



Dave Yost • Auditor of State

VILLAGE OF BEAVER
PIKE COUNTY

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Village of Beaver
Pike County
P.O. Box 238
7460 State Route 335
Beaver, Ohio 45613

To the Village Council:

Report on the Financial Statements

We have audited the accompanying financial statements and related notes of the Village of Beaver, Pike County, Ohio (the Village) as of and for the years ended December 31, 2013 and 2012.

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 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 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 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 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 Section 117.38 and Ohio Administrative Code Section 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, 2013 and 2012, 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 the Village of Beaver, Pike County as of December 31, 2013 and 2012, and its combined cash receipts and disbursements for the years then ended 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 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April , 2015, 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

May 1, 2015

**VILLAGE OF BEAVER
PIKE COUNTY**

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

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Property and Other Local Taxes	\$7,432	\$9,822	\$17,254
Intergovernmental	51,857	29,017	80,874
Charges for Services		27,928	27,928
Fines, Licenses and Permits	3,311		3,311
Earnings on Investments	123		123
Miscellaneous	1,227		1,227
<i>Total Cash Receipts</i>	<u>63,950</u>	<u>66,767</u>	<u>130,717</u>
Cash Disbursements			
Current:			
Security of Persons and Property	11,646	21,399	33,045
Public Health Services		7,123	7,123
Leisure Time Activities		3,434	3,434
Transportation		6,538	6,538
General Government	60,585		60,585
Capital Outlay		10,000	10,000
<i>Total Cash Disbursements</i>	<u>72,231</u>	<u>48,494</u>	<u>120,725</u>
<i>Excess of Cash Receipts Over (Under) Cash Disbursements</i>	<u>(8,281)</u>	<u>18,273</u>	<u>9,992</u>
Other Financing Receipts (Disbursements)			
Transfers In		2,900	2,900
Transfers Out	(2,900)		(2,900)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(2,900)</u>	<u>2,900</u>	<u>0</u>
<i>Net Change in Fund Cash Balances</i>	(11,181)	21,173	9,992
<i>Fund Cash Balances, January 1</i>	<u>34,825</u>	<u>104,487</u>	<u>139,312</u>
Fund Cash Balances, December 31			
Restricted		125,660	125,660
Assigned	23,644		23,644
<i>Fund Cash Balances, December 31</i>	<u>\$23,644</u>	<u>\$125,660</u>	<u>\$149,304</u>

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

**VILLAGE OF BEAVER
PIKE COUNTY**

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

	Proprietary Fund Type
	Enterprise
Operating Cash Receipts	
Charges for Services	\$205,820
Miscellaneous	1,778
	<u>207,598</u>
<i>Total Operating Cash Receipts</i>	<u>207,598</u>
Operating Cash Disbursements	
Personal Services	11,703
Employee Fringe Benefits	294
Contractual Services	75,786
Supplies and Materials	12,725
Other	125
	<u>100,633</u>
<i>Total Operating Cash Disbursements</i>	<u>100,633</u>
<i>Operating Income (Loss)</i>	<u>106,965</u>
Non-Operating Receipts (Disbursements)	
Principal Retirement	(46,380)
Interest and Other Fiscal Charges	(27,355)
	<u>(73,735)</u>
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(73,735)</u>
<i>Income (Loss) before Transfers</i>	33,230
Transfers In	3,400
Transfers Out	(3,400)
	<u>33,230</u>
<i>Net Change in Fund Cash Balances</i>	<u>33,230</u>
<i>Fund Cash Balances, January 1</i>	<u>66,087</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$99,317</u></u>

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

**VILLAGE OF BEAVER
PIKE COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2012**

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
Cash Receipts				
Property and Other Local Taxes	\$8,001	\$10,573		\$18,574
Intergovernmental	54,208	26,363		80,571
Charges for Services		30,500		30,500
Fines, Licenses and Permits	3,950			3,950
Earnings on Investments	99			99
Miscellaneous	1,780	1		1,781
<i>Total Cash Receipts</i>	<u>68,038</u>	<u>67,437</u>	<u>0</u>	<u>135,475</u>
Cash Disbursements				
Current:				
Security of Persons and Property	12,719	19,383		32,102
Public Health Services		7,649		7,649
Leisure Time Activities		3,166		3,166
Transportation		6,818		6,818
General Government	65,406			65,406
Capital Outlay		2,678		2,678
<i>Total Cash Disbursements</i>	<u>78,125</u>	<u>39,694</u>	<u>0</u>	<u>117,819</u>
<i>Excess of Cash Receipts Over (Under) Cash Disbursements</i>	<u>(10,087)</u>	<u>27,743</u>	<u>0</u>	<u>17,656</u>
Other Financing Receipts (Disbursements)				
Sale of Capital Assets	3,301			3,301
Transfers In		3,000		3,000
Transfers Out	(3,000)		(1,126)	(4,126)
Advances In	15,000			15,000
Advances Out	(15,000)			(15,000)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>301</u>	<u>3,000</u>	<u>(1,126)</u>	<u>2,175</u>
<i>Net Change in Fund Cash Balances</i>	<u>(9,786)</u>	<u>30,743</u>	<u>(1,126)</u>	<u>19,831</u>
<i>Fund Cash Balances, January 1</i>	<u>44,611</u>	<u>73,744</u>	<u>1,126</u>	<u>119,481</u>
Fund Cash Balances, December 31				
Restricted		104,487		104,487
Assigned	25,298			25,298
Unassigned (Deficit)	9,527			9,527
<i>Fund Cash Balances, December 31</i>	<u>\$34,825</u>	<u>\$104,487</u>	<u>\$0</u>	<u>\$139,312</u>

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

**VILLAGE OF BEAVER
PIKE COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
PROPRIETARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2012**

