11,474 | | 11,474 |
| | <u>1,524,762</u> | <u>48,818</u> | <u>1,573,580</u> |
| Operating Cash Disbursements: | | | |
| Personal Services | 577,472 | | 577,472 |
| Contractual Services | 330,028 | | 330,028 |
| Supplies and Materials | 248,976 | | 248,976 |
| Capital Outlay | 141,529 | | 141,529 |
| | <u>1,298,005</u> | <u>0</u> | <u>1,298,005</u> |
| Operating Income/(Loss) | <u>226,757</u> | <u>48,818</u> | <u>275,575</u> |
| Non-Operating Cash Receipts/(Disbursements): | | | |
| Distribution of Fines | | (48,292) | (48,292) |
| Other Debt Proceeds | 61,151 | | 61,151 |
| Other Non-Operating Cash Receipts | 120 | | 120 |
| | <u>61,271</u> | <u>(48,292)</u> | <u>12,979</u> |
| Excess of Receipts Over/(Under) Disbursements Before Interfund Transfers and Advances | 288,028 | 526 | 288,554 |
| Transfers-In | 36,152 | | 36,152 |
| Transfers-Out | (347,496) | | (347,496) |
| Net Receipts Over/(Under) Disbursements | (23,316) | 526 | (22,790) |
| Fund Cash Balances, January 1 | <u>1,368,948</u> | <u>3,107</u> | <u>1,372,055</u> |
| Fund Cash Balances, December 31 | <u>\$1,345,632</u> | <u>\$3,633</u> | <u>\$1,349,265</u> |
| Reserve for Encumbrances, December 31 | <u>\$17,369</u> | <u>\$0</u> | <u>\$17,369</u> |

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

VILLAGE OF BARNESVILLE
BELMONT COUNTY

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2006**

| | <u>Governmental Fund Types</u> | | | | Totals (Memorandum Only) |
|--|--------------------------------|----------------------------|-------------------------|-----------------------------|---|
| | <u>General</u> | <u>Special Revenue</u> | <u>Debt Service</u> | <u>Capital Projects</u> | |
| Cash Receipts: | | | | | |
| Property and Local Taxes | \$110,698 | \$42,991 | | | \$153,689 |
| Municipal Income Tax | | 561,315 | | | 561,315 |
| Intergovernmental | 336,066 | 362,069 | | \$248,042 | 946,177 |
| Charges for Services | 6,182 | 271,845 | | | 278,027 |
| Fines, Licenses and Permits | 59,891 | 1,345 | | | 61,236 |
| Earnings on Investments | 68,238 | 84,640 | | | 152,878 |
| Miscellaneous | 20,571 | 14,377 | | 1,200 | 36,148 |
| | <u>601,646</u> | <u>1,338,582</u> | <u>\$0</u> | <u>249,242</u> | <u>2,189,470</u> |
| Cash Disbursements: | | | | | |
| Current: | | | | | |
| Security of Persons and Property | 505,146 | 163,518 | | | 668,664 |
| Public Health Services | 12,669 | 49,589 | | | 62,258 |
| Leisure Time Activities | 1,755 | 182,962 | | | 184,717 |
| Community Environment | 1,183 | | | | 1,183 |
| Transportation | 40,431 | 661,105 | | | 701,536 |
| General Government | 119,404 | 36,286 | | | 155,690 |
| Debt Service: | | | | | |
| Redemption of Principal | | | 243,848 | | 243,848 |
| Interest and Fiscal Charges | | | 106,936 | | 106,936 |
| Capital Outlay | | | | 503,113 | 503,113 |
| | <u>680,588</u> | <u>1,093,460</u> | <u>350,784</u> | <u>503,113</u> | <u>2,627,945</u> |
| Total Cash Receipts Over/(Under) Cash Disbursements | <u>(78,942)</u> | <u>245,122</u> | <u>(350,784)</u> | <u>(253,871)</u> | <u>(438,475)</u> |
| Other Financing Receipts / (Disbursements): | | | | | |
| Proceeds from Sale of Public Debt: | | | | | |
| Other Debt Proceeds | | | | 14,951 | 14,951 |
| Sale of Fixed Assets | | | | 61,358 | 61,358 |
| Transfers-In | 267,417 | 132,416 | 349,712 | 110,000 | 859,545 |
| Transfers-Out | (12,000) | (525,903) | | | (537,903) |
| Advances-In | | 18,400 | | | 18,400 |
| Advances-Out | | (18,400) | | | (18,400) |
| Other Financing Sources | 115 | 74 | | | 189 |
| | <u>255,532</u> | <u>(393,413)</u> | <u>349,712</u> | <u>186,309</u> | <u>398,140</u> |
| Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements | 176,590 | (148,291) | (1,072) | (67,562) | (40,335) |
| Fund Cash Balances, January 1 (restated, see Note 3) | 57,120 | 722,994 | 1,103 | 240,447 | 1,021,664 |
| Fund Cash Balances, December 31 | <u>\$233,710</u> | <u>\$574,703</u> | <u>\$31</u> | <u>\$172,885</u> | <u>\$981,329</u> |
| Reserve for Encumbrances, December 31 | <u>\$0</u> | <u>\$18,131</u> | <u>\$0</u> | <u>\$0</u> | <u>\$18,131</u> |

