



Dave Yost • Auditor of State



**VILLAGE OF BARNESVILLE  
BELMONT COUNTY  
DECEMBER 31, 2016 AND 2015**

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

Village of Barnesville  
Belmont County  
P.O. Box 190  
Barnesville, Ohio 43713

To the Village Council:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of the Village of Barnesville, Belmont County, Ohio (the Village), as of and for the years ended December 31, 2016 and 2015.

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

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

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

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

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

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

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

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

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

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

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

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2016 and 2015, and the respective changes in financial position or cash flows thereof for the years then ended.

***Basis for Additional Opinion Qualification***

Park and recreation receipts were reported at \$65,220 and \$61,740 for the years ended December 31, 2016 and 2015, respectively, which are 16.7% of Special Revenue Fund type charges for services receipts for the year ended December 31, 2016, and 13.8% of Special Revenue Fund type charges for services for the year ended December 31, 2015. We were unable to obtain sufficient appropriate audit evidence supporting the amounts recorded as charges for services receipts. Consequently, we were unable to determine whether any adjustments to these amounts were necessary.

***Additional Opinion Qualification***

In our opinion, except for the possible effects of the matter described in the *Basis for Additional Opinion Qualification* paragraph, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements by fund type, and related notes of the Village of Barnesville, Belmont County, Ohio, as of December 31, 2016 and 2015, for the years then ended in accordance with the financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D) permit, described in Note 1.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated January 17, 2018, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping initial "D".

**Dave Yost**  
Auditor of State  
Columbus, Ohio

January 17, 2018

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**VILLAGE OF BARNESVILLE  
BELMONT COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2016**

	General	Special Revenue	Debt Service	Capital Projects	Totals (Memorandum Only)
<b>Cash Receipts</b>					
Property and Other Local Taxes	\$159,772	\$34,910	\$0	\$0	\$194,682
Municipal Income Tax	836,505	(26)	0	0	836,479
Intergovernmental	130,896	230,100	0	0	360,996
Charges for Services	200	391,117	0	0	391,317
Fines, Licenses and Permits	146,620	33,076	0	0	179,696
Earnings on Investments	107,642	1,017	0	0	108,659
Miscellaneous	84,830	65,258	0	0	150,088
<i>Total Cash Receipts</i>	<u>1,466,465</u>	<u>755,452</u>	<u>0</u>	<u>0</u>	<u>2,221,917</u>
<b>Cash Disbursements</b>					
Current:					
Security of Persons and Property	768,426	370,202	0	0	1,138,628
Public Health Services	16,814	113,880	0	0	130,694
Leisure Time Activities	22,399	227,416	0	0	249,815
Transportation	70,843	482,800	0	0	553,643
General Government	293,107	4,301	0	0	297,408
Capital Outlay	389,592	6,256	0	52,095	447,943
Debt Service:					
Redemption of Principal	0	0	87,353	0	87,353
Interest and Fiscal Charges	0	0	17,295	0	17,295
<i>Total Cash Disbursements</i>	<u>1,561,181</u>	<u>1,204,855</u>	<u>104,648</u>	<u>52,095</u>	<u>2,922,779</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(94,716)</u>	<u>(449,403)</u>	<u>(104,648)</u>	<u>(52,095)</u>	<u>(700,862)</u>
<b>Other Financing Receipts (Disbursements)</b>					
Sale of Fixed Assets	4,355	0	0	0	4,355
Transfers In	287,308	617,549	209,295	0	1,114,152
Transfers Out	0	(784,709)	(100,086)	(73,289)	(958,084)
Other Financing Sources	853,133	0	0	19,311	872,444
<i>Total Other Financing Receipts (Disbursements)</i>	<u>1,144,796</u>	<u>(167,160)</u>	<u>109,209</u>	<u>(53,978)</u>	<u>1,032,867</u>
<i>Net Change in Fund Cash Balances</i>	1,050,080	(616,563)	4,561	(106,073)	332,005
<i>Fund Cash Balances, January 1</i>	<u>3,319,861</u>	<u>1,506,001</u>	<u>100,087</u>	<u>124,360</u>	<u>5,050,309</u>
<b>Fund Cash Balances, December 31</b>					
Restricted	0	454,739	104,648	18,287	577,674
Committed	0	436,462	0	0	436,462
Unassigned (Deficit)	4,369,941	(1,763)	0	0	4,368,178
<i>Fund Cash Balances, December 31</i>	<u>\$4,369,941</u>	<u>\$889,438</u>	<u>\$104,648</u>	<u>\$18,287</u>	<u>\$5,382,314</u>

*See accompanying notes to the basic financial statements*

**VILLAGE OF BARNESVILLE  
BELMONT COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (CASH BASIS)  
PROPRIETARY AND FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2016**

	Proprietary Fund Type	Fiduciary Fund Type	Totals
	Enterprise	Agency	(Memorandum Only)
<b>Operating Cash Receipts</b>			
Charges for Services	\$3,193,357	\$0	\$3,193,357
Fines, Licenses and Permits	0	39,545	39,545
Miscellaneous	16,562	0	16,562
<i>Total Operating Cash Receipts</i>	<u>3,209,919</u>	<u>39,545</u>	<u>3,249,464</u>
<b>Operating Cash Disbursements</b>			
Personal Services	879,762	0	879,762
Contractual Services	654,045	0	654,045
Supplies and Materials	444,746	0	444,746
Other	0	73,094	73,094
Capital Outlay	288,013	0	288,013
<i>Total Operating Cash Disbursements</i>	<u>2,266,566</u>	<u>73,094</u>	<u>2,339,660</u>
<i>Operating Income (Loss)</i>	<u>943,353</u>	<u>(33,549)</u>	<u>909,804</u>
<b>Non-Operating Receipts (Disbursements)</b>			
Miscellaneous Receipts	3,541	0	3,541
Other Financing Sources	7,782	0	7,782
Other Financing Uses	(2,367)	0	(2,367)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>8,956</u>	<u>0</u>	<u>8,956</u>
<i>Income (Loss) before Transfers</i>	952,309	(33,549)	918,760
Transfers In	53,327	0	53,327
Transfers Out	(209,395)	0	(209,395)
<i>Net Change in Fund Cash Balances</i>	796,241	(33,549)	762,692
<i>Fund Cash Balances, January 1</i>	<u>3,915,917</u>	<u>49,224</u>	<u>3,965,141</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$4,712,158</u></u>	<u><u>\$15,675</u></u>	<u><u>\$4,727,833</u></u>

*See accompanying notes to the basic financial statements*

**VILLAGE OF BARNESVILLE  
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2016**

**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, (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, street maintenance, emergency management, fire protection and police services. The Village appropriates general fund money to support a volunteer fire department.

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 permitted by the financial reporting provisions of Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D) permit.

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

**D. Fund Accounting**

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

**1. General Fund**

The General Fund accounts for and reports all financial resources not accounted for and reported in another fund. 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.

**VILLAGE OF BARNESVILLE  
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2016  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Fund Accounting (Continued)**

**2. Special Revenue Funds**

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

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

Emergency Medical Services Fund – This fund receives charges for services from residents to provide emergency medical services.

