



**VILLAGE OF BARNHILL  
TUSCARAWAS COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 2001-2000**



**JIM PETRO**  
**AUDITOR OF STATE**  

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**STATE OF OHIO**



VILLAGE OF BARNHILL  
TUSCARAWAS COUNTY

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## REPORT OF INDEPENDENT ACCOUNTANTS

Village of Barnhill  
Tuscarawas County  
P.O. Box 558  
Midvale, OH 44653

To the Village Council:

We have audited the accompanying financial statements of the Village of Barnhill (the Village) as of and for the years ended December 31, 2001 and 2000. 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 audits.

We conducted our audits 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 audits 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 audits provide 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 as of December 31, 2001 and 2000, 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 7, 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 audits.

This report is intended solely for the information and use of management, 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, sweeping initial "J" and a cursive "Petro".

**Jim Petro**  
Auditor of State

June 7, 2002

**VILLAGE OF BARNHILL  
TUSCARAWAS COUNTY**

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

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Property Tax and Other Local Taxes	\$11,222	\$0	\$11,222
Donations	10,554		10,554
Intergovernmental Receipts	14,793	11,080	25,873
Fines, Licenses, and Permits	810		810
Earnings on Investments	171	140	311
Miscellaneous	1,273		1,273
	<u>38,823</u>	<u>11,220</u>	<u>50,043</u>
<b>Total Cash Receipts</b>			
<b>Cash Disbursements:</b>			
Current:			
Security of Persons and Property	4,506		4,506
Public Health Services	68		68
Transportation		13,855	13,855
General Government	33,624		33,624
	<u>38,198</u>	<u>13,855</u>	<u>52,053</u>
<b>Total Cash Disbursements</b>			
Excess of Cash Receipts Over/(Under) Cash Disbursements	625	(2,635)	(2,010)
Fund Cash Balances, January 1	<u>15,626</u>	<u>14,375</u>	<u>30,001</u>
<b>Fund Cash Balances, December 31</b>	<u><b>\$16,251</b></u>	<u><b>\$11,740</b></u>	<u><b>\$27,991</b></u>
Reserves for Encumbrances, December 31	<u>\$2,011</u>	<u>\$145</u>	<u>\$2,156</u>

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

**VILLAGE OF BARNHILL  
TUSCARAWAS COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2000**

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Property Tax and Other Local Taxes	\$15,309	\$0	\$15,309
Donations	8,575		8,575
Intergovernmental Receipts	12,366	80,386	92,752
Fines, Licenses, and Permits	1,060		1,060
Miscellaneous	693	444	1,137
	<u>38,003</u>	<u>80,830</u>	<u>118,833</u>
<b>Cash Disbursements:</b>			
Current:			
Security of Persons and Property	4,550		4,550
Public Health Services	128		128
Transportation		79,773	79,773
General Government	27,950	590	28,540
	<u>32,628</u>	<u>80,363</u>	<u>112,991</u>
Excess of Cash Receipts Over/(Under) Cash Disbursements	5,375	467	5,842
Fund Cash Balances, January 1	<u>10,251</u>	<u>13,908</u>	<u>24,159</u>
<b>Fund Cash Balances, December 31</b>	<b><u>\$15,626</u></b>	<b><u>\$14,375</u></b>	<b><u>\$30,001</u></b>
Reserves for Encumbrances, December 31	<u>\$6,681</u>	<u>\$1,345</u>	<u>\$8,026</u>

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



**VILLAGE OF BARNHILL  
TUSCARAWAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The Village of Barnhill, Tuscarawas 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 general governmental services including street construction, maintenance, and repair. The Village contracts with the Tuscarawas County Sheriff's department to provide security of persons and property. The Village also contracts with Village of Midvale to provide fire protection 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. 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 Fund**

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 has the following significant Special Revenue Fund:

*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 BARNHILL  
TUSCARAWAS COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000  
(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. 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 the appropriation measure and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Appropriations lapse at year end.

2. Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus 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. The Village did not encumber all commitments required by Ohio law. The budgetary presentations have been adjusted to include material items that should have been encumbered.

A summary of 2001 and 2000 budgetary activity appears in Note 3.

2. EQUITY IN POOLED CASH

The carrying amount of cash at December 31 was as follows:

	2001	2000
Cash	\$27,991	\$30,001

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

**VILLAGE OF BARNHILL  
TUSCARAWAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000  
(Continued)**

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2001 and 2000 follows:

2001 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$35,260	\$38,823	\$3,563
Special Revenue	4,850	11,220	6,370
Total	\$40,110	\$50,043	\$9,933

2001 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$29,000	\$40,209	(\$11,209)
Special Revenue	17,000	14,000	3,000
Total	\$46,000	\$54,209	(\$8,209)

2000 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$41,328	\$38,003	(\$3,325)
Special Revenue	6,816	80,830	74,014
Total	\$48,144	\$118,833	\$70,689

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$34,800	\$39,309	(\$4,509)
Special Revenue	13,000	81,708	(68,708)
Total	\$47,800	\$121,017	(\$73,217)

Contrary to 5705.41(D) Ohio Rev. Code, the Village did not always certify the availability of funds prior to the obligation of expenditures.

