



**Auditor of State  
Betty Montgomery**



VILLAGE OF BARNESVILLE  
BELMONT COUNTY

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**Auditor of State  
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT**

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 years ended December 31, 2003 and 2002. 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, 2003 and 2002, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 23, 2004, 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.

Village of Barnesville  
Belmont County  
Independent Accountants' Report  
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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 that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

**Betty Montgomery**  
Auditor of State

June 23, 2004

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, 2003**

	<u>Governmental Fund Types</u>				<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Expendable Trust</u>	
<b>Cash Receipts:</b>						
Property Tax and Other Local Taxes	\$107,333	\$14,490	\$	\$	\$11,514	\$133,337
Municipal Income Taxes		571,406				571,406
Intergovernmental Receipts	197,547	171,155		440,373		809,075
Charges for Services	120	193,991				194,111
Fines, Licenses, and Permits	49,052	20,226				69,278
Earnings on Investments	61,841	7,469				69,310
Miscellaneous	6,283	13,590	4,000	26,088		49,961
<b>Total Cash Receipts</b>	<b>422,176</b>	<b>992,327</b>	<b>4,000</b>	<b>466,461</b>	<b>11,514</b>	<b>1,896,478</b>
<b>Cash Disbursements:</b>						
Current:						
Security of Persons and Property	519,467	55,468			42,126	617,061
Public Health Services	13,016	50,691				63,707
Leisure Time Activities	6,256	133,435				139,691
Community Environment	1,183					1,183
Transportation	26,757	233,710				260,467
General Government	128,698	43,622				172,320
Debt Service:						
Principal Payments			414,794			414,794
Interest Payments			145,524			145,524
Capital Outlay		37,526		888,404		925,930
<b>Total Cash Disbursements</b>	<b>695,377</b>	<b>554,452</b>	<b>560,318</b>	<b>888,404</b>	<b>42,126</b>	<b>2,740,677</b>
<b>Total Cash Receipts Over/(Under) Cash Disbursements</b>	<b>(273,201)</b>	<b>437,875</b>	<b>(556,318)</b>	<b>(421,943)</b>	<b>(30,612)</b>	<b>(844,199)</b>
<b>Other Financing Receipts/(Disbursements):</b>						
Sale of Notes			106,628	195,690		302,318
Sale of Assets	55,560			7,100		62,660
Transfers-In	142,312	200,944	530,770	270,442	30,600	1,175,068
Transfers-Out	(12,000)	(644,299)	(725)	(58,395)		(715,419)
Other Financing Uses				(10,683)		(10,683)
<b>Total Other Financing Receipts/(Disbursements)</b>	<b>185,872</b>	<b>(443,355)</b>	<b>636,673</b>	<b>404,154</b>	<b>30,600</b>	<b>813,944</b>
<b>Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements</b>	<b>(87,329)</b>	<b>(5,480)</b>	<b>80,355</b>	<b>(17,789)</b>	<b>(12)</b>	<b>(30,255)</b>
<b>Fund Cash Balances, January 1</b>	<b>115,707</b>	<b>337,307</b>	<b>1,180</b>	<b>150,386</b>	<b>5,522</b>	<b>610,102</b>
<b>Fund Cash Balances, December 31</b>	<b>\$28,378</b>	<b>\$331,827</b>	<b>\$81,535</b>	<b>\$132,597</b>	<b>\$5,510</b>	<b>\$579,847</b>
<b>Reserves for Encumbrances, December 31</b>	<b>\$965</b>	<b>\$10,563</b>	<b>\$0</b>	<b>\$134,505</b>	<b>\$0</b>	<b>\$146,033</b>