**3. Debt Service Funds**

These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. The Village had the following significant Debt Service Funds:

Ohio Water Development Authority (OWDA) Note Fund – This fund receives sewer revenue money to make principal and interest payments towards an OWDA loan for waste water treatment plant sludge improvement.

**4. Capital Project Fund**

This fund accounts for and reports financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Village had the following significant Capital Project Funds:

Industrial Park Sewage Fund – This fund received funding from the County and a mandated percentage from income tax collection in 2015 for construction of a sewer system in the Industrial Park for JEDD #1.

**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:

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

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

**VILLAGE OF BARNESVILLE  
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2016  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Fund Accounting (Continued)**

**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 fund accounts for the financial activity of the Mayor's Court and JEDD #2.

**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. Unencumbered appropriations lapse at year end.

**2. Estimated Resources**

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

**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 2016 budgetary activity appears in Note 3.

**F. Fund Balance**

Fund balance is divided into three 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:

**VILLAGE OF BARNESVILLE  
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2016  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**F. Fund Balance (Continued)**

**1. Restricted**

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

**2. 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.

**3. Unassigned**

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

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

**G. Property, Plant, and Equipment**

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

**H. Accumulated Leave**

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

**VILLAGE OF BARNESVILLE  
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2016  
(Continued)**

**2. EQUITY IN POOLED DEPOSITS AND INVESTMENTS**

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 and investments at December 31 was as follows:

	2016
Demand deposits	\$6,314,411
Certificates of deposit	2,094,270
Total deposits	8,408,681
Municipal Bonds	900,000
Money Market	778,086
Star Ohio	2,035
Donated Common Stock	21,345
Total investments	1,701,466
Total deposits and investments	\$10,110,147

**Deposits:** Deposits are insured by the Federal Deposit Insurance Corporation or collateralized by the financial institution's public entity deposit pool.

**Investments:** An investment firm holds the Village's equity securities in book-entry form in the Village's name. Investments in STAR Ohio 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. BUDGETARY ACTIVITY**

Budgetary activity for the year ending December 31, 2016, follows:

2016 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,450,000	\$2,611,261	\$1,161,261
Special Revenue	1,772,450	1,373,001	(399,449)
Debt Service	224,459	209,295	(15,164)
Capital Projects	79,000	19,311	(59,689)
Enterprise	3,091,500	3,274,569	183,069
Total	\$6,617,409	\$7,487,437	\$870,028

**VILLAGE OF BARNESVILLE  
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2016  
(Continued)**

**3. BUDGETARY ACTIVITY (Continued)**

2016 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,937,659	\$1,586,579	\$351,080
Special Revenue	2,811,467	2,022,790	788,677
Debt Service	324,547	204,734	119,813
Capital Projects	238,526	131,124	107,402
Enterprise	3,257,730	2,945,978	311,752
Total	\$8,569,929	\$6,891,205	\$1,678,724

Contrary to Ohio Rev. Code § 5705.39, appropriations exceeded estimated resources in several funds for the year ended December 31, 2016.

**4. PROPERTY TAX**

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

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

**5. LOCAL INCOME TAX**

The Village levies a municipal income tax of 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, JEDD #1 and JEDD #2 withhold income tax on employee compensation and remit the tax to the Village either monthly or quarterly, as required. Corporations and other individual taxpayers pay estimated quarterly and file a declaration annually.

**6. DEBT**

Debt outstanding at December 31, 2016, was as follows:

	Principal	Interest Rate
Ohio Water Development Authority Loan	\$1,546,453	1.00-8.47%
Ohio Public Works Commission Loans	453,902	0.00-0.20%
Total	\$2,000,355	



**VILLAGE OF BARNESVILLE  
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2016  
(Continued)**

**6. DEBT (Continued)**

The Ohio Water Development Authority (OWDA) loan relates 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 installments including interest over 20 years. Water and sewer receipts collateralize the loan. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

The Ohio Public Works Commission (OPWC) loans relates to water and sewer improvements. The Village will repay the loans in semiannual installments including interest, over 20 years. Water and sewer receipts collateralize the loans. The Village has 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:	<u>OWDA Loans</u>	<u>OPWC Loans</u>
2017	\$146,859	\$62,436
2018	146,859	62,436
2019	146,859	62,436
2020	146,859	62,436
2021	146,859	55,331
2022-2026	734,297	145,321
2017-2031	<u>245,796</u>	<u>31,768</u>
Total	<u><u>\$1,714,388</u></u>	<u><u>\$482,164</u></u>

**Conduit Debt**

Ohio Hills Health Services, Inc. (Ohio Hills) wished to acquire Wesbanco Bank's former office within Barnesville for use as a medical clinic. Ohio Hills could obtain financing from Wesbanco Bank at a lower cost, provided the Village acquired the property and leased it to Ohio Hills, with the requirement Ohio Hills made all payments on the mortgage in the form of lease payments and subsequently purchase the property from the Village at the conclusion of the lease.

The Village purchased the property from Wesbanco Bank on October 25, 2006 for the sum of \$325,000 and entered into a mortgage with Wesbanco Bank for an amount of \$325,000. The mortgage is non-recourse, provided 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 agreement with Ohio Hills, provided Ohio Hills shall make monthly payments in a sufficient manner to pay all payments due on the mortgage to Wesbanco Bank. The lease also requires Ohio Hills 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 Bank mortgage is paid in full. The outstanding balance due on the mortgage as of December 31, 2016 was \$266,336.

**VILLAGE OF BARNESVILLE  
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2016  
(Continued)**

**7. RETIREMENT SYSTEMS**

The Village's full-time employees and elected officials belong to the Ohio Public Employees Retirement System (OPERS). The Village's full-time Police Officers belong to the Police and Fire Pension Fund (OP&F). OPERS and OP&F are cost-sharing, multiple-employer plans. The Ohio Revised Code prescribes these plans' benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2016, OPERS members contributed 10% of their gross salaries and the Village contributed an amount equaling 14% of participants' gross salaries. For 2016, OP&F members contributed 12.25% of their gross salaries and the Village contributed an amount equaling 19.5% of participants' gross salaries. The Village has paid all contributions required through December 31, 2016.

The full-time employees and elected officials who are not members of OPERS contribute to Social Security. The contribution rate of these members is 6.2% of their gross salary. As required, the Village matches the 6.2% contribution to Social Security. The Village has paid all contributions required through December 31, 2016.

**8. RISK MANAGEMENT**

**Commercial Insurance**

The Village has obtained commercial insurance for the following risks:

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

**9. CONTINGENT LIABILITIES**

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

**10. RELATED PARTY TRANSACTIONS**

A Village Council member is part owner of a company from which the Village acquired hardware supplies during the year.

**11. JOINTLY GOVERNED ORGANIZATIONS**

**Belmont County Regional Airport Authority**

Belmont County Regional Airport Authority (Authority) is the governing body for the Barnesville-Bradfield Airport. The Authority was created in August 2008. The original governing board is comprised of three trustees appointed by the Belmont County Commissioners and two trustees appointed by the Village of Barnesville. Hereafter, any trustee whose term expires or who resigns shall be replaced by the appointed Authority who originally appointed him or her. The Authority is not dependent upon the Village of Barnesville for its continued existence, no debt exists, and the Village does not have an equity interest in or a financial responsibility for the Authority.

