



Mary Taylor, CPA  
Auditor of State



VILLAGE OF BARNESVILLE  
BELMONT COUNTY

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Mary Taylor, CPA  
Auditor of State

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

To the Village Council:

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

*Mary Taylor*

**Mary Taylor, CPA**  
Auditor of State

October 4, 2010

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# Mary Taylor, CPA

## Auditor of State

### INDEPENDENT ACCOUNTANTS' REPORT

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

To the Village Council:

We have audited the accompanying financial statements of the Village of Barnesville, Belmont County, Ohio (the Village), as of and for the years ended December 31, 2009 and 2008. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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

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

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2009 and 2008 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2009 and 2008, or its changes in financial position or cash flows, where applicable, for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Village of Barnesville, Belmont County, Ohio, as of December 31, 2009 and 2008, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated October 4, 2010, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

A handwritten signature in black ink that reads "Mary Taylor". The signature is written in a cursive, flowing style.

**Mary Taylor, CPA**  
Auditor of State

October 4, 2010



**VILLAGE OF BARNESVILLE  
BELMONT COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<u>Governmental Fund Types</u>				<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>					
Property and Local Taxes	\$134,377	\$26,156			\$160,533
Municipal Income Tax		619,422			619,422
Intergovernmental	281,775	216,725		\$240,137	738,637
Charges for Services	750	280,937			281,687
Fines, Licenses and Permits	27,901	3,429			31,330
Earnings on Investments	96,843	2,248			99,091
Miscellaneous	15,769	45,329		1,668	62,766
<b>Total Cash Receipts</b>	<b>557,415</b>	<b>1,194,246</b>	<b>\$0</b>	<b>241,805</b>	<b>1,993,466</b>
<b>Cash Disbursements:</b>					
Current:					
Security of Persons and Property	477,148	202,447			679,595
Public Health Services	16,920	51,144			68,064
Leisure Time Activities	13,781	157,283			171,064
Transportation	40,537	288,978			329,515
General Government	128,569	49,055			177,624
Debt Service:					
Redemption of Principal			250,661		250,661
Interest and Fiscal Charges			86,026		86,026
Capital Outlay				549,177	549,177
<b>Total Cash Disbursements</b>	<b>676,955</b>	<b>748,907</b>	<b>336,687</b>	<b>549,177</b>	<b>2,311,726</b>
<b>Total Cash Receipts Over/(Under) Cash Disbursements</b>	<b>(119,540)</b>	<b>445,339</b>	<b>(336,687)</b>	<b>(307,372)</b>	<b>(318,260)</b>
<b>Other Financing Receipts / (Disbursements):</b>					
Proceeds from Sale of Public Debt:					
Other Debt Proceeds				142,999	142,999
Sale of Fixed Assets				4,407	4,407
Transfers-In	100,000	258,261	289,366	271,089	918,716
Transfers-Out	(12,000)	(521,469)		(42,926)	(576,395)
Other Financing Sources	914	2,000			2,914
<b>Total Other Financing Receipts / (Disbursements)</b>	<b>88,914</b>	<b>(261,208)</b>	<b>289,366</b>	<b>375,569</b>	<b>492,641</b>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(30,626)	184,131	(47,321)	68,197	174,381
Fund Cash Balances, January 1	299,419	1,098,425	48,546	252,362	1,698,752
<b>Fund Cash Balances, December 31</b>	<b>\$268,793</b>	<b>\$1,282,556</b>	<b>\$1,225</b>	<b>\$320,559</b>	<b>\$1,873,133</b>
Reserve for Encumbrances, December 31	\$2,801	\$61,500	\$0	\$186,821	\$251,122

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

**VILLAGE OF BARNESVILLE  
BELMONT COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - ALL PROPRIETARY AND FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2009**

