



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**VILLAGE OF BARNESVILLE
BELMONT COUNTY**

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STATE OF OHIO
OFFICE OF THE AUDITOR

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REPORT OF INDEPENDENT ACCOUNTANTS

Village of Barnesville
Belmont County
132 North Arch Street
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 year ended December 31, 2001. 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 *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about 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 that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the Village prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

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, 2001, and its combined cash receipts and disbursements for the year then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 12, 2002 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 grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The accompanying Schedule of Federal Awards Expenditures is presented for additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. We subjected this information to the auditing procedures applied in the audit of the financial statements. In our opinion, it is fairly stated, in all material respects, in relation to the financial statements taken as whole.

This report is intended solely for the information and use of management, the Village Council and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Jim Petro". The signature is stylized with a large loop at the end.

Jim Petro
Auditor of State

November 12, 2002

**VILLAGE OF BARNESVILLE
BELMONT COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL AND SIMILAR FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2001**

	Governmental Fund Types				Fiduciary Fund Type	Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	
Cash Receipts:						
Property Tax and Other Local Taxes	\$102,927	\$552,138	\$	\$	\$9,462	\$664,527
Intergovernmental Receipts	233,446	195,653	134,563	626,273	1,443	1,191,378
Charges for Services	2,770	147,063	11,410			161,243
Fines, Licenses, and Permits	33,133	767				33,900
Earnings on Investments	112,752	12,989				125,741
Miscellaneous	35,776	5,600		1,850		43,226
Total Cash Receipts	520,804	914,210	145,973	628,123	10,905	2,220,015
Cash Disbursements:						
Current:						
Security of Persons and Property	468,186	804			38,882	507,872
Public Health Services	12,738	110,094				122,832
Leisure Time Activities	7,873	159,514				167,387
Transportation	20,595	238,444				259,039
General Government	167,200	46,273				213,473
Debt Service:						
Principal Payments			471,906			471,906
Interest Payments			82,407			82,407
Capital Outlay		998		747,970		748,968
Total Cash Disbursements	676,592	556,127	554,313	747,970	38,882	2,573,884
Total Cash Receipts Over/(Under) Cash Disbursements	(155,788)	358,083	(408,340)	(119,847)	(27,977)	(353,869)
Other Financing Receipts/(Disbursements):						
Sale of Notes			227,627			227,627
Sale of Assets				85,657		85,657
Transfers-In	137,033	141,550	253,131	155,747	31,000	718,461
Transfers-Out	(12,000)	(548,474)				(560,474)
Other Sources	8,070	5,293				13,363
Other Uses				(16,400)		(16,400)
Total Other Financing Receipts/(Disbursements)	133,103	(401,631)	480,758	225,004	31,000	468,234
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(22,685)	(43,548)	72,418	105,157	3,023	114,365
Fund Cash Balances, January 1	158,019	268,886	3,724	123,188	1,131	554,948
Fund Cash Balances, December 31	\$135,334	\$225,338	\$76,142	\$228,345	\$4,154	\$669,313
Reserves for Encumbrances, December 31	\$9,866	\$23,758	\$0	\$2,950,449	\$0	\$2,984,073

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

**VILLAGE OF BARNESVILLE
BELMONT COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL PROPRIETARY AND SIMILAR FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2001**