**VILLAGE OF BARNESVILLE  
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2016  
(Continued)**

**11. JOINTLY GOVERNED ORGANIZATIONS (Continued)**

**Barnesville-Warren Township Joint Economic Development District #1**

Barnesville-Warren Township Joint Economic Development District #1 (JEDD #1) was created December 8, 2008 between the Village of Barnesville and Warren Township to provide for the operation of the District in accordance with §§ 715.72 through 715.78 of the Ohio Revised Code for their mutual benefit and for the benefit of their residents and of the State of Ohio. The Board of Directors shall consist of three members, one member representing the Village to be appointed by the Mayor with approval of Village Council, one member representing the Township, appointed by the Township Board of Trustees and one member selected by the members previously mentioned. The Board members shall serve without compensation. The Board shall meet at least once each calendar year.

The Board levied an income tax rate of 1.0% in the District in accordance with § 715.74 of the Ohio Revised Code. The Board contracted with the Village of Barnesville to collect the income tax. Each quarter, the Village Tax Administrator shall provide the JEDD #1 with an amount sufficient to pay the outstanding or expected expenses of the operation of JEDD #1 for that quarter. Income tax monies in excess of those provided to JEDD #1 shall be credited to the Village to be spent as outlined in contractual agreement between JEDD #1 and the Village in § 10. JEDD #1 is not dependent upon the Village of Barnesville for its continued existence, no debt exists, and the Village does not have an equity interest in or a financial responsibility for JEDD #1.

**Barnesville-Warren Township Joint Economic Development District #2**

Barnesville-Warren Township Joint Economic Development District #2 (JEDD #2) was created June 18, 2012 between the Village of Barnesville and Warren Township to provide for the operation of the District in accordance with §§ 715.72 through 715.78 of the Ohio Revised Code for their mutual benefit and for the benefit of their residents and of the State of Ohio. The Board of Directors shall consist of five members, one member representing the Village to be appointed by the Mayor with approval of Village Council, one member representing the Township, appointed by the Township Board of Trustees, one member representing the owners of businesses within the District, one member representing the persons working within the District, and one member selected by the other four members. The Board members shall serve without compensation. The Board shall meet at least once each calendar year.

The Board levied an income tax rate of 1.0% in the District in accordance with § 715.74 of the Ohio Revised Code. The Board contracted with the Village of Barnesville to collect the income tax. Each quarter, the Village Tax Administrator shall provide the JEDD #2 with an amount sufficient to pay the outstanding or expected expenses of the operation of JEDD #2 for that quarter. Income tax monies in excess of those provided to JEDD #2 shall be credited to the Village to be spent as outlined in contractual agreement between JEDD #2 and the Village in §10. The Village of Barnesville maintains an Agency Fund for JEDD #2. JEDD #2 is not dependent upon the Village of Barnesville for its continued existence, no debt exists, and the Village does not have an equity interest in or a financial responsibility for JEDD #2.

**12. LOANS RECEIVABLE**

In 2013, the Village loaned Ohio Hills Health Services \$142,743 with interest at the rate of 1% for the first five years and then increasing to 1 ½% per annum in consecutive monthly installments of \$1,250 for the first 60 payments and \$1,266 for the remaining 60 payments commencing September 15, 2013. Amount outstanding as of December 31, 2016 is \$96,738 with an expected amount to be collected within a year of \$15,006.

**VILLAGE OF BARNESVILLE  
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2016  
(Continued)**

**12. LOANS RECEIVABLE (Continued)**

In 2013, the Village loaned the Barnesville Hospital Association Inc. (the Hospital) \$1,500,000 with interest at the rate of 1% for the first five years then increasing to 1 ½% for the next five years and then increasing to 2% per annum in equal monthly installments of \$10,052. During 2016, the Hospital made the monthly payments totaling \$120,622 plus an additional amount of \$717,504. Amount outstanding as of December 31, 2016 is \$614,000 with an expected amount to be collected within a year of \$120,622.

**VILLAGE OF BARNESVILLE  
BELMONT COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2015**

	General	Special Revenue	Debt Service	Capital Projects	Totals (Memorandum Only)
<b>Cash Receipts</b>					
Property and Other Local Taxes	\$139,421	\$33,169	\$0	\$0	\$172,590
Municipal Income Tax	0	822,535	0	0	822,535
Intergovernmental	181,632	271,857	0	1,066,800	1,520,289
Charges for Services	1,000	446,690	0	0	447,690
Fines, Licenses and Permits	49,793	2,977	0	0	52,770
Earnings on Investments	123,069	3,069	0	0	126,138
Miscellaneous	24,747	15,330	0	11,620	51,697
<i>Total Cash Receipts</i>	<u>519,662</u>	<u>1,595,627</u>	<u>0</u>	<u>1,078,420</u>	<u>3,193,709</u>
<b>Cash Disbursements</b>					
Current:					
Security of Persons and Property	781,902	348,480	0	0	1,130,382
Public Health Services	14,837	122,342	0	0	137,179
Leisure Time Activities	15,985	242,934	0	0	258,919
Transportation	57,069	488,910	0	0	545,979
General Government	259,739	54,174	0	339	314,252
Capital Outlay	0	167,593	0	1,487,546	1,655,139
Debt Service:					
Redemption of Principal	0	0	199,080	0	199,080
Interest and Fiscal Charges	0	0	37,112	0	37,112
<i>Total Cash Disbursements</i>	<u>1,129,532</u>	<u>1,424,433</u>	<u>236,192</u>	<u>1,487,885</u>	<u>4,278,042</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(609,870)</u>	<u>171,194</u>	<u>(236,192)</u>	<u>(409,465)</u>	<u>(1,084,333)</u>
<b>Other Financing Receipts (Disbursements)</b>					
Sale of Notes	0	0	0	13,973	13,973
Transfers In	0	626,354	240,492	506,707	1,373,553
Transfers Out	0	(1,159,955)	0	0	(1,159,955)
Other Financing Sources	109,501	95	0	0	109,596
<i>Total Other Financing Receipts (Disbursements)</i>	<u>109,501</u>	<u>(533,506)</u>	<u>240,492</u>	<u>520,680</u>	<u>337,167</u>
<i>Net Change in Fund Cash Balances</i>	<u>(500,369)</u>	<u>(362,312)</u>	<u>4,300</u>	<u>111,215</u>	<u>(747,166)</u>
<i>Fund Cash Balances, January 1</i>	<u>3,820,230</u>	<u>1,868,313</u>	<u>95,787</u>	<u>13,145</u>	<u>5,797,475</u>
<b>Fund Cash Balances, December 31</b>					
Restricted	0	435,692	100,087	124,360	660,139
Committed	0	1,070,309	0	0	1,070,309
Assigned	580,934	0	0	0	580,934
Unassigned (Deficit)	2,738,927	0	0	0	2,738,927
<i>Fund Cash Balances, December 31</i>	<u>\$3,319,861</u>	<u>\$1,506,001</u>	<u>\$100,087</u>	<u>\$124,360</u>	<u>\$5,050,309</u>