	Proprietary Fund Type	Fiduciary Fund Type	Totals (Memorandum Only)
	Enterprise	Agency	
<b>Operating Cash Receipts:</b>			
Charges for Services	\$1,729,629		\$1,729,629
Fines, Licenses and Permits	\$30,333	\$39,178	69,511
Miscellaneous	28,654		\$28,654
Total Operating Cash Receipts	<u>1,788,616</u>	<u>39,178</u>	<u>1,827,794</u>
<b>Operating Cash Disbursements:</b>			
Personal Services	612,137		612,137
Contractual Services	388,781		388,781
Supplies and Materials	333,697		333,697
Total Operating Cash Disbursements	<u>1,334,615</u>	<u>0</u>	<u>1,334,615</u>
Operating Income/(Loss)	<u>454,001</u>	<u>39,178</u>	<u>493,179</u>
<b>Non-Operating Cash Receipts:</b>			
Sale of Fixed Assets	73,104		73,104
Other Non-Operating Cash Receipts	1,603		1,603
Total Non-Operating Cash Receipts	<u>74,707</u>	<u>0</u>	<u>74,707</u>
<b>Non-Operating Cash Disbursements:</b>			
Capital Outlay	62,670		62,670
Distribution of Fines		37,722	37,722
Total Non-Operating Cash Disbursements	<u>62,670</u>	<u>37,722</u>	<u>100,392</u>
Excess of Receipts Over/(Under) Disbursements Before Interfund Transfers and Advances	466,038	1,456	467,494
Transfers-In	42,926		42,926
Transfers-Out	<u>(385,247)</u>		<u>(385,247)</u>
Net Receipts Over/(Under) Disbursements	123,717	1,456	125,173
Fund Cash Balances, January 1	<u>1,355,028</u>	<u>1,450</u>	<u>1,356,478</u>
<b>Fund Cash Balances, December 31</b>	<b><u>\$1,478,745</u></b>	<b><u>\$2,906</u></b>	<b><u>\$1,481,651</u></b>
Reserve for Encumbrances, December 31	<u>\$30,082</u>	<u>\$0</u>	<u>\$30,082</u>

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

**VILLAGE OF BARNESVILLE  
BELMONT COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>Governmental Fund Types</u>				<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>					
Property and Local Taxes	\$131,654	\$25,685			\$157,339
Municipal Income Tax		618,554			618,554
Intergovernmental	424,706	247,326		\$469,192	1,141,224
Charges for Services	727	276,625			277,352
Fines, Licenses and Permits	31,703	2,383			34,086
Earnings on Investments	130,630	2,653			133,283
Miscellaneous	5,270	32,597		1,936	39,803
<b>Total Cash Receipts</b>	<b>724,690</b>	<b>1,205,823</b>	<b>\$0</b>	<b>471,128</b>	<b>2,401,641</b>
<b>Cash Disbursements:</b>					
Current:					
Security of Persons and Property	513,643	173,931			687,574
Public Health Services	15,779	47,672			63,451
Leisure Time Activities	11,446	180,214			191,660
Transportation	47,696	331,510			379,206
General Government	146,620	47,912			194,532
Debt Service:					
Redemption of Principal			239,958		239,958
Interest and Fiscal Charges			95,151		95,151
Capital Outlay				689,849	689,849
<b>Total Cash Disbursements</b>	<b>735,184</b>	<b>781,239</b>	<b>335,109</b>	<b>689,849</b>	<b>2,541,381</b>
<b>Total Cash Receipts Over/(Under) Cash Disbursements</b>	<b>(10,494)</b>	<b>424,584</b>	<b>(335,109)</b>	<b>(218,721)</b>	<b>(139,740)</b>
<b>Other Financing Receipts / (Disbursements):</b>					
Sale of Fixed Assets				3,500	3,500
Transfers-In	31,400	155,434	383,651	253,034	823,519
Transfers-Out	(18,500)	(281,727)		(48,532)	(348,759)
Other Financing Sources	873	4,767			5,640
<b>Total Other Financing Receipts / (Disbursements)</b>	<b>13,773</b>	<b>(121,526)</b>	<b>383,651</b>	<b>208,002</b>	<b>483,900</b>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	3,279	303,058	48,542	(10,719)	344,160
Fund Cash Balances, January 1	296,140	795,367	4	263,081	1,354,592
<b>Fund Cash Balances, December 31</b>	<b>\$299,419</b>	<b>\$1,098,425</b>	<b>\$48,546</b>	<b>\$252,362</b>	<b>\$1,698,752</b>
Reserve for Encumbrances, December 31	\$3,203	\$4,279	\$0	\$249,439	\$256,921

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

**VILLAGE OF BARNESVILLE  
BELMONT COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - ALL PROPRIETARY AND FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2008**