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

**VILLAGE OF BARNESVILLE
BELMONT COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH
DISBURSEMENTS, AND CHANGES IN FUND CASH BALANCES -
ALL PROPRIETARY AND SIMILAR FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2006**

| | <u>Proprietary Fund Type</u> | <u>Fiduciary Fund Type</u> | <u>Totals (Memorandum Only)</u> |
|--|----------------------------------|--------------------------------|---|
| | <u>Enterprise</u> | <u>Agency</u> | |
| Operating Cash Receipts: | | | |
| Charges for Services | \$1,486,472 | | \$1,486,472 |
| Fines, Licenses and Permits | 11,596 | \$47,289 | 58,885 |
| Miscellaneous | 11,780 | | 11,780 |
| | <hr/> | <hr/> | <hr/> |
| Total Operating Cash Receipts | 1,509,848 | 47,289 | 1,557,137 |
| Operating Cash Disbursements: | | | |
| Personal Services | 536,342 | | 536,342 |
| Contractual Services | 245,180 | | 245,180 |
| Supplies and Materials | 186,707 | | 186,707 |
| Other | 96,014 | | 96,014 |
| | <hr/> | <hr/> | <hr/> |
| Total Operating Cash Disbursements | 1,064,243 | 0 | 1,064,243 |
| Operating Income/(Loss) | <hr/> | <hr/> | <hr/> |
| | 445,605 | 47,289 | 492,894 |
| Non-Operating Cash Receipts/(Disbursements): | | | |
| Distribution of Fines | | (46,450) | (46,450) |
| Sale of Fixed Assets | 33,528 | | 33,528 |
| Other Non-Operating Cash Receipts | 102 | | 102 |
| | <hr/> | <hr/> | <hr/> |
| Total Non-Operating Cash Receipts/(Disbursements) | 33,630 | (46,450) | (12,820) |
| Excess of Receipts Over/(Under) Disbursements Before Interfund Transfers and Advances | 479,235 | 839 | 480,074 |
| Transfers-In | 5,370 | | 5,370 |
| Transfers-Out | (327,012) | | (327,012) |
| | <hr/> | <hr/> | <hr/> |
| Net Receipts Over/(Under) Disbursements | 157,593 | 839 | 158,432 |
| Fund Cash Balances, January 1 | <hr/> | <hr/> | <hr/> |
| | 1,211,355 | 2,268 | 1,213,623 |
| Fund Cash Balances, December 31 | <u>\$1,368,948</u> | <u>\$3,107</u> | <u>\$1,372,055</u> |
| Reserve for Encumbrances, December 31 | <hr/> | <hr/> | <hr/> |
| | \$43,475 | \$0 | \$43,475 |

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

**VILLAGE OF BARNESVILLE
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006**

1. Summary of Significant Accounting Policies

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of Barnesville, Belmont County, Ohio (the Village), as a body corporate and politic. A publicly-elected six-member Council directs the Village. The Village provides water and sewer utilities, park operations, EMS services and police services. The Village contracts with the Barnesville Volunteer Fire Department to receive fire protection services.

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

B. Accounting Basis

These financial statements follow the accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The Village recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the Auditor of State prescribes or permits.

C. Cash 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 values certificates of deposit, U.S. Treasury Notes and common stock at cost or fair value when donated. Money market mutual funds (including STAROhio) are recorded at share values the mutual funds report.

D. Fund Accounting

The Village uses fund accounting to segregate cash that is restricted as to use. The Village classifies its funds into the following types:

1. General Fund

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

2. Special Revenue Funds

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

**VILLAGE OF BARNESVILLE
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

D. Fund Accounting (Continued)

2. Special Revenue Funds

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

Income Tax Fund - This fund receives income tax money and distributes net collections for the operation of the Village and for capital improvements.

Park and Recreation Fund - This fund receives pool admissions, pool rentals, concession receipts, ball field rentals, donations, interest from investments willed to the park and distributions from the Village income tax collections to used for the maintenance and upkeep of the Village pool and park.

Cemetery Endowment Fund - This fund receives a portion of the revenue from sale of lots and interest earned on the corpus from a trust agreement. These earnings are used for the general maintenance and upkeep of the Village's cemetery.

3. Debt Service Funds

These funds account for resources the Village accumulates to pay bond and note debt. The Village had the following significant Debt Service Funds:

Water Plant Note Fund - This fund receives water revenue money to make principal and interest payments on an OWDA loan.

