

**VILLAGE OF BARNESVILLE**

**AUDIT REPORT**

**JANUARY 1, 2017 - DECEMBER 31, 2018**

**Wilson, Phillips & Agin, CPA's, Inc.  
1100 Brandywine Blvd. Building G  
Zanesville, Ohio 43701**



OHIO AUDITOR OF STATE  
KEITH FABER



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Members of Council  
Village of Barnesville  
PO Box 190  
Barnesville, OH 43713

We have reviewed the *Independent Auditor's Report* of the Village of Barnesville, Belmont County, prepared by Wilson, Phillips & Agin, CPA's, Inc., for the audit period January 1, 2017 through December 31, 2018. 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.

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 Barnesville is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Keith Faber".

Keith Faber  
Auditor of State  
Columbus, Ohio

September 27, 2019

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**VILLAGE OF BARNESVILLE  
BELMONT COUNTY  
JANUARY 1, 2017 - DECEMBER 31, 2018**

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**WILSON, PHILLIPS & AGIN, CPA'S, INC.  
1100 BRANDYWINE BLVD. BUILDING G  
ZANESVILLE, OHIO 43701**

**INDEPENDENT AUDITORS' REPORT**

Village of Barnesville  
Belmont County  
P.O. Box 190  
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, as of and for the years ended December 31, 2018 and 2017.

**Management's Responsibility For the Financial Statements**

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 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 opinions.

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

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

Although the effects on the financial statements of the variances between the regulatory basis of accounting and GAAP are not reasonably determinable, are presumed to be 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 Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis permitted 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 of Barnesville as of December 31, 2018 and 2017, 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 cash balances, receipts and disbursements by fund type, and the related notes of the Village of Barnesville, Belmont County as of December 31, 2018 and 2017, in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 2.

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

In accordance with *Government Auditing Standards*, we have also issued a report dated May 8, 2019, on our consideration of the Village of Barnesville'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.

***Wilson, Phillips & Agin, CPA's, Inc.***  
Zanesville, Ohio  
May 8, 2019



**VILLAGE OF BARNESVILLE  
BELMONT COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2018**

	<u>Governmental Fund Types</u>				<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	
<b>Cash Receipts</b>					
Property Tax and Other Local Taxes	\$ 154,628	\$ 115,126	\$ -	\$ -	\$ 269,754
Municipal Income Tax	973,670	-	-	-	973,670
Intergovernmental	125,511	243,992	-	-	369,503
Special Assessments	-	1,700	-	10,947	12,647
Charges for Services	21,994	539,614	-	-	561,608
Fines, Licenses, and Permits	48,785	9,423	-	-	58,208
Earnings on Investments	253,692	1	-	-	253,693
Miscellaneous	98,568	65,502	-	-	164,070
<b>Total Cash Receipts</b>	<u>1,676,848</u>	<u>975,358</u>	<u>-</u>	<u>10,947</u>	<u>2,663,153</u>
<b>Cash Disbursements</b>					
Current:					
Security of Persons and Property	791,759	423,275	-	-	1,215,034
Public Health Services	14,234	91,013	-	-	105,247
Leisure Time Activities	28,850	872,088	-	-	900,938
Basic Utility Services	78,565	-	-	-	78,565
Transportation	-	464,026	-	24,459	488,485
General Government	1,862,092	-	-	-	1,862,092
Capital Outlay	-	9,520	-	77,354	86,874
Debt Service					
Principal Retirement	-	-	182,736	-	182,736
Interest and Fiscal Charges	-	-	29,311	-	29,311
<b>Total Cash Disbursements</b>	<u>2,775,500</u>	<u>1,859,922</u>	<u>212,047</u>	<u>101,813</u>	<u>4,949,282</u>
<b>Excess of Receipts Over/(Under) Disbursements</b>	(1,098,652)	(884,564)	(212,047)	(90,866)	(2,286,129)
<b>Other Financing Receipts/(Disbursements)</b>					
Sale of Capital Assets	23,570	-	-	-	23,570
Debt Proceeds	-	-	-	55,000	55,000
Transfers - In	70,723	1,034,360	138,617	-	1,243,700
Transfers - Out	(1,120,000)	(77,833)	-	-	(1,197,833)
Other Financing Sources	103,533	1,764	-	-	105,297
<b>Total Other Financing Receipts/(Disbursements)</b>	<u>(922,174)</u>	<u>958,291</u>	<u>138,617</u>	<u>55,000</u>	<u>229,734</u>
<b>Net Change in Cash Fund Balances</b>	(2,020,826)	73,727	(73,430)	(35,866)	(2,056,395)
<b>Fund Cash Balances, January 1, 2018</b>	<u>7,858,691</u>	<u>1,158,784</u>	<u>73,430</u>	<u>57,234</u>	<u>9,148,139</u>
<b>Fund Cash Balances, December 31, 2018</b>					
Restricted	-	1,016,637	-	21,368	1,038,005
Committed	-	215,874	-	-	215,874
Assigned	465,764	-	-	-	465,764
Unassigned (Deficit)	5,372,101	-	-	-	5,372,101
<b>Fund Cash Balances, December 31, 2018</b>	<u>\$ 5,837,865</u>	<u>\$ 1,232,511</u>	<u>\$ -</u>	<u>\$ 21,368</u>	<u>\$ 7,091,744</u>

See notes to financial statements.