*See accompanying notes to the basic financial statements*

**VILLAGE OF BARNESVILLE  
BELMONT COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (CASH BASIS)  
PROPRIETARY AND FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2015**

	Proprietary Fund Type	Fiduciary Fund Type	Totals
	Enterprise	Agency	(Memorandum Only)
<b>Operating Cash Receipts</b>			
Charges for Services	\$2,954,913	\$0	\$2,954,913
Fines, Licenses and Permits	0	51,565	51,565
Miscellaneous	100,125	0	100,125
<i>Total Operating Cash Receipts</i>	<u>3,055,038</u>	<u>51,565</u>	<u>3,106,603</u>
<b>Operating Cash Disbursements</b>			
Personal Services	825,073	0	825,073
Contractual Services	554,684	0	554,684
Supplies and Materials	421,747	0	421,747
Other	0	27,757	27,757
Capital Outlay	630,579	0	630,579
<i>Total Operating Cash Disbursements</i>	<u>2,432,083</u>	<u>27,757</u>	<u>2,459,840</u>
<i>Operating Income</i>	<u>622,955</u>	<u>23,808</u>	<u>646,763</u>
<b>Non-Operating Receipts (Disbursements)</b>			
Intergovernmental	25,497	0	25,497
Miscellaneous Receipts	3,838	0	3,838
Other Financing Sources	8,881	0	8,881
Other Financing Uses	(7,037)	0	(7,037)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>31,179</u>	<u>0</u>	<u>31,179</u>
<i>Income before Transfers</i>	654,134	23,808	677,942
Transfers Out	(213,598)	0	(213,598)
<i>Net Change in Fund Cash Balances</i>	440,536	23,808	464,344
<i>Fund Cash Balances, January 1</i>	<u>3,475,381</u>	<u>25,416</u>	<u>3,500,797</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$3,915,917</u></u>	<u><u>\$49,224</u></u>	<u><u>\$3,965,141</u></u>

*See accompanying notes to the basic financial statements*

**VILLAGE OF BARNESVILLE  
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015**

**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, (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, street maintenance, emergency management, fire protection and police services. The Village appropriates general fund money to support a volunteer fire department.

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 permitted by the financial reporting provisions of Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D) permit.

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

**D. Fund Accounting**

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

**1. General Fund**

The General Fund accounts for and reports all financial resources not accounted for and reported in another fund. 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.

**VILLAGE OF BARNESVILLE  
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Fund Accounting (Continued)**

**2. Special Revenue Funds**

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

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

Park and Recreation Fund – This fund receives pool admissions, concession receipts, donations and distributions of Village income tax collections to be used for the maintenance and upkeep of the Village park and pool.

Emergency Medical Services Fund – This fund receives charges for services from residents to provide emergency medical services.

**3. Debt Service Funds**

These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. The Village had the following significant Debt Service Funds:

Ohio Water Development Authority (OWDA) Note Fund – This fund receives sewer revenue money to make principal and interest payments towards an OWDA loan for waste water treatment plant sludge improvement.

**4. Capital Project Funds**

This fund accounts for and reports financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Village had the following significant Capital Project Funds:

Capital Improvement Fund – This fund receives grant funding from state and federal agencies and a mandated percentage from income tax collection for various Village capital improvements.

Industrial Park Sewage Fund – This fund received funding from the County and a mandated percentage from income tax collection for construction of a sewer system in the Industrial Park for JEDD #1.

**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, 2015  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Fund Accounting (Continued)**

**5. Enterprise Funds (Continued)**

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

Sewer 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 fund accounts for the financial activity of the Mayor's Court and JEDD #2.

**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. Unencumbered appropriations lapse at year end.

**2. Estimated Resources**

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

**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 2015 budgetary activity appears in Note 3.

**VILLAGE OF BARNESVILLE  
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**F. Fund Balance**

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

**1. Restricted**

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

**2. 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.

**3. 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.

**4. Unassigned**

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

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

**G. Property, Plant, and Equipment**

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

**VILLAGE OF BARNESVILLE  
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**H. Accumulated Leave**

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

**2. EQUITY IN POOLED DEPOSITS AND INVESTMENTS**

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 and investments at December 31 was as follows:

	2015
Demand deposits	\$5,255,671
Certificates of deposit	2,193,741
Total deposits	7,449,412
Municipal Bonds	606,550
Federal Home Loan Bank	638,525
Federal National Mortgage Association	297,594
Star Ohio	2,024
Donated Common Stock	21,345
Total investments	1,566,038
Total deposits and investments	\$9,015,450

**Deposits:** Deposits are insured by the Federal Deposit Insurance Corporation or collateralized by the financial institution's public entity deposit pool.

**Investments:** An investment firm holds the Village's equity securities in book-entry form in the Village's name. Investments in STAR Ohio 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.

**VILLAGE OF BARNESVILLE  
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015  
(Continued)**

**3. BUDGETARY ACTIVITY**

Budgetary activity for the year ending December 31, 2015, follows:

2015 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,000,000	\$629,163	(\$370,837)
Special Revenue	1,831,700	2,222,076	390,376
Debt Service	0	240,492	240,492
Capital Projects	200,000	1,599,100	1,399,100
Enterprise	2,511,100	3,093,254	582,154
Agency	1,000	0	(1,000)
Total	\$5,543,800	\$7,784,085	\$2,240,285

2015 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,382,499	\$1,209,607	\$172,892
Special Revenue	2,984,625	2,712,317	272,308
Debt Service	321,224	236,192	85,032
Capital Projects	1,709,010	1,594,687	114,323
Enterprise	3,615,143	3,036,292	578,851
Total	\$10,012,501	\$8,789,095	\$1,223,406

Contrary to Ohio Rev. Code § 5705.39, appropriations exceeded estimated resources in several funds for the year ended December 31, 2015.

**4. PROPERTY TAX**

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

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

**5. LOCAL INCOME TAX**

The Village levies a municipal income tax of 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, JEDD #1 and JEDD #2 withhold income tax on employee compensation and remit the tax to the Village either monthly or quarterly, as required. Corporations and other individual taxpayers pay estimated quarterly and file a declaration annually.

**VILLAGE OF BARNESVILLE  
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015  
(Continued)**

**6. DEBT**

Debt outstanding at December 31, 2015, was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Ohio Water Development Authority Loan	\$1,605,790	1.00-8.47%
Ohio Public Works Commission Loans	482,083	0.00-0.20%
Total	<u>\$2,087,873</u>	

The Ohio Water Development Authority (OWDA) loan relates 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 installments including interest over 20 years. Water and sewer receipts collateralize the loan. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

The Ohio Public Works Commission (OPWC) loans relates to water and sewer improvements. The Village will repay the loans in semiannual installments including interest, over 20 years. Water and sewer receipts collateralize the loans. The Village has 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	<u>OWDA Loans</u>	<u>OPWC Loans</u>
December 31:		
2016	\$73,430	\$31,218
2017	146,859	62,436
2018	146,859	62,436
2019	146,859	62,436
2020	146,859	62,436
2021-2025	734,297	178,903
2026-2030	378,520	52,293
2031	14,135	1,225
Total	<u>\$1,787,818</u>	<u>\$513,383</u>

**Conduit Debt**

Ohio Hills Health Services, Inc. (Ohio Hills) wished to acquire Wesbanco Bank's former office within Barnesville for use as a medical clinic. Ohio Hills could obtain financing from Wesbanco Bank at a lower cost, provided the Village acquired the property and leased it to Ohio Hills, with the requirement Ohio Hills made all payments on the mortgage in the form of lease payments and subsequently purchase the property from the Village at the conclusion of the lease.

