



Dave Yost • Auditor of State



VILLAGE OF BARNESVILLE  
BELMONT COUNTY

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

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

To the Village Council:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of the Village of Barnesville, Belmont County, Ohio (the Village) as of and for the years ended December 31, 2014 and 2013.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Village's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Village's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinion.

***Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles***

As described in Note 1 of the financial statements, the Village prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Village does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2014 and 2013, or changes in financial position or cash flows thereof for the years then ended.

***Opinion on Regulatory Basis of Accounting***

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of Village of Barnesville, Belmont County, Ohio, as of December 31, 2014 and 2013, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D) permit, described in Note 1.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated April 11, 2016, 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.



**Dave Yost**  
Auditor of State  
Columbus, Ohio

April 11, 2016

**VILLAGE OF BARNESVILLE  
BELMONT COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2014**

	General	Special Revenue	Debt Service	Capital Projects	Totals (Memorandum Only)
<b>Cash Receipts</b>					
Property and Other Taxes	\$137,194	\$32,666	\$0	\$0	\$169,860
Municipal Income Tax	0	784,041	0	0	784,041
Rent and Royalties	52,441	0	0	0	52,441
Intergovernmental	108,310	334,923	0	129,664	572,897
Charges for Services	1,000	306,100	0	0	307,100
Fine, Licenses and Fees	62,505	6,025	0	0	68,530
Earnings on Investments	91,849	12,951	0	0	104,800
Miscellaneous	12,422	317,802	0	0	330,224
<i>Total Cash Receipts</i>	<u>465,721</u>	<u>1,794,508</u>	<u>0</u>	<u>129,664</u>	<u>2,389,893</u>
<b>Cash Disbursements</b>					
Current:					
Security of Persons & Property	777,975	361,975	0	0	1,139,950
Public Health Services	16,769	81,193	0	0	97,962
Leisure Time Activities	18,328	220,587	0	0	238,915
Transportation	70,415	385,990	0	0	456,405
General Government	257,239	50,283	0	0	307,522
Capital Outlay	0	294,831	0	628,928	923,759
Debt Service:	0	0	0	0	0
Principal Retirement	0	0	224,546	0	224,546
Interest and Fiscal Charges	0	0	44,536	0	44,536
<i>Total Cash Disbursements</i>	<u>1,140,726</u>	<u>1,394,859</u>	<u>269,082</u>	<u>628,928</u>	<u>3,433,595</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(675,005)</u>	<u>399,649</u>	<u>(269,082)</u>	<u>(499,264)</u>	<u>(1,043,702)</u>
<b>Other Financing Receipts (Disbursements)</b>					
Sale of Notes	15,006	0	0	9,879	24,885
Sale of Capital Assets	7,500	0	0	0	7,500
Transfers In	0	215,500	318,022	207,957	741,479
Transfers Out	0	(410,527)	0	0	(410,527)
Other Financing Sources	25,142	4,311	0	0	29,453
<i>Total Other Financing Receipts (Disbursements)</i>	<u>47,648</u>	<u>(190,716)</u>	<u>318,022</u>	<u>217,836</u>	<u>392,790</u>
<i>Net Change in Fund Cash Balances</i>	<u>(627,357)</u>	<u>208,933</u>	<u>48,940</u>	<u>(281,428)</u>	<u>(650,912)</u>
<i>Fund Cash Balances, January 1</i>	<u>4,447,587</u>	<u>1,659,380</u>	<u>46,847</u>	<u>294,573</u>	<u>6,448,387</u>
<b>Fund Cash Balances, December 31</b>					
Restricted	0	395,434	95,787	13,145	504,366
Committed	0	1,472,879	0	0	1,472,879
Assigned	0	0	0	0	0
Unassigned	3,820,230	0	0	0	3,820,230
<i>Fund Cash Balances, December 31</i>	<u>\$3,820,230</u>	<u>\$1,868,313</u>	<u>\$95,787</u>	<u>\$13,145</u>	<u>\$5,797,475</u>

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

**VILLAGE OF BARNESVILLE  
BELMONT COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (CASH BASIS)  
PROPRIETARY AND FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2014**