**VILLAGE OF BARNESVILLE  
BELMONT COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL PROPRIETARY AND FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2018**

	<u>Proprietary</u>	<u>Fiduciary</u>	<u>Totals</u>
	<u>Enterprise</u>	<u>Agency</u>	<u>(Memorandum Only)</u>
<b>Operating Cash Receipts:</b>			
Charges for Services	\$ 2,642,115	\$ -	\$ 2,642,115
Fines, Licenses and Permits	-	29,995	29,995
Miscellaneous	39,585	-	39,585
<b>Total Operating Cash Receipts</b>	<u>2,681,700</u>	<u>29,995</u>	<u>2,711,695</u>
<b>Operating Cash Disbursements:</b>			
Personal Services	614,932	-	614,932
Employee Fringe Benefits	330,707	-	330,707
Contractual Services	311,337	-	311,337
Supplies and Materials	440,076	-	440,076
Other	11,085	29,995	41,080
<b>Total Operating Cash Disbursements</b>	<u>1,708,137</u>	<u>29,995</u>	<u>1,738,132</u>
<b>Operating Income/(Loss)</b>	<u>973,563</u>	<u>-</u>	<u>973,563</u>
<b>Non-Operating Receipts (Disbursements):</b>			
Capital Outlay	(114,427)	-	(114,427)
<b>Total Non-Operating Receipts (Disbursements):</b>	<u>(114,427)</u>	<u>-</u>	<u>(114,427)</u>
<b>Income (Loss) before Capital Contributions, Special Item, Extraordinary Item, Transfers and Advances</b>	859,136	-	859,136
<b>Transfers In</b>	90,000	-	90,000
<b>Transfers Out</b>	(135,867)	-	(135,867)
<b>Net Change in Fund Cash Balances</b>	813,269	-	813,269
<b>Fund Cash Balances, January 1</b>	<u>5,480,131</u>	<u>15,675</u>	<u>5,495,806</u>
<b>Fund Cash Balances, December 31</b>	<u>\$ 6,293,400</u>	<u>\$ 15,675</u>	<u>\$ 6,309,075</u>

See notes to financial statements.

**VILLAGE OF BARNESVILLE  
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2018**

**1. REPORTING ENTITY**

**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 participates in jointly governed organizations. Note 11 to the financial statements provides additional information for these entities.

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

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***Basis of Presentation***

The Village's financial statements consist of a combined statement of receipts, disbursements and changes in fund balance (regulatory cash basis) for all governmental fund types, and a combined statement of receipts, disbursements and changes in fund balance (regulatory cash basis) for all proprietary fund types which are organized on a fund type basis.

***Fund Accounting***

The Village uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Village are presented below:

**Governmental Funds**

**General Fund**

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

**Special Revenue Funds**

These funds are used to account for proceeds from specific sources that are restricted or committed to expenditures for specific purposes other than debt service or capital projects. The Village had the following significant Special Revenue Funds:

**Street Construction, Maintenance and Repair Fund** - This fund receives gasoline tax and motor vehicle license tax money for constructing, maintaining, and repairing Village streets.

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

**VILLAGE OF BARNESVILLE  
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2018**

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

**Debt Service Funds**

These funds are used to 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 Fund:

**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.

**Capital Project Fund**

These funds are used to account 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 Fund:

**Industrial Park Sewage Fund** - This fund received funding from the County and a mandated percentage from income tax collection in 2015 for construction of a sewer system in the Industrial Park for JEDD #1.

**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 the cost of providing this utility.

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

**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 Mayors Court and JEDD #2.

**VILLAGE OF BARNESVILLE  
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2018**

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

***Basis of Accounting***

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code 117-2-03(D). 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 financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code 117-2-03(D) permit.

***Budgetary Process***

The Ohio Revised Code requires that each fund (except certain Agency Funds) be budgeted annually.

**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. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year end.

**Estimated Resources**

Estimated resources include estimates of cash to be received (budgeted receipts) plus cash as of January 1. The County Budget Commission must approve estimated resources.

**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 2018 budgetary activity appears in Note 3.

***Deposits and Investments***

The Village's accounting basis includes investment as assets. This basis does not record disbursement 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.

**VILLAGE OF BARNESVILLE  
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2018**

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

***Property, Plant, and Equipment***

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

***Accumulated Leave***

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

***Fund Balance***

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:

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

**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.

**Committed** – Council can *commit* via formal action (resolution). The Village must adhere to these commitments unless 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.

**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 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 ordinance, or by State Statute.

**Unassigned** – Unassigned fund balance is the residual classification for the general fund and includes amounts not contained 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 (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 classification could be used.

**VILLAGE OF BARNESVILLE  
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2018**

**3. BUDGETARY ACTIVITY**

Budgetary activity for the year ended December 31, 2018 is as follows:

<b>2018 Budgeted vs. Actual Receipts</b>			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 1,618,056	\$ 1,874,674	\$ 256,618
Special Revenue	1,810,742	2,011,482	200,740
Debt Service	224,038	138,617	(85,421)
Capital Projects	269,855	65,947	(203,908)
Enterprise	2,953,360	2,771,700	(181,660)
Total	\$ 6,876,051	\$ 6,862,420	\$ (13,631)

<b>2018 Budgeted vs. Actual Budgetary Basis Expenditures</b>			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 4,910,892	\$ 4,361,264	\$ 549,628
Special Revenue	2,370,202	1,937,755	432,447
Debt Service	210,015	212,047	(2,032)
Capital Projects	190,455	101,813	88,642
Enterprise	2,904,256	1,959,431	944,825
Total	\$ 10,585,820	\$ 8,572,310	\$ 2,013,510

Contrary to ORC 5705.41(B), the Village had funds where expenditures exceeded appropriations.

**4. EQUITY IN POOLED CASH AND INVESTMENTS**

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

	2018
Demand Deposits	\$ 2,854,394
Certificates of Deposit	3,779,461
Total Deposits	6,633,855
Municipal Bonds	3,289,877
Money Market	3,453,684
STAR Ohio	2,057
Donated Common Stock	21,346
Total Investments	\$ 6,766,964
Total Deposits and Investments	\$ 13,400,819

**Deposits:** Deposits are insured by the Federal Depository Insurance Corporation; or collateralized by the financial institutions public entity deposit pool.

**VILLAGE OF BARNESVILLE  
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2018**

**4. EQUITY IN POOLED CASH AND INVESTMENTS (Continued)**

**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.

**5. PROPERTY TAX**

Real property taxes become a lien on January 1 preceding the October 1 date for which the Council adopted 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 make semiannual payment, the first half is due by 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.