	Proprietary Fund Type	Fiduciary Fund Type	Totals (Memorandum Only)
	Enterprise	Agency	
<b>Operating Cash Receipts:</b>			
Charges for Services	\$1,684,598		\$1,684,598
Fines, Licenses and Permits	\$8,185	\$32,900	41,085
Miscellaneous	1,540		1,540
Total Operating Cash Receipts	<u>1,694,323</u>	<u>32,900</u>	<u>1,727,223</u>
<b>Operating Cash Disbursements:</b>			
Personal Services	624,380		624,380
Contractual Services	333,036		333,036
Supplies and Materials	258,165		258,165
Total Operating Cash Disbursements	<u>1,215,581</u>	<u>0</u>	<u>\$1,215,581</u>
Operating Income/(Loss)	<u>478,742</u>	<u>32,900</u>	<u>\$511,642</u>
<b>Non-Operating Cash Receipts:</b>			
Other Non-Operating Cash Receipts	7,671		\$7,671
Total Non-Operating Cash Receipts	<u>7,671</u>	<u>0</u>	<u>\$7,671</u>
<b>Non-Operating Cash Disbursements:</b>			
Capital Outlay	2,257		\$2,257
Distribution of Fines		35,083	\$35,083
Total Non-Operating Cash Disbursements	<u>2,257</u>	<u>35,083</u>	<u>37,340</u>
Excess of Receipts Over/(Under) Disbursements Before Interfund Transfers and Advances	484,156	(2,183)	\$481,973
Transfers-Out	<u>(474,760)</u>		<u>(\$474,760)</u>
Net Receipts Over/(Under) Disbursements	9,396	(2,183)	7,213
Fund Cash Balances, January 1	<u>1,345,632</u>	<u>3,633</u>	<u>1,349,265</u>
<b>Fund Cash Balances, December 31</b>	<b><u>\$1,355,028</u></b>	<b><u>\$1,450</u></b>	<b><u>\$1,356,478</u></b>
Reserve for Encumbrances, December 31	<u>\$28,059</u>	<u>\$0</u>	<u>\$28,059</u>

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

**VILLAGE OF BARNESVILLE  
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2009 AND 2008**

**1. Summary of Significant Accounting Policies**

**A. Description of the Entity**

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

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

**B. Accounting Basis**

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

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

**C. Cash and Investments**

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

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

**D. Fund Accounting**

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

**1. General Fund**

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

**2. Special Revenue Funds**

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

**VILLAGE OF BARNESVILLE  
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2009 AND 2008  
(Continued)**

**1. Summary of Significant Accounting Policies (Continued)**

**D. Fund Accounting (Continued)**

**2. Special Revenue Funds (Continued)**

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

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

Park and Recreation Fund – This fund receives pool admissions, 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 resources the Village accumulates to pay bond and note debt. The Village had the following significant Debt Service Fund:

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**

These funds account for receipts restricted to acquiring or constructing major capital projects (except those financed through enterprise or trust funds). 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 collections for various Village capital improvements.

Sanitary Sewer Rehab Fund – This fund receives grant funding and loans from the OPWC for sanitary sewer rehabilitation.

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

**VILLAGE OF BARNESVILLE  
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2009 AND 2008  
(Continued)**

**1. Summary of Significant Accounting Policies (Continued)**

**D. Fund Accounting (Continued)**

**5. Enterprise Funds(Continued)**

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

**6. Fiduciary Funds**

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

**E. Budgetary Process**

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

**1. Appropriations**

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

**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 also approve estimated resources.

**3. Encumbrances**

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

A summary of 2009 and 2008 budgetary activity appears in Note 3.

**F. Property, Plant, and Equipment**

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

**VILLAGE OF BARNESVILLE  
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2009 AND 2008  
(Continued)**

**1. Summary of Significant Accounting Policies (Continued)**

**G. 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 Cash and Investments**

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

	2009	2008
Demand deposits	\$165,180	\$480,846
Certificates of deposit	1,661,025	1,337,044
Total deposits	1,826,205	1,817,890
Federal Home Loan Bank	287,500	200,000
Federal Home Loan Mortgage Corporation	777,335	699,500
Federal Farm Credit Bank	99,500	
Federal National Mortgage Association	300,000	283,102
STAROhio	42,898	33,392
Donated Common Stock (at historical cost)	21,346	21,346
Total investments	1,528,579	1,237,340
Total deposits and investments	\$3,354,784	\$3,055,230

**Deposits:** Custodial credit risk for deposits is the risk that in the event of bank failure, the Village will not be able to recover deposits or collateral securities that are in the possession of an outside party. At fiscal year end, \$1,156,712 of the Village's bank balance of \$1,334,037 was exposed to custodial credit risk because it was uninsured and uncollateralized. Although all statutory requirements for the deposit of money had been followed, non-compliance with federal requirement could potentially subject the Village to a successful claim by the FDIC.

