



Dave Yost • Auditor of State



VILLAGE OF BARNESVILLE  
BELMONT COUNTY

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# Dave Yost • 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.

A handwritten signature in black ink that reads "Dave Yost".

**Dave Yost**  
Auditor of State

September 12, 2011

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# Dave Yost • 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 Village of Barnesville, Belmont County, Ohio (the Village), as of and for the year ended December 31, 2010. 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 year ended December 31, 2010 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, 2010, or its changes in financial position for the year 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, as of December 31, 2010, 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 September 12, 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.

We conducted our audit to opine on the Village's financial statements taken as a whole. The Federal Awards Expenditures Schedule provides additional information required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, and is also not a required part of the basic financial statements. The Federal Awards Expenditures Schedule is management's responsibility, and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. This schedule was subject to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



**Dave Yost**  
Auditor of State

September 12, 2011



**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, 2010**

	<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	\$120,817	\$30,204			\$151,021
Municipal Income Tax		634,082			634,082
Intergovernmental	170,507	259,019		\$2,088,321	2,517,847
Charges for Services	950	259,463			260,413
Fines, Licenses and Permits	60,093				60,093
Earnings on Investments	94,913	1,132			96,045
Miscellaneous	13,703	15,142		13,858	42,703
<b>Total Cash Receipts</b>	<b>460,983</b>	<b>1,199,042</b>	<b>\$0</b>	<b>2,102,179</b>	<b>3,762,204</b>
<b>Cash Disbursements:</b>					
Current:					
Security of Persons and Property	479,986	192,052			672,038
Public Health Services	18,626	58,218			76,844
Leisure Time Activities	14,554	158,985			173,539
Transportation	46,385	354,441			400,826
General Government	119,074	55,896			174,970
Debt Service:					
Redemption of Principal			276,973		276,973
Interest and Fiscal Charges			75,025		75,025
Capital Outlay				2,286,659	2,286,659
<b>Total Cash Disbursements</b>	<b>678,625</b>	<b>819,592</b>	<b>351,998</b>	<b>2,286,659</b>	<b>4,136,874</b>
<b>Total Cash Receipts Over/(Under) Cash Disbursements</b>	<b>(217,642)</b>	<b>379,450</b>	<b>(351,998)</b>	<b>(184,480)</b>	<b>(374,670)</b>
<b>Other Financing Receipts / (Disbursements):</b>					
Sale of Fixed Assets				23,205	23,205
Transfers-In	196,000	275,900	352,016	191,377	1,015,293
Transfers-Out	(12,000)	(662,897)		(5,293)	(680,190)
Other Financing Sources	2,315	1,230			3,545
<b>Total Other Financing Receipts / (Disbursements)</b>	<b>186,315</b>	<b>(385,767)</b>	<b>352,016</b>	<b>209,289</b>	<b>361,853</b>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(31,327)	(6,317)	18	24,809	(12,817)
Fund Cash Balances, January 1	268,793	1,282,556	1,225	320,559	1,873,133
<b>Fund Cash Balances, December 31</b>	<b>\$237,466</b>	<b>\$1,276,239</b>	<b>\$1,243</b>	<b>\$345,368</b>	<b>\$1,860,316</b>
Reserve for Encumbrances, December 31	\$5,043	\$10,586	\$0	\$1,132,707	\$1,148,336

*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, 2010**

	Proprietary Fund Type	Fiduciary Fund Type	Totals (Memorandum Only)
	Enterprise	Agency	
<b>Operating Cash Receipts:</b>			
Charges for Services	\$1,835,268		\$1,835,268
Fines, Licenses and Permits	\$4,839	\$42,456	47,295
Miscellaneous	334		\$334
Total Operating Cash Receipts	<u>1,840,441</u>	<u>42,456</u>	<u>1,882,897</u>
<b>Operating Cash Disbursements:</b>			
Personal Services	665,305		665,305
Contractual Services	380,450		380,450
Supplies and Materials	237,934		237,934
Other	12,914		12,914
Total Operating Cash Disbursements	<u>1,296,603</u>	<u>0</u>	<u>1,296,603</u>
Operating Income/(Loss)	<u>543,838</u>	<u>42,456</u>	<u>586,294</u>
<b>Non-Operating Cash Receipts:</b>			
Other Non-Operating Cash Receipts	1,500		1,500
Total Non-Operating Cash Receipts	<u>1,500</u>	<u>0</u>	<u>1,500</u>
<b>Non-Operating Cash Disbursements:</b>			
Distribution of Fines		42,586	42,586
Total Non-Operating Cash Disbursements	<u>0</u>	<u>42,586</u>	<u>42,586</u>
Excess of Receipts Over/(Under) Disbursements Before Interfund Transfers and Advances	545,338	(130)	545,208
Transfers-In	5,293		5,293
Transfers-Out	(340,396)		(340,396)
Net Receipts Over/(Under) Disbursements	210,235	(130)	210,105
Fund Cash Balances, January 1	<u>1,478,745</u>	<u>2,906</u>	<u>1,481,651</u>
<b>Fund Cash Balances, December 31</b>	<b><u>\$1,688,980</u></b>	<b><u>\$2,776</u></b>	<b><u>\$1,691,756</u></b>
Reserve for Encumbrances, December 31	<u>\$85,107</u>	<u>\$0</u>	<u>\$85,107</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, 2010**