**6. 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.

**7. RISK MANAGEMENT**

The Village has obtained commercial insurance for the following risks:

- \* Comprehensive property and general liability
- \* Vehicles
- \* Errors and omissions

**8. DEFINED BENEFIT PENSION PLAN**

*Ohio Public Employees 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 the plan benefits, which include postretirement healthcare, and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2018, OPERS members contributed 10.0% of their gross wages and the Village contributed an amount equal to 14.0% of participant's gross salaries. The Village has paid all contributions required through December 31, 2018.



**VILLAGE OF BARNESVILLE  
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2018**

**8. DEFINED BENEFIT PENSION PLAN**

*Ohio Police and Fire Retirement*

The Village's full-time police officers belong to the Police and Fire Pension Fund (OP&F). OP&F is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OP&F participants in 2018, contributed 12.25% of their wages. The Village contributed to OP&F an amount equal to 19.50% of full-time police officer's wages. The Village has paid all contributions required through December 31, 2018.

*Social Security*

Several Village employees contributed to social security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Village contributed an amount equal to 6.2 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2018.

**9. POSTEMPLOYMENT BENEFITS**

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. OPERS contributes 2 percent of the employer contribution to fund these benefits and OP&F contributes 0.5 percent to fund these benefits.

**10. DEBT**

Debt outstanding at December 31, 2018 was as follows:

	2018	
	Principal	%
Ohio Public Works Commission CR07G	\$ 15,249	2.00
Ohio Public Works Commission CR17I	152,323	2.00
Ohio Public Works Commission CR18C	34,485	2.00
Ohio Public Works Commission CR19F	16,906	2.00
Ohio Public Works Commission CR20K	30,625	0.00
Ohio Public Works Commission CR23L	7,940	0.00
Ohio Public Works Commission CR24U	52,250	0.00
Ohio Public Works Commission CT66E	71,400	0.00
Ohio Public Works Commission CT73F	10,572	0.00
Ohio Water Development Authority #5410	331,398	1.00
Ohio Water Development Authority #3501	972,335	2.00
Total	<u>\$ 1,695,483</u>	

The Ohio Public Works Commission Loan CR07G is a 2% loan used for the Sewage Relining Project. The loan will be repaid in semiannual installments of \$1,471, including interest, over 20 years. The loan is collateralized by water and sewer receipts. The Village has agreed to set utility rates sufficient to cover OPWC debt service requirements.

**VILLAGE OF BARNESVILLE  
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2018**

**10. DEBT (Continued)**

The Ohio Public Works Commission Loan CR24U is a 0% loan used for paving Village streets. The loan will be repaid in semiannual installments of \$2,750 over 10 years. The loan is collateralized by the Villages taxing authority.

The Ohio Public Works Commission Loan CR17I is a 2% loan used for the Water Treatment Plant Expansion. The loan will be repaid in semiannual installments of \$9,289, including interest, over 20 years. The loan is collateralized by water and sewer receipts. The Village has agreed to set utility rates sufficient to cover OPWC debt service requirements.

The Ohio Public Works Commission Loan CR18C is a 2% loan used for Water Line Improvements. The loan will be repaid in semiannual installments of \$7,105, including interest, over 20 years. The loan is collateralized by water and sewer receipts. The Village has agreed to set utility rates sufficient to cover OPWC debt service requirements.

The Ohio Public Works Commission Loan CR19F is a 2% loan used for the Bailey Road Waterline. The loan will be repaid in semiannual installments of \$1,785, including interest, over 20 years. The loan is collateralized by water and sewer receipts. The Village has agreed to set utility rates sufficient to cover OPWC debt service requirements.

The Ohio Public Works Commission Loan CR20K is a 0% loan used for WWTP Improvements. The loan will be repaid in semiannual installments of \$1,225, over 20 years. The loan is collateralized by water and sewer receipts. The Village has agreed to set utility rates sufficient to cover OPWC debt service requirements.

The Ohio Public Works Commission Loan CR23L is a 0% loan used for Sanitary Sewer Rehabilitation. The loan will be repaid in semiannual installments of \$361, over 20 years. The loan is collateralized by water and sewer receipts. The Village has agreed to set utility rates sufficient to cover OPWC debt service requirements.

The Ohio Public Works Commission Loan CT66E is a 0% loan used for the Water Treatment Plant Replacement. The loan will be repaid in semiannual installments of \$8,925, over 20 years. The loan is collateralized by water and sewer receipts. The Village has agreed to set utility rates sufficient to cover OPWC debt service requirements.

The Ohio Public Works Commission Loan CT73F is a 0% loan used for the Wastewater Collection-Lift STation. The loan will be repaid in semiannual installments of \$1,057, over 20 years. The loan is collateralized by water and sewer receipts. The Village has agreed to set utility rates sufficient to cover OPWC debt service requirements.

The Ohio Water Development Authority (OWDA) loan #5410 relates to the WWTP Sludge Handling Improvements. The OWDA has approved \$511,285 in loans to the Village for this project. The loans will be repaid in semiannual installments of \$14,135, including interest at a rate of 1%, over 20 years. The loan is collateralized by water and sewer receipts. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

The Ohio Water Development Authority (OWDA) loan #3501 relates to the Water Treatment Plant. The OWDA has approved \$2,324,133 in loans to the Village for this project. The loans will be repaid in semiannual installments of \$59,295, including interest at a rate of 2%, over 20 years. The loan is collateralized by water and sewer receipts. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

**VILLAGE OF BARNESVILLE  
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2018**

**10. DEBT**

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

Year Ending December 31	OPWC CR07G	OPWC CR17I	OPWC CR18C	OPWC CR19F	OPWC CR20K
2019	\$ 2,941	\$ 18,578	\$ 14,211	\$ 3,570	\$ 2,450
2020	2,941	18,578	14,211	3,570	2,450
2021	2,941	18,578	7,105	3,570	2,450
2022	2,941	18,578	-	3,570	2,450
2023	2,941	18,578	-	3,570	2,450
2024-2028	1,471	74,312	-	-	12,250
2029-2033	-	-	-	-	6,125
	<u>\$ 16,176</u>	<u>\$ 167,202</u>	<u>\$ 35,527</u>	<u>\$ 17,850</u>	<u>\$ 30,625</u>