The Village has no deposit policy for custodial credit risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the Village or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

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

**Credit Risk** STAROhio carries a rating of AAAM by Standard and Poor's. Ohio law requires that STAROhio maintain the highest rating provided by at least one nationally recognized standard rating service. The Village has no investment policy that would further limit its investment choices.



**VILLAGE OF BARNESVILLE  
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2009 AND 2008  
(Continued)**

**2. Equity in Pooled Cash and Investments (Continued)**

**Concentration of Credit Risk** The Village places no limit on the amount it may invest in any one rated in the highest category at the time of purchase by at least one nationally recognized standard rating service.

**3. Budgetary Activity**

Budgetary activity for the years ending December 31, 2009 and 2008 follows:

2009 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$694,641	\$658,329	(\$36,312)
Special Revenue	1,379,485	1,454,507	75,022
Debt Service	337,999	289,366	(48,633)
Capital Projects	939,284	660,300	(278,984)
Enterprise	1,455,350	1,906,249	450,899
Total	\$4,806,759	\$4,968,751	\$161,992

2009 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$737,569	\$691,756	\$45,813
Special Revenue	1,442,568	1,331,876	110,692
Debt Service	337,999	336,687	1,312
Capital Projects	784,524	778,924	5,600
Enterprise	1,982,306	1,812,614	169,692
Total	\$5,284,966	\$4,951,857	\$333,109

2008 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$673,467	\$756,963	\$83,496
Special Revenue	1,277,210	1,366,024	88,814
Debt Service	335,121	383,651	48,530
Capital Projects	1,386,925	727,662	(659,263)
Enterprise	1,505,323	1,701,994	196,671
Total	\$5,178,046	\$4,936,294	(\$241,752)

**VILLAGE OF BARNESVILLE  
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2009 AND 2008  
(Continued)**

**3. Budgetary Activity (Continued)**

2008 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$809,813	\$756,887	\$52,926
Special Revenue	1,353,715	1,067,245	286,470
Debt Service	335,121	335,109	12
Capital Projects	1,003,583	987,820	15,763
Enterprise	1,829,231	1,720,657	108,574
Total	\$5,331,463	\$4,867,718	\$463,745

**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.

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

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

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

**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 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 taxes quarterly and file a declaration annually.

**6. Debt**

Debt outstanding at December 31, 2009 was as follows:

	Principal	Interest Rate
Ohio Water Development Authority Loans	\$2,186,014	2.00-8.47%
Ohio Public Works Commission Loans	768,944	0.00-0.20%
Equipment Lease-Purchase Agreements	155,573	2.70-4.57%
Total	\$3,110,531	

**VILLAGE OF BARNESVILLE  
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2009 AND 2008  
(Continued)**

**6. Debt (Continued)**

The Ohio Water Development Authority (OWDA) loans 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 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 OWDA debt service requirements.

The Ohio Public Works Commission (OPWC) loans relates to water and sewer improvements and Mt. Olivett road repairs. 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.

The equipment capital lease agreements relate to the financing of a fire truck and a street sweeper for use by the Village. The leases are payable in annual installments, with final payment due November 27, 2012. The leases are supported by the full faith and credit of the Village.

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

Year ending December 31:	OWDA Loans	OPWC Loans	Capital Lease Agreements
2010	\$247,009	\$63,114	\$73,433
2011	248,442	63,115	45,189
2012	249,996	63,114	45,189
2013	251,682	63,115	
2014	118,590	59,986	
2015-2019	592,950	299,932	
2020-2024	592,950	186,996	
2025-2029	296,475	49,693	
Total	<u>\$2,598,094</u>	<u>\$849,065</u>	<u>\$163,811</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 Wesanco 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, 2009 was \$312,869.

**VILLAGE OF BARNESVILLE  
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2009 AND 2008  
(Continued)**

**7. Retirement Systems**

The Village's full-time police officers belong to the Police and Fire Pension Fund (OP&F). Other employees and certain elected officials belong to the Ohio Public Employees Retirement System (OPERS). OP&F and OPERS 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 2009 and 2008, OP&F participants contributed 10% of their wages. For 2009 and 2008, the Village contributed to OP&F an amount equal to 19.5% of full-time police members' wages. For 2009 and 2008, OPERS members contributed 10% of their gross salaries and the Village contributed an amount equaling 14% of participants' gross salaries. The Village has paid all contributions required through December 31, 2009.

Certain Village officials chose not to belong to OPERS and instead contribute to Social Security. For 2009 and 2008, these officials contributed 6.2% of their wages. For 2009 and 2008, the Village contributed to an amount equal to 6.2% of participants' gross salaries. The Village has paid all contributions required through December 31, 2009.