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

**VILLAGE OF BARNESVILLE  
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015  
(Continued)**

**6. DEBT (Continued)**

The Village entered into a lease-purchase agreement with Ohio Hills, provided Ohio Hills shall make monthly payments in a sufficient manner to pay all payments due on the mortgage to Wesbanco Bank. The lease also requires Ohio Hills 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 Bank mortgage is paid in full. The outstanding balance due on the mortgage as of December 31, 2015 was \$273,984.

**7. RETIREMENT SYSTEMS**

The Village's full-time employees and elected officials belong to the Ohio Public Employees Retirement System (OPERS). The Village's full-time Police Officers belong to the Police and Fire Pension Fund (OP&F). OPERS and OP&F are cost-sharing, multiple-employer plans. The Ohio Revised Code prescribes these plans' benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2015, OPERS members contributed 10% of their gross salaries and the Village contributed an amount equaling 14% of participants' gross salaries. For 2015, OP&F members contributed 11.5% through June 30, 2015 and 12.25% effective July 1, 2015 of their gross salaries and the Village contributed an amount equaling 19.5% of participants' gross salaries. The Village has paid all contributions required through December 31, 2015.

The full-time employees and elected officials who are not members of OPERS contribute to Social Security. The contribution rate of these members is 6.2% of their gross salary. As required, the Village matches the 6.2% contribution to Social Security. The Village has paid all contributions required through December 31, 2015.

**8. RISK MANAGEMENT**

**Commercial Insurance**

The Village has obtained commercial insurance for the following risks:

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

**9. CONTINGENT LIABILITIES**

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

**10. RELATED PARTY TRANSACTIONS**

A Village Council member is part owner of a company from which the Village acquired hardware supplies during the year.

**VILLAGE OF BARNESVILLE  
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015  
(Continued)**

**11. JOINTLY GOVERNED ORGANIZATIONS**

**Belmont County Regional Airport Authority**

Belmont County Regional Airport Authority (Authority) is the governing body for the Barnesville-Bradfield Airport. The Authority was created in August 2008. The original governing board is comprised of three trustees appointed by the Belmont County Commissioners and two trustees appointed by the Village of Barnesville. Hereafter, any trustee whose term expires or who resigns shall be replaced by the appointed Authority who originally appointed him or her. The Authority is not dependent upon the Village of Barnesville for its continued existence, no debt exists, and the Village does not have an equity interest in or a financial responsibility for the Authority.

**Barnesville-Warren Township Joint Economic Development District #1**

Barnesville-Warren Township Joint Economic Development District #1 (JEDD #1) was created December 8, 2008 between the Village of Barnesville and Warren Township to provide for the operation of the District in accordance with §§ 715.72 through 715.78 of the Ohio Revised Code for their mutual benefit and for the benefit of their residents and of the State of Ohio. The Board of Directors shall consist of three members, one member representing the Village to be appointed by the Mayor with approval of Village Council, one member representing the Township, appointed by the Township Board of Trustees and one member selected by the members previously mentioned. The Board members shall serve without compensation. The Board shall meet at least once each calendar year.

The Board levied an income tax rate of 1.0% in the District in accordance with § 715.74 of the Ohio Revised Code. The Board contracted with the Village of Barnesville to collect the income tax. Each quarter, the Village Tax Administrator shall provide the JEDD #1 with an amount sufficient to pay the outstanding or expected expenses of the operation of JEDD #1 for that quarter. Income tax monies in excess of those provided to JEDD #1 shall be credited to the Village to be spent as outlined in contractual agreement between JEDD #1 and the Village in § 10. JEDD #1 is not dependent upon the Village of Barnesville for its continued existence, no debt exists, and the Village does not have an equity interest in or a financial responsibility for JEDD #1.

**Barnesville-Warren Township Joint Economic Development District #2**

Barnesville-Warren Township Joint Economic Development District #2 (JEDD #2) was created June 18, 2012 between the Village of Barnesville and Warren Township to provide for the operation of the District in accordance with §§ 715.72 through 715.78 of the Ohio Revised Code for their mutual benefit and for the benefit of their residents and of the State of Ohio. The Board of Directors shall consist of five members, one member representing the Village to be appointed by the Mayor with approval of Village Council, one member representing the Township, appointed by the Township Board of Trustees, one member representing the owners of businesses within the District, one member representing the persons working within the District, and one member selected by the other four members. The Board members shall serve without compensation. The Board shall meet at least once each calendar year.

The Board levied an income tax rate of 1.0% in the District in accordance with § 715.74 of the Ohio Revised Code. The Board contracted with the Village of Barnesville to collect the income tax. Each quarter, the Village Tax Administrator shall provide the JEDD #2 with an amount sufficient to pay the outstanding or expected expenses of the operation of JEDD #2 for that quarter. Income tax monies in excess of those provided to JEDD #2 shall be credited to the Village to be spent as outlined in contractual agreement between JEDD #2 and the Village in § 10. The Village of Barnesville maintains an Agency Fund for JEDD #2. JEDD #2 is not dependent upon the Village of Barnesville for its continued existence, no debt exists, and the Village does not have an equity interest in or a financial responsibility for JEDD #2.

**VILLAGE OF BARNESVILLE  
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015  
(Continued)**

**12. LOANS RECEIVABLE**

In 2013, the Village loaned Ohio Hills Health Services \$142,743 with interest at the rate of 1% for the first five years and then increasing to 1 ½% per annum in consecutive monthly installments of \$1,250 for the first 60 payments and \$1,266 for the remaining 60 payments commencing September 15, 2013. Amount outstanding as of December 31, 2015 is \$110,701 with an expected amount to be collected within a year of \$15,006.

In 2013, the Village loaned the Barnesville Hospital Association Inc. (the Hospital) \$1,500,000 with interest at the rate of 1% for the first five years then increasing to 1 ½% for the next five years and then increasing to 2% per annum in equal monthly installments of \$10,052. Amount outstanding as of December 31, 2015 is \$1,438,233 with an expected amount to be collected within a year to be \$120,622.





# Dave Yost • Auditor of State

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

Village of Barnesville  
Belmont County  
P.O. Box 190  
Barnesville, Ohio 43713

To the Village Council:

We have audited in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements by fund type of the Village of Barnesville, Belmont County, Ohio, (the Village), as of and for the years ended December 31, 2016 and 2015, and the related notes to the financial statements and have issued our report thereon dated January 17, 2018, wherein we noted the Village followed financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D) permit. We also qualified our opinion due to lack of sufficient appropriate audit evidence supporting the amounts recorded as charges for services receipts in the Special Revenue Fund type.