OWDA Note Fund - This fund receives sewer revenue money to make principal and interest payments on an OWDA loan.

4. Capital Project Funds

These funds account for receipts restricted to acquiring or constructing major capital projects. The Village had the following significant Capital Project Funds:

Capital Improvement Fund - This fund receives grant funding from state and federal agencies and mandated percentage from income tax collections.

Water Treatment Plant Expansion Fund - This fund receives grant funding from state and federal agencies for a construction project.

5. Enterprise Funds

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 had the following significant Enterprise Funds:

**VILLAGE OF BARNESVILLE
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

D. Fund Accounting (Continued)

5. Enterprise Funds (Continued)

Water Operating Fund - This fund receives charges for services from residents to cover water service costs.

Sewer Operating Fund - This fund receives charges for services from residents to cover sewer service costs.

6. Fiduciary Funds

Fiduciary funds include agency funds. Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Village disburses these funds as directed by the individual, organization or other government. The Village's agency funds account for Mayor's Court fine and forfeiture distributions.

E. Budgetary Process

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

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The Village Council must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year end. The Village does not budget for advances.

2. Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1, less outstanding advances. The County Budget Commission must also approve estimated resources. The Village does not budget for advances.

3. 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. The Village did not encumber all commitments required by Ohio law.

A summary of 2007 and 2006 budgetary activity appears in Note 3.

**VILLAGE OF BARNESVILLE
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

F. Property, Plant, and Equipment

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

G. Accumulated Leave

Current legislation does not allow employees to carry over leave balances to subsequent years. Employees with sick leave accumulated under prior legislation are eligible for cash payments in certain circumstances, such as leaving employment. The financial statements do not include a liability for unpaid leave.

2. Equity in Pooled Cash and Investments

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

| | 2007 | 2006 |
|---|-------------|-------------|
| Demand deposits | \$43,084 | \$87,394 |
| Certificates of deposit | 402,005 | 531,641 |
| Total deposits | 445,089 | 619,035 |
| Federal Home Loan Bank | 431,703 | 649,243 |
| Federal Home Loan Mortgage Corporation | 686,214 | 507,252 |
| Federal Farm Credit Bank | 50,757 | 0 |
| Federal National Mortgage Association | 1,065,033 | 437,953 |
| STAROhio | 3,715 | 118,555 |
| Donated Common stock (at historical cost) | 21,346 | 21,346 |
| Total investments | 2,258,768 | 1,734,349 |
| Total deposits and investments | \$2,703,857 | \$2,353,384 |

Deposits: Deposits are insured by the Federal Deposit Insurance Corporation or collateralized by securities specifically pledged by the financial institution to the Village.

Investments: A investment firm holds the Village's equity securities in book entry form in the Village's name. Investments in STAROhio are not evidenced by securities that exist in physical or book-entry form. Donated stocks are valued at the value at the time of donation.

3. Restatement of Fund Balances

For the year ended December 31, 2005, an adjustment resulted in fund balance restatement.

| | Fund Balances at December 31, 2005 | Restatement Amount | Fund Balances at January 1, 2006 |
|----------------------|---------------------------------------|-----------------------|-------------------------------------|
| Governmental Funds: | | | |
| Special Revenue | \$584,986 | \$138,008 | \$722,994 |
| Non-Expendable Trust | 174,899 | (174,899) | 0 |
| Total | \$759,885 | (\$36,891) | \$722,994 |

**VILLAGE OF BARNESVILLE
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006
(Continued)**

3. Restatement of Fund Balances (Continued)

The changes in fund balances for the Special Revenue and Non-Expendable Trust Funds are the result of the independent accountants of the prior audit adjusting the Special Revenue Funds to include clearing accounts and the Non-Expendable Trust Fund was improperly classified.

4. Budgetary Activity

Budgetary activity for the years ending December 31, 2007 and 2006 follows:

| 2007 Budgeted vs. Actual Receipts | | | |
|-----------------------------------|----------------------|--------------------|---------------|
| Fund Type | Budgeted Receipts | Actual Receipts | Variance |
| General | \$911,143 | \$756,233 | (\$154,910) |
| Special Revenue | 1,749,600 | 1,358,801 | (390,799) |
| Debt Service | 403,293 | 325,717 | (77,576) |
| Capital Projects | 2,157,896 | 1,028,668 | (1,129,228) |
| Enterprise | 2,782,273 | 1,622,185 | (1,160,088) |
| Total | \$8,004,205 | \$5,091,604 | (\$2,912,601) |