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Totals</u>
	Enterprise	Agency	
<b>Operating Cash Receipts</b>			
Charges for Services	\$3,513,565	\$0	\$3,513,565
Fines, Licenses and Permits	0	51,031	51,031
Miscellaneous	20,413	0	20,413
	<hr/>	<hr/>	<hr/>
<i>Total Operating Cash Receipts</i>	3,533,978	51,031	3,585,009
	<hr/>	<hr/>	<hr/>
<b>Operating Cash Disbursements</b>			
Personal Services	699,610	0	699,610
Fringe Benefits	483,732	0	483,732
Contractual Services	395,447	0	395,447
Capital Outlay	47,694	0	47,694
Other	0	43,190	43,190
	<hr/>	<hr/>	<hr/>
<i>Total Operating Cash Disbursements</i>	1,626,483	43,190	1,669,673
	<hr/>	<hr/>	<hr/>
<i>Operating Income</i>	1,907,495	7,841	1,915,336
	<hr/>	<hr/>	<hr/>
<b>Non-Operating Receipts (Disbursements)</b>			
Property and Other Local Taxes	0	8,660	8,660
Intergovernmental	303	0	303
Sale of Fixed Assets	2,455	0	2,455
Other Financing Sources	147,644	0	147,644
Other Financing Uses	(7,398)	0	(7,398)
	<hr/>	<hr/>	<hr/>
<i>Total Non-Operating Receipts (Disbursements)</i>	143,004	8,660	151,664
	<hr/>	<hr/>	<hr/>
<i>Income before Transfers</i>	2,050,499	16,501	2,067,000
	<hr/>	<hr/>	<hr/>
Transfers Out	(330,952)	0	(330,952)
	<hr/>	<hr/>	<hr/>
<i>Net Change in Fund Cash Balance</i>	1,719,547	16,501	1,736,048
	<hr/>	<hr/>	<hr/>
<i>Fund Cash Balances, January 1</i>	1,755,834	8,915	1,764,749
	<hr/>	<hr/>	<hr/>
<i>Fund Cash Balances, December 31</i>	<u>\$3,475,381</u>	<u>\$25,416</u>	<u>\$3,500,797</u>

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

**VILLAGE OF BARNESVILLE  
BELMONT COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Totals (Memorandum Only)</u>
<b>Cash Receipts</b>					
Property and Other Taxes	\$134,774	\$32,104	\$0	\$0	\$166,878
Municipal Income Tax	0	752,391	0	0	752,391
Intergovernmental	188,519	278,878	0	0	467,397
Rent/Royalties	1,535,465	0	0	0	1,535,465
Charges for Services	0	312,018	0	0	312,018
Fines, licenses & fees	68,599	1,599	0	0	70,198
Earnings on Investments	103,935	2,199	0	0	106,134
Miscellaneous	50,828	25,238	0	0	76,066
<i>Total Cash Receipts</i>	<u>2,082,120</u>	<u>1,404,427</u>	<u>0</u>	<u>0</u>	<u>3,486,547</u>
<b>Cash Disbursements</b>					
Current:					
Security of Persons & Property	658,306	308,473	0	0	966,779
Public Health Services	14,499	68,511	0	0	83,010
Leisure Time Activities	17,409	185,237	0	0	202,646
Transportation	64,477	332,205	0	0	396,682
General Government	177,610	53,750	0	0	231,360
Capital Outlay	0	137,815	0	283,964	421,779
Debt Service:					
Principal Retirement	0	0	316,687	0	316,687
Interest and Fiscal Charges	0	0	53,012	0	53,012
<i>Total Cash Disbursements</i>	<u>932,301</u>	<u>1,085,991</u>	<u>369,699</u>	<u>283,964</u>	<u>2,671,955</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>1,149,819</u>	<u>318,436</u>	<u>(369,699)</u>	<u>(283,964)</u>	<u>814,592</u>
<b>Other Financing Receipts (Disbursements)</b>					
Transfers In	0	353,334	396,674	272,000	1,022,008
Transfers Out	0	(700,549)	0	0	(700,549)
Other Financing Sources	36,776	1,412	0	331	38,519
Other Financing Uses	(1,642,743)	0	0	0	(1,642,743)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(1,605,967)</u>	<u>(345,803)</u>	<u>396,674</u>	<u>272,331</u>	<u>(1,282,765)</u>
<i>Net Change in Fund Cash Balances</i>	(456,148)	(27,367)	26,975	(11,633)	(468,173)
<i>Fund Cash Balances, January 1</i>	<u>4,903,735</u>	<u>1,686,747</u>	<u>19,872</u>	<u>306,206</u>	<u>6,916,560</u>
<b>Fund Cash Balances, December 31</b>					
Restricted	0	567,578	46,847	294,573	908,998
Committed	0	1,091,802	0	0	1,091,802
Assigned	272,917	0	0	0	272,917
Unassigned	4,174,670	0	0	0	4,174,670
<i>Fund Cash Balances, December 31</i>	<u>\$4,447,587</u>	<u>\$1,659,380</u>	<u>\$46,847</u>	<u>\$294,573</u>	<u>\$6,448,387</u>

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

**VILLAGE OF BARNESVILLE  
BELMONT COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (CASH BASIS)  
PROPRIETARY AND FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Totals</u>
	Enterprise	Agency	
<b>Operating Cash Receipts</b>			
Charges for Services	\$2,234,771	\$0	\$2,234,771
Fines, Licenses and Permits	7,473	51,858	59,331
<i>Total Operating Cash Receipts</i>	<u>2,242,244</u>	<u>51,858</u>	<u>2,294,102</u>
<b>Operating Cash Disbursements</b>			
Personal Services	723,687	0	723,687
Contractual Services	352,217	0	352,217
Supplies and Materials	364,164	0	364,164
Other	0	55,260	55,260
Capital Outlay	209,162	0	209,162
<i>Total Operating Cash Disbursements</i>	<u>1,649,230</u>	<u>55,260</u>	<u>1,704,490</u>
<i>Operating Income (Loss)</i>	<u>593,014</u>	<u>(3,402)</u>	<u>589,612</u>
<b>Non-Operating Receipts</b>			
Intergovernmental	57,511	0	57,511
Other Financing Sources	5,422	12,317	17,739
<i>Total Non-Operating Receipts</i>	<u>62,933</u>	<u>12,317</u>	<u>75,250</u>
<i>Income before Transfers</i>	<u>655,947</u>	<u>8,915</u>	<u>664,862</u>
Transfers Out	<u>(321,459)</u>	<u>0</u>	<u>(321,459)</u>
<i>Net Change in Fund Cash Balance</i>	334,488	8,915	343,403
<i>Fund Cash Balances, January 1</i>	<u>1,421,346</u>	<u>0</u>	<u>1,421,346</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$1,755,834</u></u>	<u><u>\$8,915</u></u>	<u><u>\$1,764,749</u></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, 2014 AND 2013**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of Barnesville, Belmont County, (the Village) as a body corporate and politic. A publicly-elected six-member Council directs the Village. The Village provides water and sewer utilities, park operations, street maintenance, emergency management, fire protection and police services. The Village appropriates general fund money to support a volunteer fire department.