### ***Internal Control Over Financial Reporting***

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. However, as described in the accompanying Schedule of Findings we identified certain deficiencies in internal control over financial reporting, that we consider material weaknesses and significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A material weakness is a deficiency, or a combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Village's financial statements. We consider Findings 2016-001, 2016-002, 2016-005, 2016-006, and 2016-009 described in the accompanying Schedule of Findings to be material weaknesses.

A significant deficiency is a deficiency, or a combination of internal control deficiencies less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider Findings 2016-007 and 2016-008 described in the accompanying Schedule of Findings to be significant deficiencies.

***Compliance and Other Matters***

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying Schedule of Findings as items 2016-001, 2016-003, and 2016-004.

***Village's Response to Findings***

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

***Purpose of this Report***

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



**Dave Yost**  
Auditor of State  
Columbus, Ohio

January 17, 2018

**VILLAGE OF BARNESVILLE  
BELMONT COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2016 AND 2015**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2016-001**

**Noncompliance and Material Weakness**

Ohio Rev. Code § 117.38 states, in part, that each public office shall file a financial report for each fiscal year. The Auditor of State (AOS) may prescribe forms by rule or may issue guidelines, or both, for such reports. However, if the Auditor of State has not prescribed a rule regarding the form for the report, the public office shall submit its report on the form utilized by the public office.

The report shall contain the following: (A) amount of collections and receipts, and accounts due from each source; (B) amount of expenditures for each purpose, (C) income of any public service industry owned or operated by a municipal corporation, and the cost of such ownership or operation; and (D) amount of public debt of each taxing district, the purpose of the debt, and how the debt will be repaid.

The notes to the financial statements required significant revisions, which were agreed to by Village management and are reflected in the accompanying notes to the financial statements. We noted the following:

- The Equity in Pooled Deposits note did not individually list the amounts for certificate of deposits, municipal bonds, federal home loan bank, federal national mortgage association, StarOhio, and donated common stock. In 2015, the Equity in Pooled Deposits note did not include the Mayor's Court fund balance. Also in 2016, the Village did not properly record demand deposits.
- The Budgetary Activity note did not include proper amounts for Budgeted Receipts, Actual Receipts, Appropriation Authority, and Budgetary Expenditures. In 2015, the Budgetary Activity note did not include the heading for Budgeted vs. Actual Budgetary Basis Expenditures and did not include the General fund activity.
- The Debt note was not scheduled out properly nor were amounts correct.
- Material note disclosures were not made, including loans receivable.

The Village did not have an internal control process in place to help ensure the notes to the financial statements filed on the AOS HINKLE system were complete and accurate.

The Village should file complete and accurate annual financial reports with the Auditor of State. The Village should utilize the financial statement and footnote shells available on the AOS website at <http://www.ohioauditor.gov/references/shells.html> to help ensure all material note disclosures are included in the financial reporting package.

**Officials' Response:** The Village of Barnesville is now using UAN software. The Village will also utilize the Ohio Auditor's Notes Template which includes instructions. The current Fiscal Officer will also now use the Village Officer's Handbook for guidance for proper classifications.

**FINDING NUMBER 2016-002**

**Material Weakness**

All local public offices should maintain an accounting system and accounting records sufficient to enable the public office to identify, assemble, analyze, classify, record and report its transactions, maintain accountability for the related assets, document compliance with finance-related legal and contractual requirements and prepare financial statements. The Ohio Village Officer's Handbook and the UAN Accounting and General manual provides suggested account classifications.

**VILLAGE OF BARNESVILLE  
BELMONT COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2016 AND 2015  
(Continued)**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
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**FINDING NUMBER 2016-002  
(Continued)**

**Material Weakness (Continued)**

These accounts classify receipts by fund and source (taxes or charges for services, for example) and classify disbursements by fund, program (general government, for example) or object (personal services, for example).

Using these classifications will provide the Village with information required to monitor compliance with the budget, and prepare annual reports in the format required by the Auditor of State.

During 2016, the Village Fiscal Officer classified certain transactions incorrectly as follows:

- Transfers-Out were posted as Transfers-In for Special Revenue, Debt Service, Capital Projects and Enterprise funds in the amount of \$784,709, \$100,086, \$73,289, and \$209,395, respectively.
- Promissory note receipts were posted as Sale of Notes for the General and Capital Projects funds instead of Other Financing Sources, in the amount of \$853,133, and \$19,311, respectively.
- Water Fund Capital Outlay disbursements were posted as Supplies and Materials, in the amount of \$121,697.

During 2015, the Village Fiscal Officer classified a certain transaction incorrectly as follows:

- Promissory note receipts were posted as Sale of Notes for the General fund instead of Other Financing Sources, in the amount of \$107,869.

The significant reclassifications, with which management agrees, were posted to the financial statements of the Village.

In addition to the reclassifications listed above, we also identified additional misstatements ranging from \$6,500 to \$35,829 that we have brought to the Village's attention.

The Village Fiscal Officer should refer to the Village Officers' Handbook for proper classification and take additional care in posting transactions to the Village's ledgers in order to ensure the Village's year-end financial statements reflect the appropriate sources of the Village's receipts and disbursements.

**Officials' Response:** The Village of Barnesville is now using UAN software. The Village will also utilize the Ohio Auditor's Notes Template which includes instructions. The current Fiscal Officer will also now use the Village Officer's Handbook for guidance for proper classifications.

**FINDING NUMBER 2016-003**

**Noncompliance**

Ohio Rev. Code § 5705.39 provides in part that total appropriations from each fund shall not exceed the total estimated resources. No appropriation measure is effective until the County Auditor files a certificate that the total appropriations from each fund do not exceed the total official estimate or amended official estimate.

**VILLAGE OF BARNESVILLE  
BELMONT COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2016 AND 2015  
(Continued)**

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

**FINDING NUMBER 2016-003  
(Continued)**

**Noncompliance – Ohio Rev. Code § 5705.39 (Continued)**

At December 31, 2016, appropriations exceeded estimated resources for the following funds. The variances are as follows:

Fund	Per Appropriation Resolutions	Per Amended Certificates	Variance
Street Construction	\$986,601	\$887,648	\$(98,953)
Income Tax	790,016	612,268	(177,748)
Industrial Park	117,703	10,900	(106,803)

At December 31, 2015, appropriations exceeded estimated resources for the following funds. The variances are as follows:

Fund	Per Appropriation Resolutions	Per Amended Certificates	Variance
Street Construction	\$598,601	\$536,865	\$(61,736)
Permissive Tax	79,000	35,000	(44,000)
Cemetery	146,450	101,595	(44,855)
Park & Recreation	433,586	347,092	(86,494)
Bailey Rd	3,730	4	(3,726)
OPWC Water Note	17,850	0	(17,850)
Sewer Relining Note	3,043	5	(3,038)
WTP Expansion Note	19,047	5	(19,042)
OWDA Sewer Plant Note	67,461	1	(67,460)
Debt Service Ladder	27,740	0	(27,740)
Issue II Note	14,609	5	(14,604)
OWDA Water Plant	121,389	1,415	(119,974)
Debt Service WWTP	39,504	201	(39,303)
Capital Improvements	577,750	489,292	(88,458)

Failure to limit appropriations to the amount certified by the budget commission could result in overspending and negative fund balances.