	Proprietary Fund Types	Fiduciary Fund Types	Totals (Memorandum Only)
	Enterprise	Nonexpendable Trust	
Operating Cash Receipts:			
Charges for Services	\$1,115,664	\$150	\$1,115,814
Earnings on Investments		\$48	48
Miscellaneous	3,523		3,523
Total Operating Cash Receipts	<u>1,119,187</u>	<u>198</u>	<u>1,119,385</u>
Operating Cash Disbursements:			
Personal Services	366,958		366,958
Contractual Services	207,159		207,159
Supplies and Materials	170,926		170,926
Capital Outlay	61,487		61,487
Total Operating Cash Disbursements	<u>806,530</u>	<u>0</u>	<u>806,530</u>
Operating Income/(Loss)	<u>312,657</u>	<u>198</u>	<u>312,855</u>
Non-Operating Cash Receipts:			
Miscellaneous	6,157		6,157
Other Non-Operating Receipts	15,860		15,860
Total Non-Operating Cash Receipts	<u>22,017</u>	<u>0</u>	<u>22,017</u>
Excess of Receipts Over/(Under) Disbursements Before Interfund Transfers and Advances	334,674	198	334,872
Transfers-In		1,644	1,644
Transfers-Out	(159,631)		(159,631)
Net Receipts Over/(Under) Disbursements	175,043	1,842	176,885
Fund Cash Balances, January 1	<u>1,354,053</u>	<u>163,727</u>	<u>1,517,780</u>
Fund Cash Balances, December 31	<u>\$1,529,096</u>	<u>\$165,569</u>	<u>\$1,694,665</u>
Reserve for Encumbrances, December 31	<u>\$105,951</u>	<u>\$0</u>	<u>\$105,951</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, 2001**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Village of Barnesville, Belmont County (the Village), is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village is directed by a publicly-elected six-member Council. The Village provides water and sewer utilities, park operations, fire protection, emergency medical services, cemetery maintenance and police services.

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

B. Basis of Accounting

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized 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 prescribed or permitted by the Auditor of State.

C. Cash and Investments

Investments are included in fund cash balances. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

Certificates of deposit and donated stock are valued at cost. The investment in STAROhio is recorded at share values reported by the State Treasurer.

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 is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

2. Special Revenue Funds

These funds are used to account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. 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.

**VILLAGE OF BARNESVILLE
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

2. Special Revenue Funds (Continued)

Park and Recreation Fund - This fund receives donations and distributions from income tax collections to be used for the maintenance and upkeep of the Village Park.

3. Debt Service Funds

These funds are used to accumulate resources for the payment of bonds and note indebtedness. The Village had the following significant Debt Service Funds:

Ohio Water Development Authority Loan Fund - This fund receives sewer utility funds transfers to retire outstanding debt related to a mandated utility construction project.

Downtown Streetscape Note Fund - This fund receives bond anticipation note proceeds to retire outstanding debt related to a downtown economic development project.

4. Capital Project Funds

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through enterprise or trust funds). The Village had the following significant Capital Project Funds:

Issue II – Railroad Street Fund - This fund receives funding from the Ohio Public Works Commission for drainage and paving improvements to a Village street.

Issue II – Water Plant Fund - This fund receives funding from the Ohio Public Works Commission and a Community Development Block Grant for construction of a new water treatment plant for the Village.

5. Enterprise Funds

These funds account for operations that are similar to private business enterprises where management intends that the significant costs of providing certain goods or services will be recovered through user charges. The Village had the following significant Enterprise Funds:

Water Fund - This fund receives charges for services from residents to cover the cost of providing this utility.

Sewer Fund - This fund receives charges for services from residents to cover the cost of providing this utility.

6. Fiduciary Funds (Trust Funds)

Trust funds are used to account for resources restricted by legally binding trust agreements. If the agreement requires the Village to maintain the corpus of the trust, the fund is classified as a nonexpendable trust fund. Other trust funds are classified as expendable. The Village had the following significant Fiduciary Funds:

**VILLAGE OF BARNESVILLE
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

6. Fiduciary Funds (Trust Funds) (Continued)

The Village had the following significant Expendable Trust Fund:

Police Pension Fund - This fund receives property tax revenue levied for payment of employer contributions for police disability and pension benefits.

The Village had the following significant Nonexpendable Trust Fund:

Cemetery Endowment Fund - This fund receives interest from investments and perpetual care charges to finance general operations of the Village Cemetery.

E. Budgetary Process

The Ohio Revised Code requires that each fund 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 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 commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 2001 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

G. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Village's basis of accounting.