**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. Jointly Governed Organization**

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.



# Mary Taylor, CPA

Auditor of State

## REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY GOVERNMENT AUDITING STANDARDS

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

To the Members of Council

We have audited the financial statements of the Village of Barnesville, Belmont County, Ohio (the Village), as of and for the years ended December 31, 2009 and 2008, and have issued our report thereon dated October 4, 2010, wherein we noted the Village prepared its financial statements using accounting practices the Auditor of State prescribes or permits rather than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

### Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A material weakness is a deficiency or combination of deficiencies in internal control such that there is a reasonable possibility that material financial statement misstatements will not be prevented, or detected and timely corrected.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying Schedule of Findings that we consider significant deficiencies in internal control over financial reporting. We consider findings 2009-001 and 2009-002 to be significant deficiencies. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

### **Compliance and Other Matters**

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters we must report under *Government Auditing Standards*, which are described in the accompanying Schedule of Findings as items 2009-001 and 2009-002.

We also noted certain matters not requiring inclusion in this report that we reported to the Village's management in a separate letter dated October 4, 2010.

We intend this report solely for the information and use of management, the audit committee, Village Council, and others within the Village. We intend it for no one other than these specified parties.

A handwritten signature in cursive script that reads "Mary Taylor".

**Mary Taylor, CPA**  
Auditor of State

October 4, 2010

**VILLAGE OF BARNESVILLE  
BELMONT COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2009 AND 2008**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2009-001**

**Noncompliance Citation/Significant Deficiency**

Ohio Rev. Code Section 149.351(A) provides that all records are the property of the public office concerned and shall not be removed, destroyed, mutilated, transferred, or otherwise damaged or disposed of, in whole or in part, except as provided by law or under the rules adopted by the records commissions provided under Section 149.38 to 149.42 of the Revised Code. Such records shall be delivered by outgoing officials and employees to their successors and shall not be otherwise removed, transferred, or destroyed unlawfully.

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

The Village's internal control procedures at the swimming pool indicated the use of a manual pool operating log. Each pool patron will be marked down as (1) pay; (2) pass; or (3) free entrance (child under 5). Starting in 2009, a pre-numbered ticket roll was used at the pool. At the end of the day, the total for all three categories will be determined for a total number of patrons. The amount of money in the drawer will be reconciled to the pool operating log. The amount collected will be entered, in total, to the concession stand cash register.

Although the Village prepared pool operating logs in 2008 and 2009 to support daily admissions to the pool, these logs were not maintained for 2008. Once the logs were reconciled to the money in the drawer and an entry was made to the concession stand cash register, the log was discarded in 2008. Therefore, there was no formal documentation in 2008 to support the daily admission count or verification of a reconciliation of pool attendance to pool admissions. Starting in 2009, a pre-numbered ticket roll was used at the pool and the number of tickets issued was documented on the daily operating log. There was no reconciliation on the log of tickets issued to tally marks. In addition, the Village did not maintain adequate records to support pool rentals, swimming lessons, shelter rentals and ball field rentals. As a result, the completeness and accuracy of pool and recreation daily revenues may not be properly assured. We performed a trend analysis of swimming pool admissions, pool rentals, swimming lessons, shelter rentals and ball field rentals for the last four years and the amount of revenue for each category for our audit period seems reasonable.

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

**VILLAGE OF BARNESVILLE  
BELMONT COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2009 AND 2008  
(Continued)**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
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**FINDING NUMBER 2009-002**

**Noncompliance Citation/Significant Deficiency**

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

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

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

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

**Officials' Response:**

The officials did not respond to the items noted above.



**VILLAGE OF BARNESVILLE  
BELMONT COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2009 AND 2008**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain</i></b>
2007-001	Section 117-2-02(A) Ohio Admin. Code for lack of supporting documentation for pool and park revenue.	No	Not Corrected; Repeated as Finding No. 2009-001.
2007-002	Section 117-2-02(A) Ohio Admin. Code for lack of supporting documentation for concession revenue.	No	Not Corrected; Repeated as Finding No. 2009-002.
2007-003	Section 5705.41(D) Ohio Rev. Code for no prior certification of availability of funds for expenditures.	Yes	
2007-004	OMB Circular A-133 Section .200 for no single audit within nine months of year-end.	N/A	Finding No Longer Valid.

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**Mary Taylor, CPA**  
Auditor of State

**VILLAGE OF BARNESVILLE**

**BELMONT COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
NOVEMBER 9, 2010**