**1. Summary of Significant Accounting Policies**

**A. Description of the Entity**

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

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

**B. Accounting Basis**

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

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

**C. Cash and Investments**

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

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

**D. Fund Accounting**

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

**1. General Fund**

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

**2. Special Revenue Funds**

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

**VILLAGE OF BARNESVILLE  
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2010  
(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 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, 2010  
(Continued)**

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

**D. Fund Accounting (Continued)**

**5. Enterprise Funds (Continued)**

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 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 reappropriated.

A summary of 2010 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, 2010  
(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 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:

	2010
Demand deposits	\$54,883
Certificates of deposit	2,675,525
Total deposits	2,730,408
Municipal Bonds	398,300
Federal Home Loan Bank	200,000
Federal Home Loan Mortgage Corporation	100,000
Federal National Mortgage Association	100,000
STAROhio	2,018
Donated Common Stock (at historical cost)	21,346
Total investments	821,664
Total deposits and investments	\$3,552,072

**Deposits:** Deposits are insured by the Federal Deposit Insurance Corporation.

**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

**3. Budgetary Activity**

Budgetary activity for the years ending December 31, 2010 follows:

2010 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$652,825	\$659,298	\$6,473
Special Revenue	1,451,720	1,476,172	24,452
Debt Service	386,023	352,016	(34,007)
Capital Projects	3,427,015	2,316,761	(1,110,254)
Enterprise	1,621,100	1,847,234	226,134
Total	\$7,538,683	\$6,651,481	(\$887,202)

**VILLAGE OF BARNESVILLE  
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2010  
(Continued)**

**3. Budgetary Activity (Continued)**

2010 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$810,179	\$695,668	\$114,511
Special Revenue	1,646,615	1,493,075	153,540
Debt Service	353,237	351,998	1,239
Capital Projects	3,454,290	3,424,659	29,631
Enterprise	1,990,854	1,722,106	268,748
Total	\$8,255,175	\$7,687,506	\$567,669

**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, 2010 was as follows:

	Principal	Interest Rate
Ohio Water Development Authority Loans	\$2,004,417	2.00-8.47%
Ohio Public Works Commission Loans	\$742,293	0.00-0.20%
Equipment Lease-Purchase Agreements	86,845	2.70-4.57%
Total	\$2,833,555	

**VILLAGE OF BARNESVILLE  
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2010  
(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 Loan	OPWC Loan	Capital Lease Agreements
2011	\$248,442	\$63,114	\$45,189
2012	249,996	63,114	45,189
2013	251,682	63,114	0
2014	118,590	61,550	0
2015	118,590	59,986	0
2016-2020	592,949	299,932	0
2021-2025	592,950	166,653	0
2026-2029	177,885	40,043	0
Total	\$2,351,084	\$817,507	\$90,378

**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, 2010 was \$307,215.



**VILLAGE OF BARNESVILLE  
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2010  
(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 2010, OP&F participants contributed 10% of their wages. For 2010, the Village contributed to OP&F an amount equal to 19.5% of full-time police members' wages. For 2010, 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, 2010.

Certain Village officials chose not to belong to OPERS and instead contribute to Social Security. For 2010, these officials contributed 6.2% of their wages. For 2010, the Village contributed to an amount equal to 6.2% of participants' gross salaries. The Village has paid all contributions required through December 31, 2010.

**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 Organizations**

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.