**VILLAGE OF BARNESVILLE
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001
(Continued)**

2. EQUITY IN POOLED CASH AND INVESTMENTS

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

	2001
Demand deposits	\$413,502
Certificates of deposit	1,657,985
Total deposits	2,071,487
STAROhio	245,638
Donated stocks	46,853
Total investments	292,491
Total deposits and investments	\$2,363,978

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

Investments: Investments in STAROhio are not evidenced by securities that exist in physical or book-entry form. Donated stocks are valued at cost or value at the time of donation.

3. BUDGETARY ACTIVITY

Budgetary activity for the year ending December 31, 2001 follows:

2001 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$603,550	\$665,907	\$62,357
Special Revenue	1,041,297	1,061,053	19,756
Debt Service	893,834	626,731	(267,103)
Capital Projects	4,318,933	869,527	(3,449,406)
Enterprise	970,512	1,141,204	170,692
Fiduciary	43,350	43,747	397
Total	\$7,871,476	\$4,408,169	(\$3,463,307)

2001 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$743,087	\$698,458	\$44,629
Special Revenue	1,227,917	1,128,359	99,558
Debt Service	890,530	554,313	336,217
Capital Projects	4,442,989	3,714,819	728,170
Enterprise	2,070,775	1,072,112	998,663
Fiduciary	58,900	38,882	20,018
Total	\$9,434,198	\$7,206,943	\$2,227,255

**VILLAGE OF BARNESVILLE
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001
(Continued)**

4. PROPERTY TAX

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

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, 2001 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Ohio Water Development Authority Loan	\$1,015,909	8.47%
Ohio Public Works Commission Loan	228,528	0.02%
Bond Anticipation Notes	462,368	3.9 - 5.95%
Total	<u>\$1,706,805</u>	

The Ohio Water Development Authority (OWDA) loan relates to a utility construction project that was mandated by the Ohio Environmental Protection Agency. The loan will be repaid in semiannual installments of \$67,460, including interest, over 25 years. The loan is collateralized by water and sewer receipts. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

The Ohio Public Works Commission (OPWC) loan relates to a water line improvements project. The loan will be repaid in semiannual installments of \$7,105, including interest, over 20 years. The loan is collateralized by water and sewer receipts. The Village has agreed to set utility rates sufficient to cover OPWC debt service requirements.

The bond anticipation notes consist of three different issues consisting of the following: a downtown economic development project in which the full faith, revenue and credit of the Village are pledged and two fire truck purchases which are being paid from a levy and in which the full faith, revenue and credit of the Village is pledged.

**VILLAGE OF BARNESVILLE
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001
(Continued)**

6. DEBT (Continued)

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

Year ending December 31:	OWDA Loan	OPWC Loan	Bond Anticipation Notes
2002	\$202,381	\$14,211	\$268,925
2003	134,920	14,211	40,000
2004	134,920	14,211	40,000
2005	134,920	14,211	40,000
2006	134,920	14,211	40,000
2007 – 2011	674,602	71,053	108,795
2012 – 2016	269,841	71,053	0
2017 – 2021	0	63,947	0
Total	<u>\$1,686,504</u>	<u>\$277,108</u>	<u>\$537,720</u>

7. RETIREMENT SYSTEMS

The Village's law enforcement officers belong to the Ohio Police and Fire Pension Funds (OP&F). Other full-time employees belong to the Public Employees Retirement System (PERS) of Ohio. OP&F and PERS are cost-sharing, multiple-employer plans. These plans provide retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2001, OP&F participants contributed 10% of their wages. The Village contributed an amount equal to 19.5% of police participant wages. PERS members contributed 8.5% of their wages. The Village contributed an amount equal to 13.55% of participants' gross salaries for 2001. The Village has paid all contributions required through December 31, 2001.

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 received from grantor agencies are subject to audit and adjustment by the grantor, principally the federal government. Any disallowed costs may require refunding to the grantor. Amounts which may be disallowed, if any, are not presently determinable. However, based on prior experience, management believes such refunds, if any, would not be material.