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

**B. Accounting Basis**

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D). This basis is similar to the cash receipts and disbursements accounting basis. The Board 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 financial reporting provisions of Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D) permit.

**C. Deposits and Investments**

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

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

**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 accounts for and reports all financial resources not accounted for and reported in another fund.

**2. Special Revenue Funds**

These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Village had the following significant Special Revenue Funds:

**VILLAGE OF BARNESVILLE  
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2014 AND 2013  
(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.

Income Tax Fund – This fund receives income tax money and distributes net collections for the operation of the Village and for capital improvements.

Park and Recreation Fund – This fund receives pool admissions, concession receipts, donations and distributions of Village income tax collections to be used for the maintenance and upkeep of the Village park and pool.

Emergency Medical Services Fund – This fund receives charges for services from residents to provide emergency medical services.

**3. Debt Service Funds**

These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. The Village had the following significant Debt Service Funds:

Ohio Water Development Authority (OWDA) Note Fund – This fund receives sewer revenue money to make principal and interest payments towards an OWDA loan for waste water treatment plant sludge improvement.

**4. Capital Project Fund**

This fund accounts for and reports financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Village had the following significant Capital Project Funds:

Capital Improvement Fund – This fund receives grant funding from state and federal agencies and a mandated percentage from income tax collection for various Village capital improvements.

Sanitary Sewer Rehab Fund – This fund receives grant funding and loans from the Ohio Public Works Commission (OPWC) for sanitary sewer rehabilitation.

**5. Enterprise Funds**

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

Water Fund - This fund receives charges for services from residents to cover water service costs.

**VILLAGE OF BARNESVILLE  
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2014 AND 2013  
(Continued)**

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

**D. Fund Accounting (Continued)**

**5. Enterprise Funds (Continued)**

Sewer Fund - This fund receives charges for services from residents to cover sewer service costs.

**6. Fiduciary Funds**

Fiduciary funds include agency funds.

Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Village disburses these funds as directed by the individual, organization or other government. The Village's agency fund accounts for the financial activity of the Mayor's Court and JEDD #2.

**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 Village Council must annually approve appropriation measures and subsequent amendments. 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 approve estimated resources.

**3. Encumbrances**

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 2014 and 2013 budgetary activity appears in Note 3.

**F. Fund Balance**

Fund balance is divided into four 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:

**VILLAGE OF BARNESVILLE  
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2014 AND 2013  
(Continued)**

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

**F. Fund Balance (Continued)**

**1. 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.

**2. 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.

**3. 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.

**4. 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**

The Village records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

**H. Accumulated Leave**

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

**2. EQUITY IN POOLED DEPOSITS**

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

**VILLAGE OF BARNESVILLE  
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2014 AND 2013  
(Continued)**

**2. EQUITY IN POOLED DEPOSITS (Continued)**

	2014	2013
Demand deposits	\$5,544,904	\$5,452,768
Certificates of deposit	2,390,000	1,787,000
Total deposits	7,934,904	7,239,768
Municipal Bonds	600,000	600,000
Federal Home Loan Bank	440,000	100,000
Federal National Mortgage Association	300,000	250,000
Star Ohio	2,022	2,022
Donated Common Stock	21,346	21,346
Total investments	1,363,368	973,368
Total deposits and investments	\$9,298,272	\$8,213,136

**Deposits:** Deposits are insured by the Federal Deposit Insurance Corporation or collateralized by the financial institution's public entity deposit pool.

**Investments:** An investment firm holds the Village's equity securities in book-entry form in the Village's name. Investments in STAR Ohio are not evidenced by securities that exist in physical or book-entry form. Donated stocks are valued at the value at the time of donation.