Year Ending December 31	OPWC CR23L	OPWC CT66E	OPWC CT73F	OWDA #5410	OWDA #3501
2019	\$ 722	\$ 17,850	\$ 2,114	\$ 28,270	\$ 118,590
2020	722	17,850	2,114	28,270	118,590
2021	722	17,850	2,114	28,270	118,590
2022	722	17,850	2,114	28,270	118,590
2023	722	-	2,116	28,270	118,590
2024-2028	3,610	-	-	141,350	474,360
2029-2033	720	-	-	70,675	-
	<u>\$ 7,940</u>	<u>\$ 71,400</u>	<u>\$ 10,572</u>	<u>\$ 353,375</u>	<u>\$ 1,067,310</u>

Year Ending December 31	OPWC CR24U
2019	\$ 5,500
2020	5,500
2021	5,500
2022	5,500
2023	5,500
2024-2028	24,750
	<u>\$ 52,250</u>

**VILLAGE OF BARNESVILLE  
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2018**

**10. DEBT (Continued)**

**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.

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 Wesbanco 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 mortgage was paid off by the Village of Barnesville on January 10, 2018 and Ohio Hills now has a loan payable to the Village of Barnesville.

**11. 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.

**VILLAGE OF BARNESVILLE  
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2018**

**11. JOINTLY GOVERNED ORGANIZATION (Continued)**

**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.

**12. 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.

**13. RELATED PARTY TRANSACTIONS**

A Village Council member is part owner of a company from which the Village acquired hardware supplies during the year.

**14. LOANS RECEIVABLE**

In 2013, the Village loaned Ohio Hills Health Services \$142,743 with interest at the rate of 1% for the first five years and then increasing to 1.5% per annum in consecutive monthly installments of \$1,250 for the first 60 payments and \$1,266 for the remaining 60 payments commencing September 15, 2013. Amount outstanding as of December 31, 2018 is \$70,803 with an expected amount to be collected within a year of \$15,006.

In 2013, the Village loaned the Barnesville Hospital Association Inc. (the Hospital) \$1,500,000 with interest at the rate of 1% for the first five years then increasing to 1.5% for the next five years and then increasing to 2% per annum in equal monthly installments of \$10,052. During 2018, the Hospital made the monthly payments totaling \$120,622. Amount outstanding as of December 31, 2018 is \$242,557 with an expected amount to be collected within a year of \$120,622.

**VILLAGE OF BARNESVILLE  
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2018**

**14. LOANS RECEIVABLE (Continued)**

On January 22, 2018, the conduit debt between the Village of Barnesville and Ohio Hills was paid in full by the Village. At that time, a new agreement was created between the Village of Barnesville and Ohio Hills, for Ohio Hills to pay back the Village the amount of the conduit debt paid off by the Village. The original loan amount was \$260,412 as of January 22, 2018. The loan agreement is for 20 years with the first seven years being calculated with an interest rate of 2.00%, then 2.50% over the next seven years and the final six year at 3.00%. The payment amount for the first seven years is \$1,317 per month, the next seven years is \$1,359 per month and the last six years will be \$1,379 per month. Outstanding balance as of December 31, 2018 is \$250,613 with an expected amount to be collected within a year of \$15,804.

**VILLAGE OF BARNESVILLE  
BELMONT COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2017**

	<u>Governmental Fund Types</u>				<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	
<b>Cash Receipts</b>					
Property Tax and Other Local Taxes	\$ 150,285	\$ 33,572	\$ -	\$ -	\$ 183,857
Municipal Income Tax	826,431	-	-	-	826,431
Intergovernmental	133,464	199,417	-	-	332,881
Special Assessments	-	1,975	-	9,666	11,641
Charges for Services	28,281	449,232	-	-	477,513
Fines, Licenses, and Permits	47,870	6,842	-	-	54,712
Earnings on Investments	101,153	-	-	-	101,153
Miscellaneous	4,252,455	1,078,488	178,078	172,033	5,681,054
<b>Total Cash Receipts</b>	<u>5,539,939</u>	<u>1,769,526</u>	<u>178,078</u>	<u>181,699</u>	<u>7,669,242</u>
<b>Cash Disbursements</b>					
Current:					
Security of Persons and Property	743,402	374,875	-	-	1,118,277
Public Health Services	15,682	104,846	-	-	120,528
Leisure Time Activities	21,068	395,871	-	-	416,939
Basic Utility Services	75,620	-	-	-	75,620
Transportation	-	475,295	-	-	475,295
General Government	1,113,730	-	-	-	1,113,730
Capital Outlay	-	-	-	142,752	142,752
Debt Service					
Principal Retirement	-	-	177,137	-	177,137
Interest and Fiscal Charges	-	-	32,159	-	32,159
<b>Total Cash Disbursements</b>	<u>1,969,502</u>	<u>1,350,887</u>	<u>209,296</u>	<u>142,752</u>	<u>3,672,437</u>
<b>Excess of Receipts Over/(Under) Disbursements</b>	3,570,437	418,639	(31,218)	38,947	3,996,805
<b>Other Financing Receipts/(Disbursements)</b>					
Sale of Capital Assets	2,000	-	-	-	2,000
Transfers - In	-	13,500	-	-	13,500
Transfers - Out	(13,500)	-	-	-	(13,500)
Other Financing Sources	426,110	-	-	-	426,110
Other Financing Uses	(496,297)	(162,793)	-	-	(659,090)
<b>Total Other Financing Receipts/(Disbursements)</b>	<u>(81,687)</u>	<u>(149,293)</u>	<u>-</u>	<u>-</u>	<u>(230,980)</u>
<b>Net Change in Cash Fund Balances</b>	3,488,750	269,346	(31,218)	38,947	3,765,825
<b>Fund Cash Balances, January 1, 2017,</b>	<u>4,369,941</u>	<u>889,438</u>	<u>104,648</u>	<u>18,287</u>	<u>5,382,314</u>
<b>Fund Cash Balances, December 31, 2017</b>					
Restricted	-	638,931	73,430	57,234	769,595
Committed	-	519,853	-	-	519,853
Assigned	42,138	-	-	-	42,138
Unassigned (Deficit)	7,816,553	-	-	-	7,816,553
<b>Fund Cash Balances, December 31, 2017</b>	<u>\$ 7,858,691</u>	<u>\$ 1,158,784</u>	<u>\$ 73,430</u>	<u>\$ 57,234</u>	<u>\$ 9,148,139</u>

See notes to financial statements.