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**VILLAGE OF BARNESVILLE  
BELMONT COUNTY**

**FEDERAL AWARDS EXPENDITURES SCHEDULE  
FOR THE YEAR ENDED DECEMBER 31, 2010**

<b>FEDERAL GRANTOR</b> <i>Pass Through Grantor</i> Program Title	Grant Number	Federal CFDA Number	Disbursements
<b>U.S. DEPARTMENT OF AGRICULTURE</b>			
<i>Direct Program:</i>			
ARRA - Community Facilities Grant	N/A	10.780	<u>\$20,000</u>
Total U.S. Department of Agriculture			<u>20,000</u>
<b>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>			
<i>Passed Through Ohio Department of Development:</i>			
Small Cities Community Development Block Grant (CDBG) ARRA - State Administered Small Cities Program	C-R-09-2FY-1	14.255	<u>500,000</u>
Total U.S. Department of Housing and Urban Development			<u>500,000</u>
Total Federal Awards Expenditures			<u><u>\$520,000</u></u>

*The accompanying Notes to the Federal Awards Expenditures Schedule are an integral part of this Schedule.*

**VILLAGE OF BARNESVILLE  
BELMONT COUNTY**

**NOTES TO THE FEDERAL AWARDS EXPENDITURES SCHEDULE  
FISCAL YEAR ENDED DECEMBER 31, 2010**

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

The accompanying Federal Awards Expenditures Schedule (the Schedule) reports the Village of Barnesville's (the Government's) federal award programs' disbursements. The Schedule has been prepared on the cash basis of accounting.

**NOTE B - MATCHING REQUIREMENTS**

Certain Federal programs require the Village to contribute non-Federal funds (matching funds) to support the Federally-funded programs. The Village has met its matching requirements. The Schedule does not include the expenditure of non-Federal matching funds.



# Dave Yost • Auditor of State

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

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

To the Village Council:

We have audited the financial statements of the Village of Barnesville, Belmont County, Ohio (the Village), as of and for the year ended December 31, 2010, and have issued our report thereon dated September 12, 2011, wherein we noted the Village followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Government'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 a certain deficiency in internal control over financial reporting, described in the accompanying Schedule of Findings that we consider a significant deficiency in internal control over financial reporting. We consider finding 2010-01 to be a significant deficiency. 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 an instance of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying Schedule of Findings as item 2010-001.

Also, we noted certain matters not requiring inclusion in this report that we reported to the Village's management in a separate letter dated September 12, 2011

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

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

**Dave Yost**  
Auditor of State

September 12, 2011



# Dave Yost • Auditor of State

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

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

To the Village Council:

### Compliance

We have audited the compliance of the Village of Barnesville (the Village) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect the Village of Barnesville's major federal program for the year ended December 31, 2010. The Summary of Auditor's Results section of the accompanying Schedule of Findings identifies the Village's major federal program. The Village's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to express an opinion on the Village's compliance based on our audit.

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

In our opinion, the Village of Barnesville complied, in all material respects, with the requirements referred to above that could directly and materially affect its major federal program for the year ended December 31, 2010.

### Internal Control Over Compliance

The Village's management is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Village's internal control over compliance with requirements that could directly and materially affect a major federal program, to determine our auditing procedures for the purpose of opining on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of opining on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the Village's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

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

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

**Dave Yost**  
Auditor of State

September 12, 2011



**VILLAGE OF BARNESVILLE  
BELMONT COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A-133 § .505  
DECEMBER 31, 2010**

**1. SUMMARY OF AUDITOR'S RESULTS**

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unqualified
<i>(d)(1)(ii)</i>	Were there any material control weakness reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	Yes
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	Yes
<i>(d)(1)(iv)</i>	Were there any material internal control weakness reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unqualified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	Community Development Block Grant – CFDA No. 14.255
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	No

**VILLAGE OF BARNESVILLE  
BELMONT COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A-133 § .505  
DECEMBER 31, 2010**

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

**FINDING NUMBER 2010-01**

**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 five 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, 2010**

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>
2009-001	Section 117-2-02(A) Ohio Admin. Code for lack of supporting documentation for pool and park revenue.	Yes	Corrected.
2009-002	Section 117-2-02(A) Ohio Admin. Code for lack of supporting documentation for concession revenue.	No	Not Corrected; Repeated as Finding No. 2010-001.

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# 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  
SEPTEMBER 29, 2011**