Contrary to 5705.41(B) Ohio Rev. Code, during 2001, the Village had fund level expenditures which exceeded appropriations within the General Fund by \$11,209. During 2000, the Village had fund level expenditures which exceeded appropriations within the General Fund and Special Revenue Fund by \$4,509 and \$68,708 respectively.

Contrary to 5075.40 Ohio Rev. Code, the Village Council did not always approve supplemental appropriations.

Contrary to 5705.42 Ohio Rev. Code, the Village did not record grant funds received from the Ohio Public Works Commission.

**VILLAGE OF BARNHILL  
TUSCARAWAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000  
(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.

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. RISK MANAGEMENT**

**Commercial Insurance**

The Village has obtained commercial insurance for the following risks:

- Commercial property and general liability;
- Commercial crime; and
- Public Officials.

The Village is uninsured for the following risks:

- Errors and Omissions



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

Village of Barnhill  
Tuscarawas County  
P.O. Box 558  
Midvale, OH 44653

To the Village Council:

We have audited the accompanying financial statements of the Village of Barnhill (the Village) as of and for the years ended December 31, 2001 and 2000, and have issued our report thereon dated June 7, 2002. We conducted our audits 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 audits 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 2001-31279-001 through 2001-31279-004.

**Internal Control Over Financial Reporting**

In planning and performing our audits, 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 7, 2002.

This report is intended solely for the information and use of management and 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, appearing to read "Jim Petro". The signature is stylized with a large, looping initial "J" and a horizontal line extending to the right.

**Jim Petro**  
Auditor of State

June 7, 2002

VILLAGE OF BARNHILL  
TUSCARAWAS COUNTY

SCHEDULE OF FINDINGS  
DECEMBER 31, 2001 AND 2000

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

Noncompliance Citations

FINDING NUMBER 2001-31279-001

**Ohio Rev. Code Section 5705.41(D)** requires that no subdivision or taxing unit make any contract or order any expenditure of money unless there is attached thereto a certificate of the fiscal officer of the subdivision that the amount required to meet the same has been lawfully appropriated for such purposes and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrance. This certificate need be signed only by the subdivision's fiscal officer. Every such contract made without such certificate shall be null and void and no warrant shall be issued in payment of any amount due thereon.

This section also provides for two "exceptions" to the above requirement:

- A. Then and Now Certificates - If no certificate is furnished as required, upon receipt of the fiscal officer's certificate that a sufficient sum was, both at the time of the contract or order and at the time of the certificate, appropriated and free of any previous encumbrances, Village Council may authorize the issuance of a warrant in payment of the amount due upon such contract or order by resolution within 30 days from the receipt of such certificate.
- B. If the amount involved is less than \$1,000, the Clerk/Treasurer may authorize payment through a Then and Now Certificate without affirmation of Village Council, if such expenditure is otherwise valid

During 2001 and 2000, 60% and 90%, respectively, of the expenditures tested were not certified as to the availability of funds by the Clerk/Treasurer prior to incurring the obligation. It was also found that neither of the two exceptions above were utilized for the items found to be in non-compliance. The Village should inform all Village employees of the requirements of Ohio Rev. Code Section 5705.41(D). The Village should implement the use of Then and Now certificates and Blanket Certificates as further permitted by Ohio Rev. Code Section 5705.41.

**FINDING NUMBER 2001-31279-002**

**Ohio Rev. Code Section 5705.41(B)** requires that no subdivision or taxing unit is to expend money unless it has been appropriated.

At December 31, 2001 and 2000, expenditures exceeded appropriations within the following funds:

2001

General Fund	\$11,209
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2000

General Fund	4,509
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Special Revenue Fund	68,708
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In 2000, the Village did not obtain an amended certificate or appropriate for the Ohio Public Works Commission Grant. The Village should obtain an Amended Certificate of Estimated Resources for additional revenue for grant proceeds and increase its appropriations accordingly to avoid overspending.

**FINDING NUMBER 2001-31279-003**

**Ohio Rev. Code Section 5705.40** provides that any appropriation measure may be amended or supplemented provided that such amendment or supplement complies with all provisions of law governing the taxing authority in making the original appropriation.

The Clerk/Treasurer amended appropriations without the approval of the Village Council (Council). As the Village's legislative authority, the Council should approve all supplemental appropriations prior to the Clerk/Treasurer amending the Village's appropriations. (These unapproved amendments are not reflected in Note 3 to the financial statements.)

This matter was reported in the management letter of the audit of the 1999 and 1998 financial statements.

**FINDING NUMBER 2001-31279-004**

**Ohio Rev. Code Section 5705.42** requires, in part, that when the state or any department, division, agency authority or unit thereof makes a grant or loan of money to any political subdivision of the state to aid in paying the cost of any program, activity or function of such subdivision, the amount is deemed appropriated and shall be recorded as such by the subdivision.

The Village did not initially record grant funds that were received from the Ohio Public Works Commission which caused revenues and expenditures to be initially understated by \$3,578 and \$68,172 for 2001 and 2000, respectively. The Village should establish procedures to help ensure that all activity related to the funds received is recorded. The Village should refer to Auditor of State Bulletin 2000-008 for guidance on this and other related topics. The financial statements have been adjusted to include these amounts.





STATE OF OHIO  
OFFICE OF THE AUDITOR  

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**VILLAGE OF BARNHILL**

**TUSCARAWAS 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 16, 2002**