**VILLAGE OF BARNESVILLE  
BELMONT COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL PROPRIETARY AND FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2017**

	<u>Proprietary</u>	<u>Fiduciary</u>	<u>Totals</u>
	<u>Enterprise</u>	<u>Agency</u>	<u>(Memorandum Only)</u>
<b>Operating Cash Receipts:</b>			
Charges for Services	\$ 2,825,263	\$ -	\$ 2,825,263
Fines, Licenses and Permits	-	36,958	36,958
Miscellaneous	12,372	-	12,372
<b>Total Operating Cash Receipts</b>	<u>2,837,635</u>	<u>36,958</u>	<u>2,874,593</u>
<b>Operating Cash Disbursements:</b>			
Personal Services	625,863	-	625,863
Employee Fringe Benefits	257,240	-	257,240
Contractual Services	20,330	-	20,330
Supplies and Materials	819,204	-	819,204
Other	3,887	36,958	40,845
<b>Total Operating Cash Disbursements</b>	<u>1,726,524</u>	<u>36,958</u>	<u>1,763,482</u>
<b>Operating Income/(Loss)</b>	<u>1,111,111</u>	<u>-</u>	<u>1,111,111</u>
<b>Non-Operating Receipts (Disbursements):</b>			
Capital Outlay	(165,061)	-	(165,061)
Other Financing Uses	(178,077)	-	(178,077)
<b>Total Non-Operating Receipts (Disbursements):</b>	<u>(343,138)</u>	<u>-</u>	<u>(343,138)</u>
<b>Net Change in Fund Cash Balances</b>	767,973	-	767,973
<b>Fund Cash Balances, January 1</b>	<u>4,712,158</u>	<u>15,675</u>	<u>4,727,833</u>
<b>Fund Cash Balances, December 31</b>	<u><u>\$ 5,480,131</u></u>	<u><u>\$ 15,675</u></u>	<u><u>\$ 5,495,806</u></u>

See notes to financial statements.



**VILLAGE OF BARNESVILLE  
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2017**

**1. REPORTING ENTITY**

**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 participates in jointly governed organizations. Note 11 to the financial statements provides additional information for these entities.

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

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***Basis of Presentation***

The Village's financial statements consist of a combined statement of receipts, disbursements and changes in fund balance (regulatory cash basis) for all governmental fund types, and a combined statement of receipts, disbursements and changes in fund balance (regulatory cash basis) for all proprietary fund types which are organized on a fund type basis.

***Fund Accounting***

The Village uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Village are presented below:

**Governmental Funds**

**General Fund**

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

**Special Revenue Funds**

These funds are used to account for proceeds from specific sources that are restricted or committed to expenditures for specific purposes other than debt service or capital projects. The Village had the following significant Special Revenue Funds:

**Street Construction, Maintenance and Repair Fund** - This fund receives gasoline tax and motor vehicle license tax money for constructing, maintaining, and repairing Village streets.

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

**VILLAGE OF BARNESVILLE  
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2017**

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

**Debt Service Funds**

These funds are used to 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 Fund:

**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.

**Capital Project Fund**

These funds are used to account 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 Fund:

**Industrial Park Sewage Fund** - This fund received funding from the County and a mandated percentage from income tax collection in 2015 for construction of a sewer system in the Industrial Park for JEDD #1.

**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 the cost of providing this utility.

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

**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 Mayors Court and JEDD #2.

**VILLAGE OF BARNESVILLE  
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2017**

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

***Basis of Accounting***

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code 117-2-03(D). 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 financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code 117-2-03(D) permit.

***Budgetary Process***

The Ohio Revised Code requires that each fund (except certain Agency Funds) be budgeted annually.

***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. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year end.

***Estimated Resources***

Estimated resources include estimates of cash to be received (budgeted receipts) plus cash as of January 1. The County Budget Commission must approve estimated resources.

***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 2017 budgetary activity appears in Note 3.

***Deposits and Investments***

The Village's accounting basis includes investment as assets. This basis does not record disbursement 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.

**VILLAGE OF BARNESVILLE  
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2017**

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

***Property, Plant, and Equipment***

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

***Accumulated Leave***

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

***Fund Balance***

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:

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

**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.

**Committed** – Council can *commit* via formal action (resolution). The Village must adhere to these commitments unless 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.

**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 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 ordinance, or by State Statute.

**Unassigned** – Unassigned fund balance is the residual classification for the general fund and includes amounts not contained 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 (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 classification could be used.

**VILLAGE OF BARNESVILLE  
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2017**

**3. BUDGETARY ACTIVITY**

Budgetary activity for the year ended December 31, 2017 is as follows:

<b>2017 Budgeted vs. Actual Receipts</b>			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 3,138,035	\$ 5,968,049	\$ 2,830,014
Special Revenue	2,163,098	1,783,026	(380,072)
Debt Service	210,566	178,078	(32,488)
Capital Projects	174,833	181,699	6,866
Enterprise	2,709,712	2,837,635	127,923
Total	\$ 8,396,244	\$10,948,487	\$ 2,552,243

<b>2017 Budgeted vs. Actual Budgetary Basis Expenditures</b>			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 2,929,225	\$ 2,521,437	\$ 407,788
Special Revenue	2,277,148	1,513,680	763,468
Debt Service	210,425	209,296	1,129
Capital Projects	175,103	142,752	32,351
Enterprise	2,695,412	2,069,662	625,750
Total	\$ 8,287,313	\$ 6,456,827	\$ 1,830,486

**4. EQUITY IN POOLED CASH AND INVESTMENTS**

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

	2017
Demand Deposits	\$ 4,285,513
Certificates of Deposit	2,944,941
Total Deposits	7,230,454
Municipal Bonds	3,255,637
Money Market	4,134,451
STAR Ohio	2,057
Donated Common Stock	21,346
Total Investments	\$ 7,413,491
Total Deposits and Investments	\$ 14,643,945

**Deposits:** Deposits are insured by the Federal Depository Insurance Corporation; or collateralized by the financial institutions public entity deposit pool.

