

**VILLAGE OF BARNHILL
TUSCARAWAS COUNTY
Regular Audit
For the Years Ended December 31, 2011 and 2010**

Perry & Associates
Certified Public Accountants, A.C.



Dave Yost • Auditor of State

Village Council
Village of Barnhill
P.O. Box 558
Midvale, Ohio 44653

We have reviewed the *Independent Accountants' Report* of the Village of Barnhill, Tuscarawas County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period January 1, 2010 through December 31, 2011. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

The financial statements in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Auditor of State. Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Independent Accountants' Report* on your financial statements. While the Auditor of State 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. The attached report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the statements are misstated under the non-GAAP regulatory basis. The *Independent Accountants' Report* also includes an opinion on the financial statements using the regulatory format the Auditor of State permits.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Village of Barnhill is responsible for compliance with these laws and regulations.

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

Dave Yost
Auditor of State

May 15, 2012

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VILLAGE OF BARNHILL
TUSCARAWAS COUNTY

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INDEPENDENT ACCOUNTANTS' REPORT

March 16, 2012

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

To the Honorable Mayor and Members of Village Council:

We have audited the financial statements of the **Village of Barnhill**, Tuscarawas County, Ohio, (the Village) as of and for the years ended December 31, 2011 and 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 years ended December 31, 2011 and 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, 2011 and 2010 or its changes in financial position for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances as of December 31, 2011 and 2010 and the reserve for encumbrances as of December 31, 2010 of the Village of Barnhill, Tuscarawas County, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

As described in Note 1.F, during 2011 the Village of Barnhill adopted Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 16, 2012 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.

Respectfully Submitted,



Perry and Associates
Certified Public Accountants, A.C.

**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, 2011**

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Local Taxes	\$ 12,718	\$ -	\$ 12,718
Intergovernmental	13,470	17,109	30,579
Fines, Licenses, and Permits	211	-	211
Earnings on Investments	15	14	29
Miscellaneous	1,832	-	1,832
	<u>28,246</u>	<u>17,123</u>	<u>45,369</u>
Total Cash Receipts			
	<u>28,246</u>	<u>17,123</u>	<u>45,369</u>
Cash Disbursements:			
Current:			
General Government	20,729	-	20,729
Transportation	-	8,677	8,677
Security of Persons and Property	5,106	-	5,106
Public Health Services	97	-	97
	<u>25,932</u>	<u>8,677</u>	<u>34,609</u>
Total Cash Disbursements			
	<u>25,932</u>	<u>8,677</u>	<u>34,609</u>
Total Cash Receipts Over/(Under) Disbursements	2,314	8,446	10,760
Fund Cash Balances, January 1	<u>23,840</u>	<u>34,834</u>	<u>58,674</u>
Fund Cash Balances, December 31:			
Restricted	-	43,280	43,280
Unassigned	26,154	-	26,154
	<u>26,154</u>	<u>43,280</u>	<u>69,434</u>
Fund Cash Balances, December 31	<u><u>\$ 26,154</u></u>	<u><u>\$ 43,280</u></u>	<u><u>\$ 69,434</u></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, 2010**

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Local Taxes	\$ 12,453	\$ -	\$ 12,453
Intergovernmental	13,087	19,823	32,910
Fines, Licenses, and Permits	325	-	325
Earnings on Investments	136	14	150
Miscellaneous	240	-	240
	<u>26,241</u>	<u>19,837</u>	<u>46,078</u>
Total Cash Receipts			
	<u>26,241</u>	<u>19,837</u>	<u>46,078</u>
Cash Disbursements:			
Current:			
General Government	25,367	67	25,434
Transportation	-	9,456	9,456
Security of Persons and Property	2,398	-	2,398
	<u>27,765</u>	<u>9,523</u>	<u>37,288</u>
Total Cash Disbursements			
	<u>27,765</u>	<u>9,523</u>	<u>37,288</u>
Total Cash Receipts Over/(Under) Disbursements	(1,524)	10,314	8,790
Fund Cash Balances, January 1	25,331	24,553	49,884
	<u>25,331</u>	<u>24,553</u>	<u>49,884</u>
Fund Cash Balances, December 31	<u>\$ 23,807</u>	<u>\$ 34,867</u>	<u>\$ 58,674</u>
Reserve for Encumbrances, December 31	<u>\$ 100</u>	<u>\$ -</u>	<u>\$ 100</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, 2011 AND 2010**

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 street construction, maintenance, and repair. The Village contracts with the Tuscarawas County Sheriff's department to provide security of persons and property. The Village contracts with the 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 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. Deposits

The Village deposits all available funds in a NOW checking account.