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2014 and 2013 follows:

2014 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$466,265	\$513,369	\$47,104
Special Revenue	1,506,215	2,014,319	508,104
Debt Service	319,457	318,022	(1,435)
Capital Projects	290,000	347,500	57,500
Enterprise	1,832,831	3,684,380	1,851,549
Fiduciary	0	59,691	59,691
Total	\$4,414,768	\$6,937,281	\$2,522,513

2014 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$929,802	\$1,147,461	(\$217,659)
Special Revenue	2,083,711	1,847,983	235,728
Debt Service	316,457	269,082	47,375
Capital Projects	678,580	642,788	35,792
Enterprise	2,303,481	2,138,813	164,668
Fiduciary	0	43,190	(43,190)
Total	\$6,312,031	\$6,089,317	\$222,714

**VILLAGE OF BARNESVILLE  
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2014 AND 2013  
(Continued)**

**3. BUDGETARY ACTIVITY (Continued)**

2013 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$555,323	\$2,118,896	\$1,563,573
Special Revenue	1,631,370	1,759,173	127,803
Debt Service	429,510	396,674	(32,836)
Capital Projects	284,000	272,331	(11,669)
Enterprise	1,813,721	2,305,177	491,456
Fiduciary	5,276	64,175	58,899
Total	\$4,719,200	\$6,916,426	\$2,197,226

2013 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$2,735,750	\$2,588,964	\$146,786
Special Revenue	2,371,427	2,026,778	344,649
Debt Service	386,219	369,699	16,520
Capital Projects	583,538	409,544	173,994
Enterprise	2,554,035	2,130,029	424,006
Fiduciary	5,276	55,260	(49,984)
Total	\$8,636,245	\$7,580,274	\$1,055,971

**4. PROPERTY TAX**

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

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, JEDD #1 and JEDD#2 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.

**VILLAGE OF BARNESVILLE  
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2014 AND 2013  
(Continued)**

**6. DEBT**

Debt outstanding at December 31, 2014 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Ohio Water Development Authority Loan	\$1,905,328	1.00-8.47%
Ohio Public Works Commission Loans	565,646	0.00-0.20%
Equipment Lease-Purchase Agreement	26,115	2.99%
Total	<u>\$2,497,089</u>	

The Ohio Water Development Authority (OWDA) loan relates to upgrades and improvements to the Village's water and sewer plants necessary to comply with the Ohio Environmental Protection Agency regulations. The Village will repay the loans in installments including interest over 20 years. Water and sewer receipts collateralize the loan. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

The Ohio Public Works Commission (OPWC) loans relates to water and sewer improvements. The Village will repay the loans in semiannual installments including interest, over 20 years. Water and sewer receipts collateralize the loans. The Village has agreed to set utility rates sufficient to cover OPWC debt service requirements.

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

Year ending December 31:	<u>OWDA Loans</u>	<u>OPWC Loans</u>	<u>Capital Lease</u>
2015	\$146,694	\$62,436	\$26,896
2016	146,694	62,436	0
2017	146,694	62,436	0
2018	146,694	62,436	0
2019	146,695	62,436	0
2020-2024	655,868	219,589	0
2025-2029	527,399	71,593	0
2030-2031	42,158	3,675	0
Total	<u>\$1,958,896</u>	<u>\$607,037</u>	<u>\$26,896</u>

**Conduit Debt**

Ohio Hills Health Services, Inc. (Ohio Hills) wished to acquire Wesbanco Bank's former office within Barnesville for use as a medical clinic. Ohio Hills could obtain financing from Wesbanco Bank at a lower cost, provided the Village acquired the property and leased it to Ohio Hills, with the requirement Ohio Hills made all payments on the mortgage in the form of lease payments and subsequently purchase the property from the Village at the conclusion of the lease.

The Village purchased the property from Wesbanco Bank on October 25, 2006 for the sum of \$325,000 and entered into a mortgage with Wesbanco Bank for an amount of \$325,000. The mortgage is non-recourse, provided that in the event of a default, the Village shall not be liable to pay any portion of the unpaid balance.

**VILLAGE OF BARNESVILLE  
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2014 AND 2013  
(Continued)**

**6. DEBT (Continued)**

The Village entered into a lease-purchase agreement with Ohio Hills, provided Ohio Hills shall make monthly payments in a sufficient manner to pay all payments due on the mortgage to Wesanco Bank. The lease also requires Ohio Hills to pay all taxes, insurance and maintenance of the property, and to hold the Village harmless against all claims. The lease requires Ohio Hills to purchase the building for \$1 after the Wesbanco Bank mortgage is paid in full. The outstanding balance due on the mortgage as of December 31, 2014 was \$294,683.

**7. RETIREMENT SYSTEM**

The Village's full-time employees and elected officials belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes these plans' benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2014 and 2013, OPERS members contributed 10%, respectively, of their gross salaries and the Village contributed an amount equaling 14%, respectively, of participants' gross salaries. For 2014 and 2013, OP&F members contributed 10%, respectively, of their gross salaries and the Village contributed an amount equaling 19.5%, respectively, of participants' gross salaries. The Village has paid all contributions required through December 31, 2014.

The full-time employees and elected officials who are not members of OPERS contribute to Social Security. The contribution rate of these members is 6.2% of their gross salary. As required, the Village matches the 6.2% contribution to Social Security. The Village has paid all contributions required through December 31, 2014.

**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 grantor agencies pay to the Village are subject to audit and adjustment by the grantor, principally the federal government. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However based on prior experience, management believes any refunds would be immaterial.