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, 2003**

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Nonexpendable Trust</u>	
<b>Operating Cash Receipts:</b>			
Charges for Services	\$1,136,979	\$2,250	\$1,139,229
Fines, Licenses, and Permits	2,139		2,139
Miscellaneous	24,496	150	24,646
Total Operating Cash Receipts	<u>1,163,614</u>	<u>2,400</u>	<u>1,166,014</u>
<b>Operating Cash Disbursements:</b>			
Personal Services	460,587		460,587
Contractual Services	245,799		245,799
Supplies and Materials	224,413		224,413
Capital Outlay	29,000		29,000
Total Operating Cash Disbursements	<u>959,799</u>	<u>0</u>	<u>959,799</u>
Operating Income	<u>203,815</u>	<u>2,400</u>	<u>206,215</u>
<b>Non-Operating Cash Receipts:</b>			
Earnings on Investments		40	40
Total Non-Operating Cash Receipts	<u>0</u>	<u>40</u>	<u>40</u>
Excess of Cash Receipts Over Cash Disbursements Before Interfund Transfers	203,815	2,440	206,255
Transfers-In	59,120		59,120
Transfers-Out	<u>(518,769)</u>		<u>(518,769)</u>
Net Cash Receipts Over/(Under) Cash Disbursements	(255,834)	2,440	(253,394)
Fund Cash Balances, January 1	<u>1,430,582</u>	<u>167,625</u>	<u>1,598,207</u>
<b>Fund Cash Balances, December 31</b>	<b><u>\$1,174,748</u></b>	<b><u>\$170,065</u></b>	<b><u>\$1,344,813</u></b>
Reserve for Encumbrances, December 31	<u>\$24,820</u>	<u>\$0</u>	<u>\$24,820</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 AND SIMILAR FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2002**

	<u>Governmental Fund Types</u>				<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Expendable Trust</u>	
<b>Cash Receipts:</b>						
Property Tax and Other Local Taxes	\$106,235	\$12,783	\$	\$	\$11,409	\$130,427
Municipal Income Taxes		602,001				602,001
Intergovernmental Receipts	250,446	184,801	1,500	619,788		1,056,535
Charges for Services	2,620	153,097				155,717
Fines, Licenses, and Permits	26,271	1,225				27,496
Earnings on Investments	100,414	8,424				108,838
Miscellaneous	22,540	26,296		1,000		49,836
<b>Total Cash Receipts</b>	<u>508,526</u>	<u>988,627</u>	<u>1,500</u>	<u>620,788</u>	<u>11,409</u>	<u>2,130,850</u>
<b>Cash Disbursements:</b>						
Current:						
Security of Persons and Property	499,266	169,418			41,077	709,761
Public Health Services	11,542	44,491				56,033
Leisure Time Activities	7,366	199,414				206,780
Community Environment	1,211					1,211
Transportation	26,452	218,791				245,243
General Government	140,329	43,193				183,522
Debt Service:						
Principal Payments			393,592			393,592
Interest Payments			179,615			179,615
Capital Outlay				3,466,772		3,466,772
<b>Total Cash Disbursements</b>	<u>686,166</u>	<u>675,307</u>	<u>573,207</u>	<u>3,466,772</u>	<u>41,077</u>	<u>5,442,529</u>
<b>Total Cash Receipts Over/(Under) Cash Disbursements</b>	<u>(177,640)</u>	<u>313,320</u>	<u>(571,707)</u>	<u>(2,845,984)</u>	<u>(29,668)</u>	<u>(3,311,679)</u>
<b>Other Financing Receipts/(Disbursements):</b>						
Sale of Notes		48,000	166,557	2,669,860		2,884,417
Sale of Assets		128,238				128,238
Transfers-In	154,961	163,923	330,189	91,600	31,036	771,709
Transfers-Out		(543,518)		(10,001)		(553,519)
Other Financing Sources	3,052	2,006		16,567		21,625
<b>Total Other Financing Receipts/(Disbursements)</b>	<u>158,013</u>	<u>(201,351)</u>	<u>496,746</u>	<u>2,768,026</u>	<u>31,036</u>	<u>3,252,470</u>
<b>Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements</b>	<u>(19,627)</u>	<u>111,969</u>	<u>(74,961)</u>	<u>(77,958)</u>	<u>1,368</u>	<u>(59,209)</u>
<b>Fund Cash Balances, January 1</b>	<u>135,334</u>	<u>225,338</u>	<u>76,141</u>	<u>228,344</u>	<u>4,154</u>	<u>669,311</u>
<b>Fund Cash Balances, December 31</b>	<u><b>\$115,707</b></u>	<u><b>\$337,307</b></u>	<u><b>\$1,180</b></u>	<u><b>\$150,386</b></u>	<u><b>\$5,522</b></u>	<u><b>\$610,102</b></u>
<b>Reserves for Encumbrances, December 31</b>	<u><b>\$311</b></u>	<u><b>\$5,894</b></u>	<u><b>\$0</b></u>	<u><b>\$101,591</b></u>	<u><b>\$0</b></u>	<u><b>\$107,796</b></u>

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

**VILLAGE OF BARNESVILLE  
BELMONT COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES -  
ALL PROPRIETARY AND SIMILAR FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2002**