| 2007 Budgeted vs. Actual Budgetary Basis Expenditures | | | |
|---|----------------------------|---------------------------|-------------|
| Fund Type | Appropriation Authority | Budgetary Expenditures | Variance |
| General | \$775,313 | \$698,810 | \$76,503 |
| Special Revenue | 1,364,825 | 1,162,471 | 202,354 |
| Debt Service | 368,736 | 325,744 | 42,992 |
| Capital Projects | 1,607,006 | 938,472 | 668,534 |
| Enterprise | 1,690,264 | 1,662,870 | 27,394 |
| Total | \$5,806,144 | \$4,788,367 | \$1,017,777 |

| 2006 Budgeted vs. Actual Receipts | | | |
|-----------------------------------|----------------------|--------------------|---------------|
| Fund Type | Budgeted Receipts | Actual Receipts | Variance |
| General | \$859,645 | \$869,178 | \$9,533 |
| Special Revenue | 2,094,519 | 1,471,072 | (623,447) |
| Debt Service | 419,669 | 349,712 | (69,957) |
| Capital Projects | 1,308,366 | 435,551 | (872,815) |
| Enterprise | 2,497,680 | 1,548,848 | (948,832) |
| Total | \$7,179,879 | \$4,674,361 | (\$2,505,518) |

**VILLAGE OF BARNESVILLE
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006
(Continued)**

4. Budgetary Activity (Continued)

| 2006 Budgeted vs. Actual Budgetary Basis Expenditures | | | |
|---|----------------------------|---------------------------|-------------|
| Fund Type | Appropriation Authority | Budgetary Expenditures | Variance |
| General | \$791,115 | \$692,588 | \$98,527 |
| Special Revenue | 1,932,149 | 1,637,494 | 294,655 |
| Debt Service | 410,421 | 350,784 | 59,637 |
| Capital Projects | 1,371,528 | 503,113 | 868,415 |
| Enterprise | 1,982,232 | 1,434,730 | 547,502 |
| Total | \$6,487,445 | \$4,618,709 | \$1,868,736 |

5. Property Tax

Real property taxes become a lien on January 1 preceding the October 1 date for which the Council adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

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

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

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

6. Local Income Tax

The Village levies a municipal income tax of 1% on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village.

Employers within the Village withhold income tax on employee compensation and remit the tax to the Village either monthly or quarterly, as required. Corporations and other individual taxpayer pay estimated taxes quarterly and file a declaration annually.

7. Debt

Debt outstanding at December 31, 2007 was as follows:

| | Principal | Interest Rate |
|---|-------------|---------------|
| Ohio Water Development Authority (OWDA) Loans | \$2,522,028 | 2.00-7.00% |
| Ohio Public Works Commission (OPWC) Loan | 858,581 | 0.00-2.00% |
| Capital Lease (Fire Truck) | 77,541 | 4.57% |
| Total | \$3,458,150 | |

**VILLAGE OF BARNESVILLE
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006
(Continued)**

7. Debt (Continued)

The Ohio Water Development Authority (OWDA) loans relate to upgrades and improvements to the Village's water and sewer plants necessary to comply with the Ohio Environmental Protection Agency regulations. The Village will repay the loans in semiannual installments, including interest, over 20 years. The loans are collateralized by water and sewer receipts. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

The Ohio Public Works Commission (OPWC) loans relate to water and sewer improvements and Mt. Olivett road repairs. The Village will repay the loans in semiannual installments over 20 years. Water and Sewer receipts collateralize the water and sewer loan improvements. The Village agreed to set utility rates sufficient to cover OPWC debt service requirements.

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

| Year ending December 31: | OWDA Loans | OPWC Loan | Capital Lease |
|--------------------------|--------------------|------------------|-----------------|
| 2008 | \$244,471 | \$62,393 | \$28,244 |
| 2009 | 245,689 | 62,393 | 28,244 |
| 2010 | 247,009 | 62,393 | 28,244 |
| 2011 | 248,442 | 62,393 | |
| 2012 | 249,996 | 62,393 | |
| 2013-2017 | 726,014 | 299,451 | |
| 2018-2027 | 1,126,604 | 348,360 | |
| Total | <u>\$3,088,225</u> | <u>\$959,776</u> | <u>\$84,732</u> |

Conduit Debt

Ohio Hills Health Services, Inc. (Ohio Hills) wished to acquire WesBanco's former office at the corner of Main and North Chestnut Street in Barnesville for a medical clinic. Ohio Hills could obtain financing from WesBanco at a lower cost, if the Village acquired the property and leased it to Ohio Hills, with the requirement that Ohio Hills make all payments on the mortgage in the form of lease payments and purchase the property from the Village at the conclusion of the lease.

The Village purchase purchased the property from WesBanco on October 25, 2006 for the sum of \$325,000 and entered into a mortgage with WesBanco for an amount of \$325,000. The mortgage to WesBanco is non-recourse, providing that in the event of a default, the Village shall not be liable to pay any portion of the unpaid balance.