**VILLAGE OF BARNESVILLE  
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2014 AND 2013  
(Continued)**

**10. JOINTLY GOVERNED ORGANIZATIONS**

**Belmont County Regional Airport Authority**

Belmont County Regional Airport Authority (Authority) is the governing body for the Barnesville-Bradfield Airport. The Authority was created in August 2008. The original governing board is comprised of three trustees appointed by the Belmont County Commissioners and two trustees appointed by the Village of Barnesville. Hereafter, any trustee whose term expires or who resigns shall be replaced by the appointed Authority who originally appointed him or her. The Authority is not dependent upon the Village of Barnesville for its continued existence, no debt exists, and the Village does not have an equity interest in or a financial responsibility for the Authority.

**Barnesville-Warren Township Joint Economic Development District #1**

Barnesville-Warren Township Joint Economic Development District #1 (JEDD #1) was created December 8, 2008 between the Village of Barnesville and Warren Township to provide for the operation of the District in accordance with Sections 715.72 through 715.78 of the Ohio Revised Code for their mutual benefit and for the benefit of their residents and of the State of Ohio. The Board of Directors shall consist of three members, one member representing the Village to be appointed by the Mayor with approval of Village Council, one member representing the Township, appointed by the Township Board of Trustees and one member selected by the members previously mentioned. The Board members shall serve without compensation. The Board shall meet at least once each calendar year.

The Board levied an income tax rate of 1.0% in the District in accordance with Section 715.74 of the Ohio Revised Code. The Board contracted with the Village of Barnesville to collect the income tax. Each quarter, the Village Tax Administrator shall provide the JEDD#1 with an amount sufficient to pay the outstanding or expected expenses of the operation of JEDD#1 for that quarter. Income tax monies in excess of those provided to JEDD#1 shall be credited to the Village to be spent as outlined in contractual agreement between JEDD#1 and the Village in Section 10. JEDD #1 is not dependent upon the Village of Barnesville for its continued existence, no debt exists, and the Village does not have an equity interest in or a financial responsibility for JEDD #1.

**Barnesville-Warren Township Joint Economic Development District #2**

Barnesville-Warren Township Joint Economic Development District #2 (JEDD #2) was created June 18, 2012 between the Village of Barnesville and Warren Township to provide for the operation of the District in accordance with Sections 715.72 through 715.78 of the Ohio Revised Code for their mutual benefit and for the benefit of their residents and of the State of Ohio. The Board of Directors shall consist of five members, one member representing the Village to be appointed by the Mayor with approval of Village Council, one member representing the Township, appointed by the Township Board of Trustees, one member representing the owners of businesses within the district, one member representing the persons working within the district; and one member selected by the other four members. The Board members shall serve without compensation. The Board shall meet at least once each calendar year.

The Board levied an income tax rate of 1.0% in the District in accordance with Section 715.74 of the Ohio Revised Code. The Board contracted with the Village of Barnesville to collect the income tax. Each quarter, the Village Tax Administrator shall provide the JEDD#2 with an amount sufficient to pay the outstanding or expected expenses of the operation of JEDD#2 for that quarter. Income tax monies in excess of those provided to JEDD#2 shall be credited to the Village to be spent as outlined in contractual agreement between JEDD#2 and the Village in Section 10. The Village of Barnesville maintains an Agency Fund for JEDD #2. JEDD #2 is not dependent upon the Village of Barnesville for its continued existence, no debt exists, and the Village does not have an equity interest in or a financial responsibility for JEDD #2.

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# Dave Yost • Auditor of State

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

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

To the Village Council:

We have audited in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements by fund type of the Village of Barnesville, Belmont County, Ohio, (the Village) as of and for the years ended December 31, 2014 and 2013, and the related notes to the financial statements and have issued our report thereon dated April 11, 2016 wherein we noted the Village followed financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D) permit.

### ***Internal Control Over Financial Reporting***

As part of our financial statement audit, we considered the Village's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Village's internal control. Accordingly, we have not opined on it.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. However, as described in the accompanying Schedule of Findings we identified certain deficiencies in internal control over financial reporting, that we consider material weaknesses.

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 a combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Township's financial statements. We consider Findings 2014-001, and 2014-004 through 2014-006 described in the accompanying Schedule of Findings to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of internal control deficiencies less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider Findings 2014-002, 2014-003 and 2014-007 through 2014-009 described in the accompanying Schedule of 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, opining 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 instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying Schedule of Findings as items 2014-001 through 2014-003.

***Purpose of this Report***

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Village's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Village's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

**Dave Yost**  
Auditor of State  
Columbus, Ohio

April 11, 2016

**VILLAGE OF BARNESVILLE  
BELMONT COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2014 AND 2013**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
--

**FINDING NUMBER 2014-001**

**Noncompliance Citation/ Material Weakness**

Ohio Admin. Code § 117-2-02(A) states that all local public offices shall maintain an accounting system and accounting records sufficient to enable the public office to identify, assemble, analyze, classify, record and report its transactions, maintain accountability for the related assets (and liabilities, if generally accepted accounting principles apply), document compliance with finance-related legal and contractual requirements and prepare financial statements required by Ohio Admin. Code Section 117-2-03.

During 2014, the Fiscal Officer classified certain transactions incorrectly as follows:

- Lease royalties were posted to General Fund receipt line account Fines, Licenses and Fees instead of Rent/Royalties, in the amount of \$52,441; and
- Fire levy expenditures were posted to expenditure line account Security of Persons instead of Capital Outlay, in the amount of \$144,063.