**VILLAGE OF BARNESVILLE  
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2017**

**4. EQUITY IN POOLED CASH AND INVESTMENTS (Continued)**

**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.

**5. PROPERTY TAX**

Real property taxes become a lien on January 1 preceding the October 1 date for which the Council adopted 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 make semiannual payment, the first half is due by 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.

**6. 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.

**7. RISK MANAGEMENT**

The Village has obtained commercial insurance for the following risks:

- \* Comprehensive property and general liability
- \* Vehicles
- \* Errors and omissions

**8. DEFINED BENEFIT PENSION PLAN**

*Ohio Public Employees 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 the plan benefits, which include postretirement healthcare, and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2017, OPERS members contributed 10.0% of their gross wages and the Village contributed an amount equal to 14.0% of participant's gross salaries. The Village has paid all contributions required through December 31, 2017.

**VILLAGE OF BARNESVILLE  
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2017**

**8. DEFINED BENEFIT PENSION PLAN**

*Ohio Police and Fire Retirement*

The Village’s full-time police officers belong to the Police and Fire Pension Fund (OP&F). OP&F is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan’s benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OP&F participants in 2017, contributed 12.25% of their wages. The Village contributed to OP&F an amount equal to 19.50% of full-time police officer’s wages. The Village has paid all contributions required through December 31, 2017.

*Social Security*

Several Village employees contributed to social security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Village contributed an amount equal to 6.2 percent of participants’ gross salaries. The Village has paid all contributions required through December 31, 2017.

**9. POSTEMPLOYMENT BENEFITS**

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. OPERS contributes 2 percent of the employer contribution to fund these benefits and OP&F contributes 0.5 percent to fund these benefits.

**10. DEBT**

Debt outstanding at December 31, 2017 was as follows:

	2017 Principal	%
Ohio Public Works Commission CR07G	\$ 17,846	2.00
Ohio Public Works Commission CR17I	167,624	2.00
Ohio Public Works Commission CR18C	47,806	2.00
Ohio Public Works Commission CR19F	20,090	2.00
Ohio Public Works Commission CR20K	33,075	0.00
Ohio Public Works Commission CR23L	8,662	0.00
Ohio Public Works Commission CT66E	89,250	0.00
Ohio Public Works Commission CT73F	12,687	0.00
Ohio Water Development Authority #5410	356,168	1.00
Ohio Water Development Authority #3501	1,070,011	2.00
Total	\$ 1,823,219	

The Ohio Public Works Commission Loan CR07G is a 2% loan used for the Sewage Relining Project. The loan will be repaid in semiannual installments of \$1,471, including interest, over 20 years. The loan is collateralized by water and sewer receipts. The Village has agreed to set utility rates sufficient to cover OPWC debt service requirements.

**VILLAGE OF BARNESVILLE  
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2017**

**10. DEBT (Continued)**

The Ohio Public Works Commission Loan CR17I is a 2% loan used for the Water Treatment Plant Expansion. The loan will be repaid in semiannual installments of \$9,289, including interest, over 20 years. The loan is collateralized by water and sewer receipts. The Village has agreed to set utility rates sufficient to cover OPWC debt service requirements.

The Ohio Public Works Commission Loan CR18C is a 2% loan used for Water Line Improvements. The loan will be repaid in semiannual installments of \$7,105, including interest, over 20 years. The loan is collateralized by water and sewer receipts. The Village has agreed to set utility rates sufficient to cover OPWC debt service requirements.

The Ohio Public Works Commission Loan CR19F is a 2% loan used for the Bailey Road Waterline. The loan will be repaid in semiannual installments of \$1,785, including interest, over 20 years. The loan is collateralized by water and sewer receipts. The Village has agreed to set utility rates sufficient to cover OPWC debt service requirements.

The Ohio Public Works Commission Loan CR20K is a 0% loan used for WWTP Improvements. The loan will be repaid in semiannual installments of \$1,225, over 20 years. The loan is collateralized by water and sewer receipts. The Village has agreed to set utility rates sufficient to cover OPWC debt service requirements.

The Ohio Public Works Commission Loan CR23L is a 0% loan used for Sanitary Sewer Rehabilitation. The loan will be repaid in semiannual installments of \$361, over 20 years. The loan is collateralized by water and sewer receipts. The Village has agreed to set utility rates sufficient to cover OPWC debt service requirements.

The Ohio Public Works Commission Loan CT66E is a 0% loan used for the Water Treatment Plant Replacement. The loan will be repaid in semiannual installments of \$8,925, over 20 years. The loan is collateralized by water and sewer receipts. The Village has agreed to set utility rates sufficient to cover OPWC debt service requirements.

The Ohio Public Works Commission Loan CT73F is a 0% loan used for the Wastewater Collection-Lift Station. The loan will be repaid in semiannual installments of \$1,057, over 20 years. The loan is collateralized by water and sewer receipts. The Village has agreed to set utility rates sufficient to cover OPWC debt service requirements.

The Ohio Water Development Authority (OWDA) loan #5410 relates to the WWTP Sludge Handling Improvements. The OWDA has approved \$511,285 in loans to the Village for this project. The loans will be repaid in semiannual installments of \$14,135, including interest at a rate of 1%, over 20 years. The loan is collateralized by water and sewer receipts. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

The Ohio Water Development Authority (OWDA) loan #3501 relates to the Water Treatment Plant. The OWDA has approved \$2,324,133 in loans to the Village for this project. The loans will be repaid in semiannual installments of \$59,295, including interest at a rate of 2%, over 20 years. The loan is collateralized by water and sewer receipts. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.