10. SUBSEQUENT EVENTS

The Village, along with Warren Township, are co-defendants in a lawsuit in the amount of \$10,000,000. The suit stems from the death of two teenagers at the reservoir.

**VILLAGE OF BARNESVILLE
BELMONT COUNTY**

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2001**

Federal Grantor/ Pass-Through Grantor/ Program Title	Pass Through Entity Number	Federal CFDA Number	Disbursements
<u>U.S. Department of Housing and Urban Development</u>			
<i>Passed Through Ohio Department of Development:</i>			
Community Development Block Grant (Small Cities Program)			
Water and Sanitary Sewer Competitive Grant Program	C-W-01-235-1	14.228	<u>\$393,669</u>
Total U.S. Department of Housing and Urban Development			<u>393,669</u>
Total Federal Awards Expenditures			<u><u>\$393,669</u></u>

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

**VILLAGE OF BARNESVILLE
BELMONT COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS EXPENDITURES
DECEMBER 31, 2001**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Federal Awards Expenditures (the Schedule) is a summary of the Village's federal award programs. The Schedule has been prepared on the cash basis of accounting.

NOTE B – COMMUNITY DEVELOPMENT BLOCK GRANT – SMALL CITIES PROGRAM

Federal monies are commingled with state funds. It is assumed federal monies are expended first.



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**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND ON INTERNAL CONTROL
REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Village of Barnesville
Belmont County
132 North Arch Street
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 year ended December 31, 2001, and have issued our report thereon dated November 12, 2002. 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 *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on 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 such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the Village in a separate letter dated November 12, 2002.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Village in a separate letter dated November 12, 2002.

Village of Barnesville
Belmont County
Report of Independent Accountants on Compliance and on Internal Control
Required by *Government Auditing Standards*
Page 2

This report is intended solely for the information and use of management, the Village Council, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Jim Petro". The signature is stylized with a large, looping initial "J" and a cursive "Petro".

Jim Petro
Auditor of State

November 12, 2002



STATE OF OHIO
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**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO THE MAJOR FEDERAL PROGRAM AND INTERNAL CONTROL
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

Village of Barnesville
Belmont County
132 North Arch Street
Barnesville, Ohio 43713

To the Village Council:

Compliance

We have audited the compliance of the Village of Barnesville, Belmont County, Ohio (the Village), with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to its major federal program for the year ended December 31, 2001. The Village's major federal program is identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the Village's management. Our responsibility is to express an opinion on the Village's compliance based on our audit.

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

In our opinion, the Village complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended December 31, 2001.

Internal Control over Compliance

The management of the Village is responsible for establishing and maintaining effective internal control over compliance with 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 have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Village of Barnesville
Belmont County
Report of Independent Accountants on Compliance with Requirements Applicable
to the Major Federal Program and Internal Control Over Compliance in
Accordance with OMB Circular A-133
Page 2

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal controls that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended for the information and use of management, the Village Council, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Jim Petro", with a large, stylized flourish at the end.

Jim Petro
Auditor of State

November 12, 2002

**VILLAGE OF BARNESVILLE
BELMONT COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 §.505
DECEMBER 31, 2001**

1. SUMMARY OF AUDITOR'S RESULTS
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(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material non-compliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
(d)(1)(iv)	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under § .510?	No
(d)(1)(vii)	Major Programs (list):	Community Development Block Grant (Small Cities Program) Water and Sewer Competitive Grant - C.F.D.A. #14.228
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	No

**VILLAGE OF BARNESVILLE
BELMONT COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 §.505
DECEMBER 31, 2001
(Continued)**

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

None

3. FINDINGS FOR FEDERAL AWARDS

None

**VILLAGE OF BARNESVILLE
BELMONT COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
OMB CIRCULAR A-133 §.315 (b)
DECEMBER 31, 2001**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2000-31007-001	Appropriations were exceeded by actual expenditures, in violation of Section 5705.41(B) Rev. Code	Yes	N/A



STATE OF OHIO
OFFICE OF THE AUDITOR

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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
DECEMBER 5, 2002**