The Village entered into a lease/purchase with Ohio Hills Health Agency, providing that Ohio Hills Health Agency shall make monthly payments in a sufficient amount to pay all payments due on the mortgage loan to WesBanco. The lease also requires Ohio Hills Health Agency to pay all taxes, insurance, and maintenance of the property, and to hold the Village harmless against all claims. The lease requires Ohio Hills to purchase the building for \$1 after the WesBanco mortgage is paid off.

Balance due on the mortgage at December 31, 2007 was \$323,360.

**VILLAGE OF BARNESVILLE
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006
(Continued)**

8. Retirement Systems

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

The Ohio Revised Code also prescribes contribution rates. For 2007 and 2006, OPERS members contributed 9.5% and 9.0%, respectively, of their gross salaries and the Village contributed an amount equaling 13.85% and 13.7%, respectively, of participants' gross salaries. The Village has paid all contributions required through December 31, 2007.

Some Village officials chose not to belong to OPERS and instead contribute to Social Security. For 2007 and 2006, these officials contributed 6.2% of their wages. The Village contributed an amount equal to 6.2% of participants' gross salaries. The Village has paid all contributions required through December 31, 2007.

9. Risk Management

The Village has obtained commercial insurance for the following risks:

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

**VILLAGE OF BARNESVILLE
BELMONT COUNTY**

**FEDERAL AWARDS EXPENDITURES SCHEDULE
FOR THE YEAR ENDED DECEMBER 31, 2006**

| FEDERAL GRANTOR <i>Pass Through Grantor</i> Program Title | Grant Number | Federal CFDA Number | Disbursements |
|--|-------------------|---------------------------|-------------------------|
| U.S. DEPARTMENT OF AGRICULTURE | | | |
| <i>Direct Program:</i> | | | |
| Community Facilities Grant | N/A | 10.766 | <u>\$30,000</u> |
| Total Department of Agriculture | | | 30,000 |
| U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT | | | |
| <i>Passed Through Ohio Department of Development:</i> | | | |
| Small Cities Community Development Block Grant (CDBG) Program Appalachian Regional Commission Program | C-P-05-235-3 | 14.228 | <u>35,370</u> |
| Total U.S. Department of Housing and Urban Development | | | 35,370 |
| U.S. DEPARTMENT OF JUSTICE | | | |
| <i>Direct Program:</i> | | | |
| Bulletproof Vest Partnership Program | N/A | 16.607 | <u>918</u> |
| Total Department of Justice | | | 918 |
| U.S. DEPARTMENT OF TRANSPORTATION | | | |
| <i>Direct Program:</i> | | | |
| Airport Improvement Program | 3-39-0007-0303 | 20.106 | 23,315 |
| | 3-39-0007-0404 | | 29,789 |
| | 3-39-0007-0506 | | 109,778 |
| | 3-39-0007-0607 | | <u>87</u> |
| Total Airport Improvement Program | | | <u>162,882</u> |
| Total Department of Transportation | | | 162,969 |
| U.S. DEPARTMENT OF HOMELAND SECURITY | | | |
| <i>Passed Through Ohio Emergency Management Agency</i> | | | |
| Public Assistance Grants | | | |
| Disaster Assistance | 1507-DR-013-03926 | 97.036 | 3,201 |
| | 1556-DR-013-03926 | | 41,526 |
| | 1556-DR-013-060C6 | | <u>258,109</u> |
| Total Disaster Assistance | | | <u>302,836</u> |
| Total Department of Homeland Security | | | <u>302,836</u> |
| Total Federal Awards Expenditures | | | <u>\$532,093</u> |

The accompanying notes are an integral part of this schedule.

**VILLAGE OF BARNESVILLE
BELMONT COUNTY**

**NOTES TO THE FEDERAL AWARDS EXPENDITURES SCHEDULE
FOR THE YEAR ENDED DECEMBER 31, 2006**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Federal Awards Expenditures Schedule (the Schedule) summarizes activity of the Authority's federal award programs. The Schedule has been prepared on the cash basis of accounting.

NOTE B - MATCHING REQUIREMENTS

The federal program requires the Authority contribute non-federal funds (matching funds) to support the federally-funded program. The Authority has complied with the matching requirements. The expenditure of non-federal matching funds is not included on the Schedule.



Mary Taylor, CPA

Auditor of State

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

Village of Barnesville
Belmont County
132 North Arch Street
P.O. Box 190
Barnesville, Ohio 43713

To the Village Council:

We have audited the financial statements of the Village of Barnesville, Belmont County, Ohio (the Village), as of and for the years ended December 31, 2007 and 2006, and have issued our report thereon dated February 17, 2009, wherein we noted the Village followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Village's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinions on the financial statements, but not to opine on the effectiveness of the Village's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Village's internal control over financial reporting.