During 2013, the Fiscal Officer classified certain transactions incorrectly as follows:

- Lease royalties were posted to General Fund receipt line account Other Financing Sources instead of Rent/Royalties, in the amount of \$1,535,465.

These reclassification errors were due to a lack of management oversight. The significant reclassifications, with which management agrees, were posted to the financial statements of the Village.

The Fiscal Officer should refer to the Village Handbook for proper classification and take additional care in posting transactions to the Village's ledgers in order to ensure the Village's year-end financial statements reflect the appropriate sources of the Village's receipts and expenditures.

**FINDING NUMBER 2014-002**

**Noncompliance Citation/Significant Deficiency**

Ohio Rev. Code § 5705.41(D)(1) prohibits a subdivision or taxing authority from making any contract or ordering any expenditure of money unless a certificate signed by the fiscal officer is attached thereto. The fiscal officer must certify that the amount required to meet any such contract or expenditure has been lawfully appropriated and is in the treasury, or is in the process of collection to the credit of an appropriate fund free from any previous encumbrance.

There are several exceptions to the standard requirement stated above that a fiscal officer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are: "then and now" certificates, blanket certificates, and super blanket certificates, which are provided for in Sections 5705.41(D)(1) and 5705.41(D)(3), respectively, of the Ohio Revised Code.

1. "Then and Now" Certificate - If the fiscal officer can certify that both at the time that the contract or order was made ("then"), and at the time that the fiscal officer is completing the certification ("now"), that sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the Village can authorize the drawing of a warrant for the payment of the amount due. The Village has thirty days from receipt of the "then and now" certificate to approve payment by ordinance or resolution.

**VILLAGE OF BARNESVILLE  
BELMONT COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2014 AND 2013  
(Continued)**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
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**FINDING NUMBER 2014-002 (Continued)**

**Noncompliance Citation/Significant Deficiency (Continued)**

Amounts of less than \$3,000 may be paid by the fiscal officer without a resolution or ordinance upon completion of the “then and now” certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the Village.

2. Blanket Certificate - Fiscal officers may prepare “blanket” certificates for a certain sum of money not in excess of an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority against any specific line item account over a period not running beyond the current fiscal year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.
3. Super Blanket Certificate - The Village may also make expenditures and contracts for any amount from a specific line item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification is not to exceed beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any line item appropriation.

The Village did not properly certify the availability of funds prior to purchase commitment for 100% of expenditures tested in 2014. Purchase orders were prepared but were not signed by any Village officials including the Fiscal Officer. Failure to properly certify the availability of funds can result in overspending funds and negative cash fund balances.

Unless the exceptions noted above are used, prior certification is not only required by statute but is a key control in the disbursement process to assure that purchase commitments receive prior approval. To improve controls over disbursements and to help reduce the possibility of the Village’s funds exceeding budgetary spending limitations, we recommend the Fiscal Officer certify that the funds are or will be available prior to an obligation being incurred by the Village. When prior certification is not possible, “then and now” certification should be used.

The Village should certify purchases to which Section 5705.41(D) applies. The Fiscal Officer should sign the certification at the time the Village incurs a commitment, and only when the requirements of Section 5705.41(D) are satisfied.

**FINDING NUMBER 2014-003**

**Noncompliance Citation/Significant Deficiency**

**Ohio Rev. Code § 5705.41(B)** prohibits subdivisions or taxing authorities from expending money unless it has been appropriated as provided in such chapter.

**VILLAGE OF BARNESVILLE  
BELMONT COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2014 AND 2013  
(Continued)**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
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**FINDING NUMBER 2014-003 (Continued)**

**Noncompliance Citation/Significant Deficiency (Continued)**

At December 31, 2014, expenditures exceeded appropriations, as follows:

Fund/Line Item	Appropriation Authority	Actual Expenditures	Variance
General Fund	\$915,882	\$1,195,109	\$(279,227)
SR - Street Construction	355,283	397,175	( 41,892)
SR - State Highway Improvement	12,400	22,772	( 10,372)
SR -Parks & Recreation	181,687	308,421	(126,734)
SR - Emergency Medical	312,586	452,964	(140,378)
SR -Police Pension	43,501	55,663	(12,162)
SR Drug Task Force	300	13,896	(13,596)
CP – Sanitary Sewer Rehab	144,000	172,621	(28,621)
Enterprise – Property Development	5,600	18,124	(12,524)

At December 31, 2013, expenditures of \$24,000 exceeded appropriations of \$0 for a variance of \$24,000 in the Cemetery Endowment fund.

The practice of allowing expenditures to exceed appropriations could result in negative fund balances for the Village.

The Fiscal Officer should compare expenditures to appropriations on a monthly basis. If appropriations in addition to those already adopted will be needed, the Village Council should take the necessary steps to adopt additional appropriations, if possible, to prevent expenditures from exceeding appropriations or reduce spending. The Village Clerk/Treasurer should deny requests for payment when appropriations are not available.

**FINDING NUMBER 2014-004**

**Material Weakness**

Auditor of State Bulletin 2011-004 mandated Governmental Accounting Standard Board Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions for financial statements for periods beginning after June 15, 2010. This bulletin required entity's to formally adopted a fund balance policy.