The Village Council should ensure that appropriations are limited by estimated resources before approval.

**Officials' Response:** Actual Revenue was higher than the Budgeted Revenue thus allowing additional Appropriations. Need to recertify with the County Auditor when we received unbudgeted revenue. Also, make sure that the approved appropriations budget is entered into the software system.

**VILLAGE OF BARNESVILLE  
BELMONT COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2016 AND 2015  
(Continued)**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
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**FINDING NUMBER 2016-004**

**Noncompliance**

Ohio Rev. Code § 5705.41(D)(1) prohibits a subdivision or taxing entity from making any contract or ordering any expenditure of money unless a certificate signed by the fiscal officer is attached thereto. The fiscal officer must certify that the amount required to meet any such contract or expenditure has been lawfully appropriated and is in the treasury, or is in the process of collection to the credit of an appropriate fund free from any previous encumbrance.

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 §§ 5705.41(D)(1) and 5705.41(D)(3), respectively, of the Ohio Revised Code.

1. "Then and Now" certificate - If the fiscal officer can certify that both at the time that the contract or order was made ("then"), and at the time that the fiscal officer is completing the certification ("now"), that sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the Village 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 Certificates - Fiscal officers may prepare so-called "blanket" certificates not running beyond the current fiscal year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation. Purchase orders may not exceed an amount established by resolution or ordinance of the legislative authority, and cannot extend past the end of the fiscal year. In other words, 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 exceed beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any line item appropriation.

The Village did not properly obtain the prior certification for 20% and 50% of expenditures tested for 2016 and 2015, respectively.

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 that the Village 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  
DECEMBER 31, 2016 AND 2015  
(Continued)**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
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**FINDING NUMBER 2016-004  
(Continued)**

**Noncompliance – Ohio Rev. Code § 5705.41(D)(1) (Continued)**

The Village should obtain the Fiscal Officers certification of the availability of funds prior to the commitment being incurred. The most convenient certification method is to use purchase orders that include the certification language § 5705.41(D) requires to authorize disbursements. The Village Fiscal Officer should sign the certification at the time the Village incurs a commitment, and only when the requirements of § 5705.41(D) are satisfied. The Village Fiscal Officer should post approved purchase commitments to the proper appropriation code, to reduce the available appropriation.

**Officials' Response:** Purchase Orders will be entered as "Then & Now" if they meet the criteria. Also, all "Then & Now" purchase orders will be approved by Council Resolution.

**FINDING NUMBER 2016-005**

**Material Weakness**

Auditor of State Bulletin (AOS) 2011-004 mandated Governmental Accounting Standard Board (GASB) Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions for financial statements for periods beginning after June 15, 2010. This bulletin required entity's to formally adopt a fund balance policy.

- The policy should define whether the auditee considers restricted or unrestricted amounts to have been spent when an expenditure is incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) amounts are available.
- For unrestricted fund balances, the classification should be based on the government's accounting policies regarding whether it considers committed, assigned, or unassigned amounts to have been spent when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.
- If a government does not establish a policy for its use of unrestricted fund balance amounts, it should consider that committed amounts would be reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

The Village improperly reported appropriations in excess of estimated receipts in the General Fund as unassigned instead of reporting the excess as assigned, in the amount of \$580,934 during 2015. The Village improperly reported Special Revenue fund balance as Nonspendable instead of Restricted in the amounts of \$149,867 and \$149,867, in 2016 and 2015, respectively; as Assigned instead of Committed in the amounts of \$378,005 and \$996,296, in 2016 and 2015, respectively; and as Assigned instead of Unassigned in the amount of (\$1,763), in 2016. The Village improperly reported Debt Service fund balance as Committed instead of Restricted in the amounts of \$104,648 and \$100,087, in 2016 and 2015, respectively. Also, the Village Council has not established a fund balance policy for the Village. The financial statements reflect these adjustments, to which management agrees.

The Village did not have a process in place to ensure governmental fund balances are classified in accordance with GASB 54.

**VILLAGE OF BARNESVILLE  
BELMONT COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2016 AND 2015  
(Continued)**

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

**FINDING NUMBER 2016-005  
(Continued)**

**Material Weakness (Continued)**

The Village Council should establish a fund balance policy. Also, the Village should review AOS Bulletin 2011-004 for proper reporting of cash fund balances.

**Officials' Response:** The Village of Barnesville is now using UAN software. The Village will also utilize the Ohio Auditor's Notes Template which includes instructions. The current Fiscal Officer will also now refer to the AOS Bulletin 2011-004 for guidance for proper reporting of cash fund balances.

**FINDING NUMBER 2016-006**

**Material Weakness**

All local public offices should integrate the budgetary accounts, at the legal level of control or lower, into the financial accounting system. This means designing an accounting system to provide ongoing and timely information on unrealized budgetary receipts and remaining uncommitted balances of appropriations.

At December 31, 2016, estimated receipts as approved by the Budget Commission did not agree to the Village's ledgers for the following funds. The variances are as follows:

Fund	Per Budget Commission	Per Village's Reports	Variance
General	\$1,450,000	\$1,319,650	\$130,350
Street Construction	835,000	172,210	662,790
Emergency Medical	374,750	338,010	36,740
Police Pension	63,000	10,530	52,470
Water Plant Note	121,389	110,000	11,389
Capital Improvement	79,000	12,000	67,000
Enterprise Water	2,454,000	2,381,070	72,930
Enterprise Sewer	626,000	615,610	10,390

At December 31, 2015, estimated receipts as approved by the Budget Commission did not agree to the Village's ledgers. Per review of the Village's ledgers, the Fiscal Officer did not post estimated receipts for the year.

At December 31, 2016, appropriations as approved by the Village Council did not agree to the Village's ledgers for the following funds.



**VILLAGE OF BARNESVILLE  
BELMONT COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2016 AND 2015  
(Continued)**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
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**FINDING NUMBER 2016-006  
(Continued)**

**Material Weakness (Continued)**

The variances are as follows:

Fund	Per Council Minutes	Per Village's Reports	Variance
General	\$1,857,584	\$2,030,934	\$173,350
Street Construction	986,601	887,601	99,000
Emergency Medical	385,050	370,050	15,000
Capital Improvement	8,740	0	8,740
Enterprise Water	2,107,931	2,441,116	333,185
Enterprise Sewer	716,198	707,700	8,498

At December 31, 2015, appropriations as approved by the Village Council did not agree to the Village's ledgers for the following fund. The variance is as follows:

Fund	Per Village Council	Per Village's Reports	Variance
Capital Improvement	\$577,750	\$591,610	\$13,860

Due to budgetary information being improperly entered into the system, the management of the Village was not able to effectively monitor and report its budget versus actual status throughout the year. In addition, this resulted in adjustments to the budgetary note disclosure, in which management agrees.

The Village should accurately post to their accounting system estimated receipts as certified by the County Budget Commission and appropriations as approved by Village Council. This procedure will help ensure more useful comparisons of budget versus actual activity, as well as provide management with an accurate monitoring tool throughout the year.