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Nonexpendable Trust</u>	
<b>Operating Cash Receipts:</b>			
Charges for Services	\$1,156,346	\$2,030	\$1,158,376
Fines, Licenses, and Permits	6,048		6,048
Miscellaneous	15,609		15,609
Total Operating Cash Receipts	<u>1,178,003</u>	<u>2,030</u>	<u>1,180,033</u>
<b>Operating Cash Disbursements:</b>			
Personal Services	414,455		414,455
Contractual Services	289,775		289,775
Supplies and Materials	237,746		237,746
Capital Outlay	165,363		165,363
Total Operating Cash Disbursements	<u>1,107,339</u>	<u>0</u>	<u>1,107,339</u>
Operating Income	<u>70,664</u>	<u>2,030</u>	<u>72,694</u>
<b>Non-Operating Cash Receipts:</b>			
Earnings on Investments		26	26
Intergovernmental Receipts	43,000		43,000
Special Assessments	3,625		3,625
Other Non-Operating Receipts	2,387		2,387
Total Non-Operating Cash Receipts	<u>49,012</u>	<u>26</u>	<u>49,038</u>
Excess of Cash Receipts Over Cash Disbursements Before Interfund Transfers	119,676	2,056	121,732
Transfers-In	10,001		10,001
Transfers-Out	<u>(228,191)</u>		<u>(228,191)</u>
Net Cash Receipts Over/(Under) Cash Disbursements	(98,514)	2,056	(96,458)
Fund Cash Balances, January 1	<u>1,529,096</u>	<u>165,569</u>	<u>1,694,665</u>
<b>Fund Cash Balances, December 31</b>	<b><u>\$1,430,582</u></b>	<b><u>\$167,625</u></b>	<b><u>\$1,598,207</u></b>
Reserve for Encumbrances, December 31	<u>\$51,464</u>	<u>\$0</u>	<u>\$51,464</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, 2003 AND 2002**

**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 reported as assets. 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, U.S. Agency securities and donated common stock are valued at cost or fair value when donated. 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, 2003 AND 2002  
(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.

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

**3. Debt Service Fund**

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 transfers from the sewer utility fund 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.

*Water Plant Note Fund* - This fund receives transfers from the water utility fund to retire outstanding debt related to construction of the Village water plant.

**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:

*Capital Improvement Fund* - This fund receives grant funding from state and federal agencies and distributions from the Income Tax Fund for various Village capital projects.

*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.

**VILLAGE OF BARNESVILLE  
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002  
(Continued)**

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

**D. Fund Accounting (Continued)**

**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:

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

*Cemetery Endowment Fund* - This fund receives interest from investments and perpetual care charges to finance the perpetual care of lots at 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 2003 and 2002 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.

**VILLAGE OF BARNESVILLE  
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002  
(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. Unpaid leave is not reflected as a liability under the Village's basis of accounting.

**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:

	2003	2002
Demand deposits	\$120,456	\$57,326
Certificates of deposit	1,327,565	1,854,051
Total deposits	1,448,021	1,911,377
Federal Home Loan Bank Notes	350,000	
Federal Home Loan Mortgage Corp. Note	50,425	
STAROhio	29,362	250,080
Donated Common stock at cost	46,852	46,852
Total investments	476,639	296,932
Total deposits and investments	\$1,924,660	\$2,208,309

**Deposits:** Deposits are either (1) insured by the Federal Deposit Insurance Corporation or (2) collateralized by securities specifically pledged by the financial institution to the Village.

**Investments:** U.S. Agency securities are held in book-entry form by the applicable agency, in the name of the Village's financial institution. The financial institution maintains records identifying the Village as owner of these securities. 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 years ending December 31, 2003 and 2002, follows:

2003 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$632,648	\$620,048	(\$12,600)
Special Revenue	1,118,040	1,193,271	75,231
Debt Service	883,069	641,398	(241,671)
Capital Projects	1,299,892	939,693	(360,199)
Expendable Trust	39,990	42,114	2,124
Enterprise	1,103,743	1,222,734	118,991
Nonexpendable Trust	4,103	2,440	(1,663)
Total	\$5,081,485	\$4,661,698	(\$419,787)

**VILLAGE OF BARNESVILLE  
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002  
(Continued)**

**3. BUDGETARY ACTIVITY (Continued)**

2003 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$734,191	\$708,342	\$25,849
Special Revenue	1,270,882	1,209,314	61,568
Debt Service	811,034	561,043	249,991
Capital Projects	1,329,197	1,091,987	237,210
Expendable Trust	42,127	42,126	1
Enterprise	1,780,986	1,503,388	277,598
Nonexpendable Trust	20,000	0	20,000
Total	<u>\$5,988,417</u>	<u>\$5,116,200</u>	<u>\$872,217</u>