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 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 has the following significant Special Revenue Funds:

**VILLAGE OF BARNHILL
TUSCARAWAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 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 tax money for constructing, maintaining and repairing Village streets.

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, and 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 commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated in the subsequent year.

A summary of 2011 and 2010 budgetary activity appears in Note 4.

F. Fund Balance

For December 31, 2011, fund balance is divided into five classifications based primarily on the extent to which the Village must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

1. Nonspendable

The Village classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

**VILLAGE OF BARNHILL
TUSCARAWAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Fund Balance (Continued)

2. Restricted

Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

3. Committed

Council can *commit* amounts via formal action (resolution). The Village must adhere to these commitments unless the Council amends the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

4. Assigned

Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Village Council or a Village official delegated that authority by resolution, or by State Statute.

5. Unassigned

Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Village applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

G. 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 BARNHILL
TUSCARAWAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)**

2. Change in Accounting Principle and Restatement of Net Assets/Fund Equity

For fiscal year 2011, the Village reclassified certain funds as required by the revised fund classification guidance in Governmental Accounting Standard Board (GASB) Statement No. 54. Implementing GASB Statement No. 54 had the following effect on fund balances previously reported:

	Fund Balance at December 31, 2010	GASB 54 Change in Fund Structure	Adjusted Fund Balance at December 31, 2010
General	\$ 23,807	\$ 33	\$ 23,840
Special Revenue	\$ 34,867	\$ (33)	\$ 34,834

3. EQUITY IN POOLED DEPOSITS

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

	2011	2010
Demand Deposits	\$ 69,434	\$ 58,674

Deposits are insured by the Federal Deposit Insurance Corporation.

4. BUDGETARY ACTIVITY

Budgetary activity for the years ended December 31, 2011 and 2010 follows:

2011 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 27,598	\$ 28,246	\$ 648
Special Revenue	17,611	17,123	(488)
Total	\$ 45,209	\$ 45,369	\$ 160

2011 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 31,260	\$ 25,932	\$ 5,328
Special Revenue	36,860	8,677	28,183
Total	\$ 68,120	\$ 34,609	\$ 33,511

**VILLAGE OF BARNHILL
TUSCARAWAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)**

2010 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 26,241	\$ 26,241	\$ -
Special Revenue	19,837	19,837	-
Total	\$ 46,078	\$ 46,078	\$ -

2010 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 25,855	\$ 27,865	\$ (2,010)
Special Revenue	38,834	9,523	29,311
Total	\$ 64,689	\$ 37,388	\$ 27,301

5. PROPERTY TAX

Real property taxes become a lien on January 1 proceeding the October 1 date for which rates are adopted by Board of Trustees. 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 payment, 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.

6. RETIREMENT SYSTEMS

The Village's elected officials and employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multi-employer plan. This plan provides retirement benefits, including post retirement 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 2011 and 2010, members of OPERS contributed 10% of their gross salaries. The Village contributed an amount equal to 14% of participants' gross salaries. The Village has paid all contributions required through December 31, 2011.

**VILLAGE OF BARNHILL
TUSCARAWAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)**

7. RISK MANAGEMENT

Commercial Insurance

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Commercial Crime; and
- Public Officials

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

March 16, 2012

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

To the Village Council:

We have audited the financial statements of **Village of Barnhill**, Tuscarawas County, Ohio (the Village) as of and for the years ended December 31, 2011 and 2010, and have issued our report thereon dated March 16, 2012, 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 Village's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of opining on the effectiveness of the Village's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Village's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. Therefore, we cannot assure that we have identified all deficiencies, significant deficiencies or material weaknesses. However, as described in the accompanying schedule of audit findings we identified a certain deficiency in internal control over financial reporting, that we consider a material weakness and other deficiencies we consider to be significant deficiencies.

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. We consider finding 2011-001 described in the accompanying schedule of audit findings to be a material weakness.

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. We consider findings 2011-002 and 2011-003 described in the accompanying schedule of audit findings to be significant deficiencies.

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 audit findings as item 2011-001.

We did note certain matters not requiring inclusion in this report that we reported to the Village's management in a separate letter dated March 16, 2011.

The Village's responses to the findings identified in our audit are described in the accompanying schedule of audit findings. We did not audit the Village's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of Village management and Council and others within the Village. We intend it for no one other than these specified parties.

Respectfully Submitted,

A handwritten signature in cursive script that reads "Perry & Associates CPAs A.C.".

Perry and Associates
Certified Public Accountants, A.C.