**VILLAGE OF BARNESVILLE  
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2017**

**10. DEBT**

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

Year Ending December 31	OPWC CR07G	OPWC CR17I	OPWC CR18C	OPWC CR19F	OPWC CR20K
2018	\$ 2,941	\$ 18,578	\$ 14,211	\$ 3,570	\$ 2,450
2019	2,941	18,578	14,211	3,570	2,450
2020	2,941	18,578	14,211	3,570	2,450
2021	2,941	18,578	7,105	3,570	2,450
2022	2,941	18,578	-	3,570	2,450
2023-2027	4,412	92,890	-	3,570	12,250
2028-2032	-	-	-	-	8,575
	<u>\$ 19,117</u>	<u>\$ 185,780</u>	<u>\$ 49,738</u>	<u>\$ 21,420</u>	<u>\$ 33,075</u>

Year Ending December 31	OPWC CR23L	OPWC CT66E	OPWC CT73F	OWDA #5410	OWDA #3501
2018	\$ 722	\$ 17,850	\$ 2,114	\$ 28,270	\$ 118,590
2019	722	17,850	2,114	28,270	118,590
2020	722	17,850	2,114	28,270	118,590
2021	722	17,850	2,114	28,270	118,590
2022	722	17,850	2,114	28,270	118,590
2023-2027	3,610	-	2,117	141,350	592,950
2028-2032	1,442	-	-	98,945	-
	<u>\$ 8,662</u>	<u>\$ 89,250</u>	<u>\$ 12,687</u>	<u>\$ 381,645</u>	<u>\$ 1,185,900</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.

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 Wesbanco 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, 2017 was \$260,412.

**VILLAGE OF BARNESVILLE  
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2017**

**11. 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.

**VILLAGE OF BARNESVILLE  
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2017**

**12. 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.

**13. RELATED PARTY TRANSACTIONS**

A Village Council member is part owner of a company from which the Village acquired hardware supplies during the year.

**14. LOANS RECEIVABLE**

In 2013, the Village loaned Ohio Hills Health Services \$142,743 with interest at the rate of 1% for the first five years and then increasing to 1.5% per annum in consecutive monthly installments of \$1,250 for the first 60 payments and \$1,266 for the remaining 60 payments commencing September 15, 2013. Amount outstanding as of December 31, 2017 is \$82,635 with an expected amount to be collected within a year of \$15,006.

In 2013, the Village loaned the Barnesville Hospital Association Inc. (the Hospital) \$1,500,000 with interest at the rate of 1% for the first five years then increasing to 1.5% for the next five years and then increasing to 2% per annum in equal monthly installments of \$10,052. During 2017, the Hospital made the monthly payments totaling \$120,622. Amount outstanding as of December 31, 2017 is \$360,000 with an expected amount to be collected within a year of \$120,622.

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**WILSON, PHILLIPS & AGIN, CPA'S, INC.  
1100 BRANDYWINE BLVD. BUILDING G  
ZANESVILLE, OHIO 43701**

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

Village of Barnesville  
Belmont County  
P.O. Box 190  
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 Village of Barnesville, Belmont County as of and for the years ended December 31, 2018 and 2017, and the related notes to the financial statements and have issued our report thereon dated May 8, 2019, wherein we noted the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

***Internal Control Over Financial Reporting***

As part of our financial statement audit, we considered Village of Barnesville'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 first 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 a certain deficiency in internal control over financial reporting, that we consider a material weakness.

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 Village's financial statements. 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 Finding 2018-001, 2018-002 and 2018-003 described in the accompanying schedule of findings to be material weaknesses.

***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether Village of Barnesville'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 was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed three instances of noncompliance or other matters we must report under *Government Auditing Standards* described in the Schedule of Findings as Finding 2018-001 and 2018-004.

***Entity's Response to Finding***

The Village's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not audit the Village's response and, accordingly, we express no opinion on it.

***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.

***Wilson, Phillips & Agin, CPA's, Inc.***  
Zanesville, Ohio  
May 8, 2019

**VILLAGE OF BARNESVILLE  
BELMONT COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2018 AND 2017**

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

**FINDING NUMBER 2018-001**

**Noncompliance and Material Weakness**

Ohio Revised Code Section 117.38 states, in part, that each public office shall file a financial report each fiscal year. The Auditor of State (AOS) may prescribe forms by rule or may issue guidelines, or both, for such reports. However, if the Auditor of State has not prescribed a rule regarding the form for the report, the public office shall submit its report on the form utilized by the public office.

The report shall contain the following: (A) amount of collections and receipts, and accounts due from each source; (B) amount of expenditures for each purpose, (C) income of any public service industry owned or operated by a municipal corporation, and the cost of such ownership or operation; and (D) amount of public debt of each taxing district, the purpose of the debt, and how the debt will be repaid.

The notes to the financial statements required significant revisions, which were agreed to by the Village management and are reflected in the accompanying notes to the financial statements. We noted the following:

- The Equity in Pooled Deposits note did not individually list the amounts for certificate of deposits, municipal bonds, federal home loan bank, federal national mortgage association, STAR Ohio, and donated common stock for both 2018 and 2017.
- The Budgetary Activity note did not include proper amounts for Appropriation Authority and Budgetary Expenditures for 2017.

The Village did not have an internal control process in place to help ensure the notes to the financial statements filed on the AOS HINKLE system were complete and accurate.

The Village should file complete and accurate annual financial reports with the Auditor of State. The Village should utilize the financial statement and footnote shells available on the AOS website at <http://www.ohioauditor.gov/references/shells.html> to help ensure all material note disclosures are included in the financial reporting package.

**Client Response:** We will list all investments individually in the future.

**VILLAGE OF BARNESVILLE  
BELMONT COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2018 AND 2017**

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

**FINDING NUMBER 2018-002**

**Material Weakness**

All local public offices should 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, document compliance with finance-related legal and contractual requirements and prepare financial statements. The Ohio Village Officer's Handbook and the UAN Accounting and General manual provides suggested account classifications. These accounts classify receipts by fund and source (taxes or charges for services, for example) and classify disbursements by fund, program (general government, for example) or object (personal services, for example). Using these classifications will provide the Village with information required to monitor compliance with the budget and prepare annual reports in the format required by the Auditor of State.