Our consideration of the internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or control weaknesses. However as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Village's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the Village's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

We consider the following deficiencies described in the accompanying Schedule of Findings to be significant deficiencies in internal control over financial reporting: 2007-001 and 2007-002.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Village's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all internal control deficiencies that might be significant deficiencies and accordingly, would not necessarily disclose all significant deficiencies that are also material weaknesses. We believe none of the significant deficiencies described above are material weaknesses.

We also noted certain internal control matters that we reported to the Village's management in a separate letter dated February 17, 2009.

Compliance and Other Matters

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters that we must report under *Government Auditing Standards*, which are described in the accompanying Schedule of Findings as items 2007-001, 2007-002 and 2007-003.

We also noted certain noncompliance or other matters not requiring inclusion in this report that we reported to the Village's management in a separate letter dated February 17, 2009.

We intend this report solely for the information and use of the audit committee, management, Village Council, federal awarding agencies and pass-through entities. It is not intended for anyone other than these specified parties.



Mary Taylor, CPA
Auditor of State

February 17, 2009



Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Village of Barnesville
Belmont County
132 North Arch Street
P.O. Box 190
Barnesville, Ohio 43713

To the Village Council:

Compliance

We have audited the compliance of Village of Barnesville, Belmont County, Ohio (the Village), with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that apply to its major federal program for the year ended December 31, 2006. The Summary of Auditor's Results section of the accompanying Schedule of Findings identifies the Village's major federal program. The Village's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to express an opinion on the Village's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to reasonably assure whether noncompliance occurred with the types of compliance requirements referred to above that could directly and materially affect a major federal program. An audit includes examining, on a test basis, evidence about the Village's compliance with those requirements and performing other procedures we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Village's compliance with those requirements.

In our opinion, the Village complied, in all material respects, with the requirements referred to above that apply to its major federal program for the year ended December 31, 2006. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements that OMB Circular A-133 requires us to report, which is described in the accompanying Schedule of Findings as item 2007-004.

Internal Control Over Compliance

The Village's management is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs.

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In planning and performing our audit, we considered the Village's internal control over compliance with requirements that could directly and materially affect a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the Village's internal control that might be significant deficiencies or material weaknesses as defined below. However, as discussed below, we identified a certain deficiency in internal control over compliance that we consider to be a significant deficiency.

A control deficiency in internal control over compliance exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent or detect noncompliance with a federal program compliance requirement on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Village's ability to administer a federal program such that there is more than a remote likelihood that the Village's internal control will not prevent or detect more-than-inconsequential noncompliance with a federal program compliance requirement. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings as item 2007-004 to be a significant deficiency.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that the Village's internal control will not prevent or detect material noncompliance with a federal program's compliance requirements. We do not consider the deficiency described in the accompanying Schedule of Findings to be a material weakness.

The Village's response to the finding we identified is described in the accompanying Schedule of Findings. We did not audit the Village's response and, accordingly, we express no opinion on it.

We intend this report solely for the information and use of the audit committee, management, Village Council, federal awarding agencies and pass-through entities. It is not intended for anyone other than these specified parties.



Mary Taylor, CPA
Auditor of State

February 17, 2009

**VILLAGE OF BARNESVILLE
BELMONT COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 § .505
DECEMBER 31, 2007 AND 2006**

1. SUMMARY OF AUDITOR'S RESULTS

| | | |
|---------------------|---|--|
| (d)(1)(i) | Type of Financial Statement Opinion | Unqualified |
| (d)(1)(ii) | Were there any material control weakness conditions reported at the financial statement level (GAGAS)? | No |
| (d)(1)(ii) | Were there any other significant deficiencies in internal control reported at the financial statement level (GAGAS)? | Yes |
| (d)(1)(iii) | Was there any reported material noncompliance at the financial statement level (GAGAS)? | Yes |
| (d)(1)(iv) | Were there any material internal control weakness conditions reported for major federal programs? | No |
| (d)(1)(iv) | Were there any other significant deficiencies in internal control reported for major federal programs? | Yes |
| (d)(1)(v) | Type of Major Programs' Compliance Opinion | Unqualified |
| (d)(1)(vi) | Are there any reportable findings under § .510? | Yes |
| (d)(1)(vii) | Major Programs (list): | Public Assistance Grants – Disaster Assistance - CFDA No. 97.036 |
| (d)(1)(viii) | Dollar Threshold: Type A/B Programs | Type A: > \$ 300,000 Type B: all others |
| (d)(1)(ix) | Low Risk Auditee? | No |

**VILLAGE OF BARNESVILLE
BELMONT COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 § .505
DECEMBER 31, 2007 AND 2006**

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

FINDING NUMBER 2007-001

Noncompliance Citation/Significant Deficiency

Ohio Admin. Code Section 117-2-02(A) states that all local public offices shall maintain an accounting system and accounting records sufficient to enable the public office to identify, assemble, analyze, classify, record and report its transactions, maintain accountability for the related assets (and liabilities, if generally accepted accounting principles apply), document compliance with finance-related legal and contractual requirements and prepare financial statements required by Section 117-2-03 of the Administrative Code.