VILLAGE OF BARNHILL
TUSCARAWAS COUNTY

SCHEDULE OF AUDIT FINDINGS
DECEMBER 31, 2011 AND 2010

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

FINDING NUMBER 2011-001

Material Weakness/Noncompliance

Disbursement Controls

Ohio Rev. Code §5735.27 limits the types of expenses that can be paid from the street construction, maintenance and repair fund because there are restrictions on the use of the gas taxes that support this fund. These funds “shall be used to plan, construct, reconstruct, repave, widen, repair, clear, and clean public highways, roads, and streets; to maintain and repair bridges and viaducts; to purchase, erect and maintain street and traffic signs and markers; to pay costs apportioned to the municipal corporation under section 4907.47 of the Revised Code; to purchase, erect, and maintain traffic lights and signal; to pay the principal, interest and charges on bonds and other obligations issued pursuant to Chapter 133 of the Revised Code... for the purpose of acquiring or constructing roads, highways, bridges, or viaducts or acquiring or making other highway improvements...” In addition, we noted expenses that were charged to the correct fund but the wrong function.

We noted several expenses that were made from the street construction, maintenance and repair fund that did not meet the above criteria. All expenses were reasonable and supported by documentation but they appeared to be recorded in the wrong fund. We have proposed, and the Village has agreed to and posted, the necessary fund balance adjustments for both 2010 and 2011. We also noted charges to various functions that are not applicable to the Village, i.e. basic utility service and leisure time activities. We have proposed, and the Village has agreed to and posted these reclassification adjustments as well.

We recommend the Council and/or Finance Committee and the Fiscal Officer, review the restrictions placed on the revenue sources for the street fund and ensure that only allowed expenses be charged to the fund. We also recommend a copy of the coding appendix from the Village Officer’s Handbook be given to those persons charged with authorizing and reviewing the proper coding for expenses.

Management’s Response – The Fiscal Officer has obtained a copy of Ohio Rev. Code §5735.27 and will use this as a guide for allowed costs in the Street Fund. The Finance Committee members will be receiving a copy of the Village Officer’s Handbook coding appendix to ensure expenses are recorded in the proper funds and functions.

**VILLAGE OF BARNHILL
TUSCARAWAS COUNTY**

**SCHEDULE OF AUDIT FINDINGS
DECEMBER 31, 2011 AND 2010
(Continued)**

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

FINDING NUMBER 2011-002

Significant Deficiency

Payroll Controls

Management does not have effective controls or processes in the payroll area. We noted two officials appeared to be overpaid in 2010 for \$30 each and two officials were overpaid in 2011 for \$30 each. We also noted two employees were overpaid in 2010, one for \$20 and one for \$10. In 2011 one employee was overpaid \$10. We also noted payroll withholding, Medicare, was not withheld for the Fiscal Officer.

The elected official payroll errors were caused because the Fiscal Officer was not made aware of the payment policy for special council meetings. The errors in the hourly employees' pays were caused by incorrectly determining hours worked and the lapse in completion and approval of payroll vouchers by a council member.

We recommend management re-establish the process of payroll vouchers for hourly employees. This process should include management review of the time cards and recalculating total hours. Management should sign off on the timecards noting they have checked the hours calculation. The Fiscal Officer is in the process of correcting the Medicare withholding error. We also recommend any new officials should be informed of any Village ordinances or resolutions that would affect their duties.

Management's Response – Management agrees and will take action to ensure this does not occur in the future. The Medicare problem has been corrected.

FINDING NUMBER 2011-003

Significant Deficiency

Taxes and Intergovernmental Revenue

We noted several misclassifications of tax and intergovernmental revenue in both 2010 and 2011. The misclassification resulted in errors in tax, intergovernmental and interest revenue. The misclassifications for 2010 were not significant and were not corrected; however the errors in 2011 were corrected. The accompanying financial statements reflect all reclassifications. The Village should make sure all reimbursements of lost property taxes, including property tax reimbursements, public utility reimbursements and homestead rollback payments are recorded as intergovernmental revenue.

We recommend all revenues related to property tax or reimbursements be reviewed for proper coding.

Management's Response – Management agrees and will make every effort to ensure these are recorded correctly in the future.

**VILLAGE OF BARNHILL
TUSCARAWAS COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
FISCAL YEAR END DECEMBER 31, 2011 AND 2010**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
2009-001	Recognition of on-behalf grants	Yes	
2009-002	Insufficient payroll controls	No	Partially corrected – repeat as finding 2011-002
2009-003	Correcting recording of taxes and intergovernmental revenue	No	Repeat as finding 2011-003
2009-004	Recording of gas tax receipts.	Yes	

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Dave Yost • Auditor of State

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
MAY 29, 2012