2002 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$669,168	\$666,539	(\$2,629)
Special Revenue	1,173,240	1,330,794	157,554
Debt Service	738,249	498,246	(240,003)
Capital Projects	4,001,140	3,398,815	(602,325)
Expendable Trust	40,500	42,445	1,945
Enterprise	1,044,500	1,237,016	192,516
Nonexpendable Trust	3,100	2,056	(1,044)
Total	<u>\$7,669,897</u>	<u>\$7,175,911</u>	<u>(\$493,986)</u>

2002 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$728,001	\$686,477	\$41,524
Special Revenue	1,259,096	1,224,719	34,377
Debt Service	804,944	573,207	231,737
Capital Projects	3,972,412	3,578,364	394,048
Expendable Trust	41,077	41,077	0
Enterprise	2,168,467	1,386,994	781,473
Nonexpendable Trust	20,000	0	20,000
Total	<u>\$8,993,997</u>	<u>\$7,490,838</u>	<u>\$1,503,159</u>

Contrary to Ohio law, total appropriations exceeded total estimated resources during 2003 in the Issue II – Sewer Rehabilitation Fund by \$134,325 and during 2002 in the Issue II – Water Plant fund by \$2,819,511.

**VILLAGE OF BARNESVILLE  
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002  
(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 one 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, 2003, was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Ohio Water Development Authority Loans	\$3,101,327	2 - 7%
Ohio Public Works Commission Loans	681,102	0 - 2%
General Obligation Bond Anticipation Notes	348,230	2.8 - 5.95%
Total	<u>\$4,130,659</u>	

The Ohio Water Development Authority (OWDA) loans relate to a utility construction project that was mandated by the Ohio Environmental Protection Agency and the construction of the Village water plant. The loans will be repaid in semiannual installments over 25 years. These loans are collateralized by water and sewer receipts. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

The Ohio Public Works Commission (OPWC) loans relate to water and sewer improvement projects. These loans will be repaid in semiannual installments of \$20,343, including interest, over 20 years. These loans are collateralized by water and sewer receipts. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

The bond anticipation notes consist of four different issues consisting of the following: a downtown economic development project, fire truck, street sweeper and an emergency services van. The fire truck note is being paid from a fire levy, however all of these notes are backed by the full faith and credit of the Village.

**VILLAGE OF BARNESVILLE  
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002  
(Continued)**

**6. DEBT (Continued)**

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

Year ending December 31:	OWDA Loans	OPWC Loans	Bond Anticipation Notes
2004	\$240,480	\$20,343	\$198,538
2005	241,359	40,687	70,033
2006	242,313	40,687	40,000
2007	243,348	40,687	40,000
2008	244,470	40,687	34,991
2009-2013	1,242,818	203,433	
2014-2018	592,950	203,433	
2019-2023	592,950	150,057	
2024-2027	415,065	1,471	
Total	<u>\$4,055,753</u>	<u>\$741,485</u>	<u>\$383,562</u>

**7. RETIREMENT SYSTEMS**

The Village's law enforcement officers belong to the Ohio Police and Fire Pension Funds (OP&F). The Village's other employees belong to the Ohio Public Employees Retirement System (OPERS). OP&F and OPERS 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 2003 and 2002, OP&F participants contributed 10% of their wages. The Village contributed an amount equal to 19.5% of police participant wages. For 2003 and 2002, OPERS members contributed 8.5% of their wages. The Village contributed an amount equal to 13.55% of participants' gross salaries. The Village has paid all contributions required through December 31, 2003.

**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.

**VILLAGE OF BARNESVILLE  
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002  
(Continued)**

**9. CONTINGENT LIABILITIES**

The Village is defendant in several lawsuits. Although the outcome of these suits is not presently determinable, management believes that the resolution of these matters will not materially adversely affect the Village's financial condition.

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.



**Auditor of State  
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT 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 years ended December 31, 2003 and 2002, and have issued our report thereon dated June 23, 2004. 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 instances of noncompliance that are required to be reported under *Government Auditing Standards*, which are described in the accompanying Schedule of Findings as items 2003-001 through 2003-003. We also noted certain immaterial instances of noncompliance that we have reported to management of the Village in a separate letter dated June 23, 2004.