The Village's internal control procedures at the swimming pool indicated the use of a manual pool operating log. Each pool patron will be marked down as (1) pay; (2) pass; or (3) free entrance (child under 5). At the end of the day, the total for all three categories will be determined for a total number of patrons. The amount of money in the drawer will be reconciled to the pool operating log. The amount collected will be entered, in total, to the concession stand cash register.

Although the Village prepared pool operating logs to support daily admissions to the pool, these logs were not maintained. Once the logs were reconciled to the money in the drawer and an entry was made to the concession stand cash register, the log was discarded. Therefore, there was no formal documentation to support the daily admission count or verification of a reconciliation of pool attendance to pool admissions. In addition, the Village did not maintain adequate records to support pool rentals, swimming lessons, shelter rentals and ball field rentals. As a result, pool and recreation revenues may not be properly accounted for. We performed a trend analysis of swimming pool admissions, pool rentals, swimming lessons, shelter rentals and ball field rentals for the last four years and the amount of revenue for each category for our audit period seems reasonable.

We recommend the recreation director and/or pool manager maintain the records that support daily pool admissions, reconciliation of pool operating log to cash in drawer and pay-in to concession stand. In addition, the pool manager/recreation director should initial the pool operating log to indicate these daily count sheets agree with cash in drawer. Pre-numbered contracts or a ledger book should be maintained to document pool rentals, recreation rentals, and ball field rentals. For each rental, the recreation director should provide the renter with a duplicate receipt upon payment. All records should be maintained until the next audit.

FINDING NUMBER 2007-002

Noncompliance Citation/Significant Deficiency

Ohio Admin. Code Section 117-2-02(A) states that all local public offices shall maintain an accounting system and accounting records sufficient to enable the public office to identify, assemble, analyze, classify, record and report its transactions, maintain accountability for the related assets (and liabilities, if generally accepted accounting principles apply), document compliance with finance-related legal and contractual requirements and prepare financial statements required by Section 117-2-03 of the Administrative Code.

VILLAGE OF BARNESVILLE
BELMONT COUNTY

SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 § .505
DECEMBER 31, 2007 AND 2006
(Continued)

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

FINDING NUMBER 2007-002 (Continued)

**Noncompliance Citation/Significant Deficiency - Ohio Admin. Code Section 117-2-02(A)
(Continued)**

The Village's internal control procedures at the concession stand indicated the use of a cash register to account for daily concession sales and pool-related sales. A separate key will be used for: (1) concession sales; (2) total daily pool admissions; (3) patrons who rented the pool the night before; (4) swimming pool lessons; and (5) family or single pool pass purchases. At the end of the day, the money in the cash register will be totaled and reconciled to the cash register tape. A deposit slip will be prepared and dropped off at the WesBanco night deposit box. The deposit slip and cash register tape will be given to the Village Clerk.

The Village's concession stand cash register did not have pre-programmed keys to differentiate between the items being sold at the concession stand. The cash register was programmed for certain swimming pool sales, such as concession sales, total swimming pool admissions, pool rental, swimming lessons and pool passes. No manual records were maintained to support which or how many items were sold daily. The Village did not maintain any inventory records. The Village did not prepare any cost of goods sold to determine if the concession stand was making a profit. As a result, concession revenues may not be properly accounted for. We performed a trend analysis of concession sales for the last four years and the amount of revenue during our audit period seems reasonable.

We recommend the Village implement a procedure to record the number and type of items sold in the concession stand each day. The total dollar amount from this daily sheet should be reconciled to the total dollar amount on the cash register tape before the deposit ticket is prepared. Any variances should be documented. Also, the Village should maintain a perpetual inventory to allow a cost of goods sold to be performed. The preparation of the cost of goods sold will allow the Village to determine if the concession items are properly priced and control theft of inventory items.

FINDING NUMBER 2007-003

Noncompliance Citation

Ohio Rev. Code Section 5705.41(D)(1) states that no subdivision shall make any contract or give any order involving the expenditure of money unless there is attached thereto a certificate of the fiscal officer of the subdivision. The fiscal officer must certify that the amount required to meet such a commitment 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. Further, contracts and orders for expenditures lacking prior certification shall be null and void.

There are several exceptions to the standard requirement stated above that a fiscal officer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are: "then and now" certificates, blanket certificates, and super blanket certificates, which are provided for in Sections 5705.41(D)(1) and 5705.41(D)(3), respectively, of the Ohio Revised Code.