- The policy should define whether the auditee considers restricted or unrestricted amounts to have been spent when an expenditure is incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) amounts are available.

**VILLAGE OF BARNESVILLE  
BELMONT COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2014 AND 2013  
(Continued)**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
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**FINDING NUMBER 2014-004 (Continued)**

**Material Weakness (Continued)**

- For unrestricted fund balances, the classification should be based on the government's accounting policies regarding whether it considers committed, assigned, or unassigned amounts to have been spent when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.
- If a government does not establish a policy for its use of unrestricted fund balance amounts, it should consider that committed amounts would be reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

The Village improperly reported appropriations in excess of estimated receipts in the General Fund as unassigned instead of reporting the excess as assigned, in the amount of \$272,917 during 2013. The Village improperly reported Special Revenue fund balance as Restricted instead of Nonexpandable and Assigned, in the amounts of \$144,497, \$1,281,698 and \$202,109, \$991,157, in 2014 and 2013, respectively. Also, the Debt Service fund balance was reported as Restricted instead of Committed, in the amounts of \$95,787 and \$46,846 in 2014 and 2013, respectively. Also, the Village Council has not established a fund balance policy for the Village. The financial statements reflect these adjustments.

The Village Council should establish a fund balance policy. Also, the Village should review AOS Bulletin 2011-004 for proper reporting of cash fund balances.

**FINDING NUMBER 2014-005**

**Material Weakness**

During our review of the Village's disbursement system, we noted the following conditions:

- Checks were written and cleared the bank but were not posted to the accounting system.
- Dates on cancelled checks did not agree to the check register.
- Checks cleared the bank a month or more after the date on the check, indicating the checks were held before mailing.
- Checks were posted to the wrong expenditure line item resulting in reclassification of posting.
- Manual checks issued in the name of the fiscal officer without support.
- Bills were not paid timely.

These conditions did not allow for proper documentation of certain disbursements and resulted in the Village not being able to properly reconcile their accounting system to the bank. The fiscal officer failed to reconcile the accounting system to the bank for the entire audit period.

The Village should consider implementing the following procedures to strengthen the internal controls over the proper disbursement of public funds:

- All checks are posted to the system.
- Check dates in the accounting system should match the physical check.
- Checks should be issued to vendors in a timely manner.
- Consult the Village handbook to determine proper expenditure classifications
- Manual checks should be issued in isolated cases
- Bills should be paid timely, so as not to incur late fees and penalties.

**VILLAGE OF BARNESVILLE  
BELMONT COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2014 AND 2013  
(Continued)**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
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**FINDING NUMBER 2014-006**

**Material Weakness**

All local public offices should integrate the budgetary accounts, at the legal level of control or lower, into the financial accounting system. This means designing an accounting system to provide ongoing and timely information on unrealized budgetary receipts and remaining uncommitted balances of appropriations.

At December 31, 2014, estimated resources as approved by the Budget Commission did not agree to the Village's ledgers for the following funds. The variances are as follows:

Fund	Per Budget Commission	Per Village's Reports	Variance
General	\$466,265	\$568,483	(\$102,218)
SR Street Construction	334,067	345,867	(11,800)
SR Emergency Medical	171,541	208,541	(37,000)
SR Income Tax	648,239	720,000	(71,761)
CP Capital Improvement	290,000	215,000	75,000
Enterprise Water	1,181,361	1,281,361	(100,000)

At December 31, 2013, estimated resources as approved by the Budget Commission did not agree to the Village's ledgers for the following funds. The variances are as follows:

Fund	Per Budget Commission	Per Village's Reports	Variance
SR Emergency Medical	186,500	200,050	(13,550)
CP Capital Improvement	284,000	124,000	160,000

December 31, 2014, appropriations as approved by the Village Council did not agree to the Village's ledgers for the following funds. The variances are as follows:

Fund	Per Council Minutes	Per Village's Reports	Variance
General	\$915,882	\$929,802	(\$13,920)
SR Street Construction	355,283	368,898	(13,615)
SR Emergency Medical	312,586	418,451	(105,865)
CP Capital Improvement	409,000	534,580	(125,580)
Enterprise Water	1,280,976	1,416,888	(135,912)
Enterprise Sewer	842,164	865,593	(23,429)

**VILLAGE OF BARNESVILLE  
BELMONT COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2014 AND 2013  
(Continued)**

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

**FINDING NUMBER 2014-006**

**Material Weakness (Continued)**

At December 31, 2013, appropriations as approved by the Village Council did not agree to the Village's ledgers for the following funds. The variances are as follows:

Fund	Per Village Council	Per Village's Reports	Variance
General	\$2,729,373	\$2,735,750	(\$6,377)
SR Street Construction	364,000	376,876	(12,876)
Enterprise Water	1,612,731	1,713,530	(100,799)
Enterprise Sewer	756,245	775,955	(19,710)

Due to budgetary information being improperly entered into the system, the management of the Village was not able to effectively monitor and report its budget v. actual status throughout the year. In addition, this resulted in audit adjustments to the budgetary statements.