**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 June 23, 2004.

743 E. State St. / Athens Mall Suite B / Athens, OH 45701  
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Village of Barnesville  
Belmont County  
Independent Accountants' Report 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 and the Village Council, and is not intended to be, and should not be used by anyone other than these specified parties.

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

**Betty Montgomery**  
Auditor of State

June 23, 2004

**VILLAGE OF BARNESVILLE  
BELMONT COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2003 AND 2002**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2003-001**

**Finding for Recovery - Repaid Under Audit**

Ohio Rev. Code Section 2949.091 states that the court, in which any person is convicted of or pleads guilty to any offense other than a traffic offense that is not a moving violation, shall impose the sum of fifteen dollars as costs in the case in addition to any other court costs that the court is required by law to impose upon the offender. All such moneys collected during a month shall be transmitted on or before the twentieth day of the following month by the clerk of the court to the treasurer of state and deposited by the treasurer of state into the general revenue fund. The court shall not waive the payment of the additional fifteen dollars court costs, unless the court determines that the offender is indigent and waives the payment of all court costs imposed upon the indigent offender.

Prior to September 26, 2003 the court costs noted above were \$11; however, they were raised to \$15 as a result of House Bill 95. The Mayor's Court was not aware the court costs had increased so it did not raise the court fee at any time during the audit period.

From September 26, 2003 to December 31, 2003, the Mayor's Court had 178 cases in which it only collected and paid to the Treasurer of State of Ohio the \$11 fee. Based on this, the Mayor's Court should have collected an additional \$712 that is due to the State of Ohio to be deposited by the Treasurer of State into the General Revenue Fund.

In accordance with the foregoing facts and pursuant to the Ohio Rev. Code Section 117.28, we hereby issue a Finding for Recovery, jointly and severally, against former Mayor Henry O. Gallagher and The Personal Service Insurance Company, his bonding company, in the amount of \$712 for public monies due but not collected, in favor of the State of Ohio, General Revenue Fund.

On June 1, 2004, Village Council passed Resolution No. 3191 to authorize the Village General Fund to pay the amount due to the State of Ohio. On June 2, 2004, check number 56853 was issued to the Treasurer of State of Ohio in the amount of \$712 and was paid from the Village of Barnesville General Fund.

**FINDING NUMBER 2003-002**

**Noncompliance Citation**

Ohio Rev. Code Section 5705.39 prohibits a subdivision from making appropriations from any fund in excess of the amount of available resources for that fund as certified by the Budget Commission.

During 2003, total appropriations exceeded total estimated resources at year end as follows:

<u>Fund</u>	<u>Estimated Resources</u>	<u>Appropriations</u>	<u>Variance</u>
Issue II-Sewer Rehabilitation Fund	\$170,450	\$304,775	(\$134,325)

VILLAGE OF BARNESVILLE  
BELMONT COUNTY

SCHEDULE OF FINDINGS  
DECEMBER 31, 2003 AND 2002  
(Continued)

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

FINDING NUMBER 2003-002  
(Continued)

Noncompliance Citation (Continued)

Ohio Rev. Code Section 5705.39 (Continued)

During 2002, total appropriations exceeded total estimated resources at year end as follows:

<u>Fund</u>	<u>Estimated Resources</u>	<u>Appropriations</u>	<u>Variance</u>
Issue II - Water Plant Fund	\$486,149	\$3,305,660	(\$2,819,511)

We recommend the Village closely monitor estimated resources and appropriations to ensure appropriations do not exceed estimated resources and obtain amended certificates or pass supplemental appropriation resolutions to reduce appropriations when needed.

FINDING NUMBER 2003-003

Noncompliance Citation

Barnesville, Codified Ordinances, Section 945.07 (1972) requires forty percent of cemetery lot sales to be allocated to perpetual care and the remaining sixty percent be allocated to the Cemetery Fund for general purposes.

For 2002, lot sales were \$5,075 and \$1,644 was allocated to the Cemetery Endowment Fund for perpetual care. Forty percent of 2002 lot sales is \$2,030. The difference of \$386 was posted to the Cemetery Fund instead of the Cemetery Endowment Fund.

We recommend the Village follow their Codified Ordinances when allocating the receipts for cemetery lot sales. The Village has made adjustments to the financial statements and accounting records to reflect the forty percent allocation to the Cemetery Endowment Fund for 2002 lot sales.



**Auditor of State  
Betty Montgomery**

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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  
JULY 22, 2004**