There were numerous reclassifications and adjustments made to the financial statements and accounting records are as follows:

2018 Adjustments:

- Cash and Intergovernmental Receipts were decreased in the General Fund by \$9,036, Intergovernmental Receipts and Cash were increased in the EMS Fund, Police Pension Fund and Fire Fund in the amounts of \$3,966, \$2,112 and \$2,958, respectively to properly post rollback monies to the proper funds.
- Cash and Intergovernmental Receipts were decreased by \$13,932 in the Street Fund and Intergovernmental Receipts and Cash were increased in the State Highway Fund, to properly allocate gas monies to comply with the 92.5% and 7.5% breakdown.
- Capital Outlay and Debt Proceeds were increased in the amount of \$55,000 in the Capital Projects Fund for a new loan.
- General Government and Municipal Income Tax were increased by \$23,765 to record RITA payments at gross instead of net.

2018 Reclassifications:

- A reclassification was made to decrease Extraordinary Items and Increase Miscellaneous Revenue in the amount of \$103,533 for payments received from the hospital in the General Fund.
- A reclassification was made to decrease Miscellaneous Revenue and increase Sale of Capital Assets in the amount of \$23,570 for sale of assets in the General Fund.
- A reclassification to decrease Property and Other Local Taxes by \$42,320 and decrease Miscellaneous Revenue by \$70,289 and increase Charges for Services by \$112,609 to properly state contracts revenue received in the EMS Fund.
- A reclassification to decrease Property and Other Local Taxes and increase Charges for Services in the amount of \$6,362 for contract monies received.
- A reclassification to decrease Public Works and increase Capital Outlay in the amount of \$9,520 in the Street Fund for assets purchased.
- A reclassification was made to decrease Unassigned Fund Balance and increase Assigned Fund Balance by \$465,764 in the General Fund.



**VILLAGE OF BARNESVILLE  
BELMONT COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2018 AND 2017**

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

**FINDING NUMBER 2018-002 (Continued)**

2017 Adjustments:

- Cash and Intergovernmental Receipts were decreased in the General Fund by \$5,117, Cash and Intergovernmental Receipts were increased in the Police Pension Fund and Fire Fund in the amounts of \$2,131 and \$2,986, respectively to properly post rollback monies to the proper funds.
- Cash and Intergovernmental Receipts were decreased by \$2,925 in the Street Fund and Intergovernmental Receipts and Cash were increased in the State Highway Fund, to properly allocate gas monies to comply with the 92.5% and 7.5% breakdown.

2017 Reclassifications:

- A reclassification was made to decrease Extraordinary Items and Increase Miscellaneous Revenue in the amount of \$263,317 for payments received from the hospital in the General Fund.
- A reclassification was made to decrease Principal Retirement and increase Interest and Other Fiscal Charges in the amount of \$1,281 to properly state debt principal payments in the Debt Service Fund.
- A reclassification was made to decrease Unassigned Fund Balance and increase Assigned Fund Balance by \$42,138 in the General Fund.

We recommend the Fiscal Officer review guidance within the Uniform Accounting Network Accounting Manual under Village Chart of Accounts and/or the Village Officer's Handbook. This guidance will allow the Fiscal Officer to make proper postings to receipts and expenditures account classifications based on the source of receipts or the purpose of the expenditure. Someone independent of the Fiscal Officer, preferably a member of Council, should periodically review postings to the accounting system for accuracy.

**Client Response:** This items are all corrected beginning January 2019. Some items were posted to different accounts in error.

**VILLAGE OF BARNESVILLE  
BELMONT COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2018 AND 2017**

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

**FINDING NUMBER 2018-003**

**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 balance of appropriations.

Appropriations as approved by the Village Council did not agree to the Village’s accounting records as follows:

		Per Council		Amounts Posted To	
Fund	Year	Ordinances		Accounting System	Variance
Park Activity	2017	2,700		1,700	(1,000)

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 versus actual status throughout the year. In addition, this resulted in adjustments to the budgetary note disclosures.

The Village should accurately post to their accounting system appropriations as approved by Village Council. This procedure will help ensure more useful comparisons of budget versus actual activity, as well as provide management with an accurate monitoring tool throughout the year.

**Client Response:** Amounts will be reviewed when posting to the accounting system.

**FINDING NUMBER 2018-004**

**Noncompliance – Expenditures Exceeding Appropriations**

Ohio Revised Code Section 5705.41 (B) states no subdivision or taxing unit is to expend money unless it has been appropriated. The Village had the following funds which had expenditures greater than appropriation authority.

		Appropriation			
Fund	Year	Authority		Expenditures	Variance
OPWC Paving 3314	2018	-		2,750	(2,750)

We recommend Council review expenditures versus appropriation authority throughout the year. Also, Council should not approve expenditures greater than appropriations. This results in the Village spending more money than it appropriated and could cause possible negative fund balances.

**Client Response:** We will review all activity and stay with budget requirements.

**VILLAGE OF BARNESVILLE  
BELMONT COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
December 31, 2018**

Finding Number	Finding Summary	Fully Corrected	Not Corrected, Partially Corrected Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b>Explain:</b>
2016-001	Noncompliance and Material Weakness Hinkle filings	No	Not Corrected Stated in report as Finding 2018-001
2016-002	Material Weakness Reclassifications	No	Not Corrected Stated in report as Finding 2018-002
2016-003	ORC 5705.39 Appropriations exceeded estimated resources	Yes	Finding No Longer Valid
2016-004	ORC 5705.41(D) Expenditures made prior to certifications	Yes	Finding No Longer Valid
2016-005	Material Weakness GASB 54	No	Not Corrected Stated in report as Finding 2018-002
2016-006	Material Weakness Budgetary amounts in accounting system not agreeing to official documents	No	Not Corrected Stated in report as Finding 2018-003
2016-007	Significant Deficiency Segregation of duties	Yes	Finding No Longer Valid
2016-008	Significant Deficiency Mayors Court Information not included in accounting system	Yes	Finding No Longer Valid
2016-009	Material Weakness Park Activity	Yes	Finding No Longer Valid

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# OHIO AUDITOR OF STATE KEITH FABER



**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  
OCTOBER 10, 2019**