**Officials' Response:** Need to make sure that the approved revenue and appropriation budget is entered into the software system.

**FINDING NUMBER 2016-007**

**Significant Deficiency**

When designing the public office's system of internal control and the specific control activities, management should plan for adequate segregation of duties or compensating controls.

The small size of the Village's staff did not allow for an adequate segregation of duties; the Fiscal Officer or Assistant Fiscal Officer performed all accounting functions. It is therefore important that the Mayor and Council Members' function as a finance committee to monitor financial activity closely. There was no indication of the Council Members' review of bank reconciliations, monthly activity of revenues and expenditures or budget versus actual reports to monitor the financial activity of the Village.

**VILLAGE OF BARNESVILLE  
BELMONT COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2016 AND 2015  
(Continued)**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
----------------------------------------------------------------------------------------------------------------------

**FINDING NUMBER 2016-007  
(Continued)**

**Significant Deficiency (Continued)**

This could result in the accounting system of the Village not being posted up-to-date, errors in the monthly bank reconciliation, and errors and omissions occurring in the Village's accounting system and going unnoticed by management.

Financial information should be presented to the Council Members and department heads on a regular basis. This information should include monthly bank reconciliations, as well as monthly revenue and expenditure activity by fund, department reports reflecting receipts and expenditures, and budget versus actual reports. The presentation of these reports should be documented in the board minutes of the Village meetings.

Some of the non-technical duties of a system (i.e. taking deposits to the bank) could be performed by administrative individual(s) not involved in cash or accounting related functions. The monitoring and review of receipting activity by supervisory personnel not directly involved with daily processing could also be added to provide compensating controls for segregation of duties.

**Officials' Response:** Beginning in January 2017, Council is now reviewing and approving the monthly financials.

**FINDING NUMBER 2016-008**

**Significant Deficiency**

The Village Fiscal Officer receives several different streams of revenues to deposit and post to the accounting system which includes: grants for departments, payments by mail, contractor licenses, building permits, cemetery lot sales, interments and foundation fees, parking and mayor's court fines, park rentals, pool admissions, rentals and concessions, daily income taxes collections, utility collections, EMS collections, sidewalk program payments and franchise fees. Duplicate receipts and pay-ins are generated for customers or employees that ask for pay-ins or duplicate receipts.

We noted the following issues with the collection and posting of revenues received by the Village Fiscal Officer:

- Mayor's court collections for 2015 were not recorded on the Village's records in the amount of \$23,808.
- Contractor fees were recorded and deposited but no license was issued or retained.

Failure by outside departments or Village Council to monitor collections handled by the Village Fiscal Officer allowed errors to occur and go undetected. In addition, payments collected by the Village Fiscal Officer for village supplied services, such as contractor licenses and building permits did not consistently have duplicate receipts prepared or a system of documentation to account for licenses and permits issued.

**VILLAGE OF BARNESVILLE  
BELMONT COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2016 AND 2015  
(Continued)**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
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**FINDING NUMBER 2016-008  
(Continued)**

**Significant Deficiency**

Village Council and outside departments should monitor the collections handled by the Village Fiscal Officer to ensure collections remitted to the Village Fiscal Officer or collected by the Village Fiscal Officer are properly recorded and deposited. Outside departments should request monthly reports from the Village Fiscal Officer and reconcile their deposit records with the monthly reports supplied by the Village Fiscal Officer. In addition, the fiscal office should have a procedure in place to account for any licenses or permits issued.

**Officials' Response:** Beginning Jan 2016, the monthly Mayor's Court activity is now a part of the monthly financials.

**FINDING NUMBER 2016-009**

**Material Weakness**

All local public offices should maintain an accounting system and accounting records sufficient to enable the public office to identify, assemble, analyze, classify, record and report its transactions, maintain accountability for the related assets, document compliance with finance-related legal and contractual requirements and prepare financial statements.

The pool, concession and Snack Shack activity is maintained through the use of a separate key in the cash register. Shelter and youth center rentals are maintained on a calendar at the park and a duplicate receipt book starting in April of 2016. All daily collections are over-night deposited by a park employee.

The receipt book maintained to support shelter rentals and rental of the youth center did not contain adequate documentation to support the rentals posted on the revenue ledger. The receipt book did not consistently list names, amount paid, date paid and which shelter or building was rented. Several of the cash register tapes from the concession cash register were not readable.

Recorded park and recreation receipts were \$65,220 in 2016 and \$61,740 in 2015 which represent 16.7% and 13.8%, respectively of the total special revenue fund type charges for services receipts. Due to the lack of adequate supporting documentation, we were unable to determine the accuracy or completeness of these receipts.

The recreation director and/or pool manager should maintain the records that support daily pool admissions and legible cash register tapes. Pre-numbered contracts or a ledger book should be maintained to document pool rentals, recreation rentals, and youth center rentals. For each rental, the recreation director should provide the renter with a duplicate receipt upon payment. For each rental, all information on the receipt or contract should be completed and legible. Concession and Snack Shack daily activity should be reconciled to the cash register tape.

**Officials' Response:** Meet with Park Manager and Village Administrator to establish a more regimented record keeping process.

*Village Administrator*

Roger Deal  
126 E. Church St.  
(740) 425-1880

*Fiscal Officer*  
Vicki Magers  
(740) 425-3444



# Village of Barnesville

*An Equal Opportunity Employer*

132 North Arch Street  
Barnesville, Ohio 43713

*Mayor*

C. Dale Bunting  
(740) 425-3444  
(740) 425-1976

*Police Chief*

David Norris  
(740) 425-1976

## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS DECEMBER 31, 2016 AND 2015

<u>FINDING NUMBER</u>	<u>FINDING SUMMARY</u>	<u>STATUS</u>	<u>ADDITIONAL INFORMATION</u>
2014-001	Ohio Admin Code 117-2-02 (A)	Not Fully Corrected	Prior Fiscal Officer
2014-002	Ohio Rev Code 5705-41 (D) (1)	Not Fully Corrected	Prior Fiscal Officer
2014-003	Ohio Rev Code 5705-41 (B)	Corrected	
2014-004	Auditor State of Ohio Bulletin 2011-004	Not Corrected	Need additional information as to what the corrective action is.
2014-005	Checks	Not Fully Corrected	Beginning in May 2016, checks are issued in a timely manner, all checks are generated out of the system so they are automatically posted, checks are never "held". There were some checks whose dates were different from the "system" dates in 2015 which I believe corrections were made "behind the scenes" by the prior software support.
2014-006	Appropriations did not agree to the ledgers	Not Fully Corrected	2016 Ledgers were not updated with the current approved appropriations.
2014-007	Segregation of Duties	Not Fully Corrected	As of Jan 2017, Council is approving the monthly financials. As of May 2016, Council is receiving Monthly Financials.
2014-008	Receipts were not properly recorded or not recorded	Not Fully Corrected	Mayor's Court was added to the Financial System in 2016.
2014-009	Receipts from other depts. not recorded with a pay-in	Corrected	



# Dave Yost • 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  
FEBRUARY 1, 2018**