VILLAGE OF BARNESVILLE
BELMONT COUNTY

SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 § .505
DECEMBER 31, 2007 AND 2006
(Continued)

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

FINDING NUMBER 2007-003 (Continued)

Noncompliance Citation - Ohio Rev. Code Section 5705.41(D)(1) (Continued)

1. **“Then and Now” Certificate** – If the fiscal officer can certify that both at the time that the contract or order was made (“then”), and at the time that the fiscal officer is completing the certification (“now”), that sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the Village can authorize the drawing of a warrant for the payment of the amount due. The Village has thirty days from receipt of the “then and now” certificate to approve payment by ordinance or resolution.

Amounts of less than \$3,000 may be paid by the fiscal officer without a resolution or ordinance upon completion of the “then and now” certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the Village.

2. **Blanket Certificate** - Fiscal officers may prepare “blanket” certificates for a certain sum of money not exceeding an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority against any specific line item account and cannot extend beyond the end of the fiscal year. The blanket certificate may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation. Blanket certificates cannot be issued unless there has been an amount approved by the legislative authority for the blanket.
3. **Super Blanket Certificate** – The Village may also make expenditures and contracts for any amount from a specific line item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification is not to extend beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any line item appropriation.

The Fiscal Officer did not obtain prior certification for 23% of 2007 and 13% of 2006 transactions tested. We found no evidence of the Fiscal Officer using a “then and now” certificate. In addition, no purchase order was presented for 6% of the 2007 transactions tested and 3% of the 2006 transactions. The Fiscal Officer did not consistently require certification of a purchase order before the Village incurred an obligation. The Fiscal Officer’s failure to properly certify the availability of funds can result in overspending.

Unless the exceptions noted above are used, prior certification is not only required by statute, but is a key control in the disbursement process to assure that purchase commitments receive prior approval. To improve controls over disbursements and to help reduce the possibility of the Village’s funds exceeding budgetary spending limitations, we recommend the Fiscal Officer certify that the funds are or will be available prior to an obligation being incurred by the Village. When prior certification is not possible, “then and now” certification should be used.

**VILLAGE OF BARNESVILLE
BELMONT COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 § .505
DECEMBER 31, 2007 AND 2006
(Continued)**

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

FINDING NUMBER 2007-003 (Continued)

Noncompliance Citation - Ohio Rev. Code Section 5705.41(D)(1) (Continued)

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

Officials' Response:

The officials did not respond to the items noted above.

3. FINDINGS FOR FEDERAL AWARDS

Noncompliance Citation/Significant Deficiency

| | |
|------------------------------------|---|
| Finding Number | 2007-004 |
| CFDA Titles and Numbers | Community Facilities Grant – CFDA #10.766 Community Development Block Grant – CFDA #14.228 Bulletproof Vest Partnership Program – CFDA #16.607 Airport Improvement Program – CFDA #20.106 Public Assistance Grants - Disaster Assistance – CFDA #97.036 |
| Federal Award Number / Year | C-P-05-235-3 3-39-0007-0303 3-39-0007-0404 3-39-0007-0506 3-39-0007-0607 1507-DR-013-03926 1556-DR-013-03926 1556-DR-013-060C6 |
| Federal Agencies | U.S. Department of Agriculture U.S. Department of Housing and Urban Development U.S. Department of Justice U.S. Department of Transportation U.S. Department of Homeland Security |
| Pass-Through Agencies | Ohio Department of Development Ohio Emergency Management Agency |

VILLAGE OF BARNESVILLE
BELMONT COUNTY

SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 § .505
DECEMBER 31, 2007 AND 2006
(Continued)

3. FINDINGS FOR FEDERAL AWARDS (Continued)

FINDING NUMBER 2007-004 (Continued)

Noncompliance Citation/Significant Deficiency – OMB Circular A-133 § .200 (Continued)

OMB Circular A-133 § .200 states non-federal entities that expend \$500,000 or more in a year in federal awards shall have a single or program-specific audit conducted for that year in accordance with the provisions of this part.

OMB Circular A-133 § .320(a) provides the audit shall be completed and the data collection from described in paragraph (b) of this section shall be submitted within the earlier of 30 days after receipt of the auditor's report, or nine months after the end of the audit period, unless a longer period is agreed to in advance by the cognizant or oversight agency for audit.

The Village expended over \$500,000 in federal awards during 2006. The Village did not have a single or program-specific audit conducted for 2006 within nine months after the end of the year. Consequently, future federal funding could be jeopardized and the Village will be considered as a "higher-risk" entity.

We recommend the Village adopt procedures to allow the Village to have a single audit conducted within nine months of the end of the year in which such federal awards exceeding \$500,000 have been expended.

Official's Response and Corrective Action Plan:

The Village's management intends to adopt procedures to have a single audit conducted within nine months for any audit period the Village expends over \$500,000 in federal awards.



Mary Taylor, CPA
Auditor of State

VILLAGE OF BARNESVILLE

BELMONT COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
MARCH 17, 2009**