The Village should accurately post to their accounting system estimated receipts as certified by the County Budget Commission. This procedure will help ensure more useful comparisons of budget vs. actual activity, as well as provide management with an accurate monitoring tool throughout the year.

**FINDING NUMBER 2014-007**

**Significant Deficiency**

When designing the public office's system of internal control and the specific control activities, management should plan for adequate segregation of duties or compensating controls.

The small size of the Village's staff did not allow for an adequate segregation of duties; the Fiscal Officer performed all accounting functions. It is therefore important that the Mayor and Council Members' function as a finance committee to monitor financial activity closely. There was no documentation in the minutes of the Council Members' approval of bank reconciliations, monthly activity of revenues and expenditures or budget versus actual reports received in Village council meetings.

This could result in the accounting system of the Village not being posted up-to-date, errors in the monthly bank reconciliation, and errors and omissions occurring in the Village's accounting system and going unnoticed by management.

Financial information should be presented to the Council Members and department heads on a regular basis. This information should include monthly bank reconciliations, as well as monthly revenue and expenditure activity by fund, department reports reflecting receipts and expenditures, and budget versus actual reports. The presentation of these reports should be documented in the board minutes of the Village meetings.

**VILLAGE OF BARNESVILLE  
BELMONT COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2014 AND 2013  
(Continued)**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
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**FINDING NUMBER 2014-008**

**Significant Deficiency**

The Village Fiscal Officer receives several different streams of revenues to deposit and post to the accounting system which includes: grants for departments, payments by mail, contractor licenses, building permits, cemetery lot sales, interments and foundation fees, parking and mayor's court fines, park rentals, pool admissions, rentals and concessions, daily income taxes collections, utility collections, EMS collections, sidewalk program payments and franchise fees. Duplicate receipts and pay-ins are generated for customers or employees that ask for pay-ins or duplicate receipts.

During the 2013-2014 audit, we noted these issues with the collection and posting of revenues received by the Fiscal Officer:

- Fourteen contractor licenses were issued and money was not posted to the Village's system, nor deposited in the Village's bank account;
- The amount charged to contractors for license fees did not agree to the amount approved by the Council. An additional amount of \$5 was added to contractor license fee collections;
- The amount posted in the Village's records and deposited into the bank for building permits did not agree to the number of permits issued. It appears that more permits were issued than receipts recorded and deposited;
- Work orders for six cemetery interments were prepared but not collected from the funeral homes, during the course of the audit the funeral homes were contacted and made payments;
- A payment on a cemetery lot was not recorded on the Village's records or deposited in the bank;
- Contractor fees were recorded and deposited but no license was issued; and
- Mayor's court collections, in the amount of \$6,932, for September through December of 2014 were not recorded on the Village's records.

Failure by outside departments or village council to monitor collections handled by the Fiscal Officer allowed errors to occur and go undetected. In addition, payments collected by the Fiscal Officer for village supplied services, such as contractor licenses, building permits and sidewalk payments did not consistently have duplicate receipts prepared or a system of documentation to account for licenses and permits issued.

Village Council and outside departments should monitor the collections handled by the Fiscal Officer to ensure collections remitted to the Fiscal Officer or collected by the Fiscal Officer are properly recorded and deposited. Outside departments should request monthly reports from the Fiscal Officer and reconcile their depositing records with the monthly reports supplied by the Fiscal Officer. In addition, the fiscal office should have a procedure in place to account for any licenses or permits issued. For the sidewalk program, an individual file should be maintained for each village resident that enters into a contract with the Village.

**FINDING NUMBER 2014-009**

**Significant Deficiency**

The Village Fiscal Officer receives different streams of revenues from other departments to deposit and post to the accounting system which includes: cemetery lot sales, interments and foundation fees from village administrator or utility office, parking and mayor's court fines from police department, and daily income tax collections from income tax administrator. Pay-ins are prepared by the Fiscal Officer for money collected from the applicable departments.

**VILLAGE OF BARNESVILLE  
BELMONT COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2014 AND 2013  
(Continued)**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2014-009 (Continued)**

**Significant Deficiency (Continued)**

The Fiscal Officer did not consistently prepare pay-ins for money received in her office from other departments. In addition, these department heads failed to ask for pay-ins when depositing money with the fiscal officer. As a result, differences between the two parties in relation to the posting amount or bank deposit amount would result in a disagreement with no source documentation to prove the accuracy of either party.

The Fiscal Officer and all department heads should require a pay-in be prepared for any money exchanged. The pay-in should document the amount of cash and/or checks amount exchanged and the total with both parties signing or initialing the pay-in. One copy should remain in the pay-in book and a copy to each party in the exchange.

**Officials' Response:** We did not receive a response from Officials to the Findings reported above

VILLAGE OF BARNESVILLE  
BELMONT COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2014 AND 2013

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b>Explain</b>
2012-01	The Village did not always record receipts and disbursements into accurate classifications based upon the source of the receipt or purpose of the disbursement.	No	Not corrected, repeated as Finding 2014-001.

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# Dave Yost • Auditor of State

**VILLAGE OF BARNESVILLE**

**BELMONT COUNTY**

**CLERK'S CERTIFICATION**

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
APRIL 26, 2016**