	Proprietary Fund Type
	Enterprise
Operating Cash Receipts	
Charges for Services	\$204,758
<i>Total Operating Cash Receipts</i>	<i>204,758</i>
Operating Cash Disbursements	
Personal Services	11,596
Employee Fringe Benefits	139
Contractual Services	69,494
Supplies and Materials	18,039
Other	176
<i>Total Operating Cash Disbursements</i>	<i>99,444</i>
<i>Operating Income (Loss)</i>	<i>105,314</i>
Non-Operating Receipts (Disbursements)	
Principal Retirement	(48,618)
Interest and Other Fiscal Charges	(28,087)
<i>Total Non-Operating Receipts (Disbursements)</i>	<i>(76,705)</i>
<i>Income (Loss) before Transfers and Advances</i>	<i>28,609</i>
Transfers In	1,126
Advances In	15,000
Advances Out	(15,000)
<i>Net Change in Fund Cash Balances</i>	<i>29,735</i>
<i>Fund Cash Balances, January 1</i>	<i>36,352</i>
<i>Fund Cash Balances, December 31</i>	<i>\$66,087</i>

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

**VILLAGE OF BEAVER
PIKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012**

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 Beaver, Pike County, Ohio (the Village) as a body corporate and politic. A publicly-elected six-member Council directs the Village. The Village provides general government services, water and sewer utilities, fire protection services, and maintenance of Village roads and bridges. The Village contracts with the Pike County Sheriff's department to provide security of persons and property.

The Village participates in a public entity risk pool. Note 7 to the financial statements provides additional information for this entity. This organization is the Ohio Plan Risk Management, Inc. (OPRM) - formerly known as the Ohio Government Risk Management Plan, (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments ("Members"). The Plan is legally separate from its member governments.

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 Section 117.38 and Ohio Administrative Code Section 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 Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

C. Deposits and Investments

The Village has no investments.

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 BEAVER
PIKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

Cemetery Fund - This fund receives real estate and personal property tax monies from Village property owners for the benefit of Beaver Union Cemetery.

Fire Fund - This fund receives real estate and personal property tax monies from Village property owners and fire contract monies from Union, Marion, and Beaver Townships to be used for fire protection for residents of the Village and those Townships.

3. Capital Project Funds

These funds account for and report 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 did not have significant Capital Project Funds.

4. 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 and commercial users to cover water service costs.

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

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 level of control, and appropriations may not exceed estimated resources. The Village Council must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year end.

2. Estimated Resources

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

VILLAGE OF BEAVER
PIKE COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)

1. **Summary of Significant Accounting Policies (Continued)**

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 2013 and 2012 budgetary activity appears in Note 3.

F. **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:

1. **Nonspendable**

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

2. **Restricted**

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

3. **Committed**

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

4. **Assigned**

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

5. **Unassigned**

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

**VILLAGE OF BEAVER
PIKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

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.

2. Equity in Pooled Deposits

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

	2013	2012
Demand deposits	\$248,621	\$205,399

Deposits: Deposits are insured by the Federal Deposit Insurance Corporation or collateralized by securities specifically pledged by the financial institution to the Village; or collateralized by the financial institution's public entity deposit pool.

3. Budgetary Activity

Budgetary activity for the years ending 2013 and 2012 follows:

2013 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$70,760	\$63,950	(\$6,810)
Special Revenue	65,264	69,667	4,403
Enterprise	188,015	210,998	22,983
Total	\$324,039	\$344,615	\$20,576

2013 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$94,265	\$76,285	\$17,980
Special Revenue	68,402	49,299	19,103
Enterprise	198,625	177,768	20,857
Total	\$361,292	\$303,352	\$57,940

**VILLAGE OF BEAVER
PIKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)**

3. Budgetary Activity (Continued)

2012 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$71,360	\$71,339	(\$21)
Special Revenue	57,584	70,437	12,853
Enterprise	216,661	205,884	(10,777)
Total	\$345,605	\$347,660	\$2,055

2012 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$95,270	\$82,918	\$12,352
Special Revenue	66,899	39,694	27,205
Capital Projects	1,126	1,126	0
Enterprise	197,984	178,833	19,151
Total	\$361,279	\$302,571	\$58,708

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. Debt

Debt outstanding at December 31, 2013 was as follows:

	Principal	Interest Rate
2001 Ohio Public Works Commission (\$395,558)	\$178,001	0.00%
2001 Ohio Water Development Authority (\$57,100)	39,120	2.00%
2002 USDA Rural Development Mortgage Revenue Bond (\$621,000)	540,700	4.50%
2005 Ohio Public Works Commission (\$129,789)	77,873	0.00%
2007 WSOS Community Action Commission (\$37,370)	15,963	4.00%
2009 Ohio Water Development Authority (\$58,144)	49,909	2.00%
2010 Ohio Public Works Commission (\$36,637)	30,225	0.00%
2010 Ohio Public Works Commission (\$37,067)	33,978	0.00%
Total	\$965,769	

The 2001 Ohio Public Works Commission Loan was for the purpose of a Wastewater Collection System and Treatment Facility. The Loan has a term of twenty years with an interest rate of 0%.

**VILLAGE OF BEAVER
PIKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)**

5. Debt (Continued)

The 2001 Ohio Water Development Authority Loan was for construction of a new Wastewater Treatment System. The loan has a term of 30 years with an interest rate of 2%.

The 2002 USDA Rural Development Mortgage Revenue Bonds were for the construction of a Sanitary Sewer System. The bonds have a term of forty years at a coupon rate of 4.5%.

The 2005 Ohio Public Works Commission Loan was for the purpose of a Water System Renovation Improvements. The Loan has a term of twenty years with an interest rate of 0%.

The 2007 WSOS Community Action Commission Loan was for the purpose of adding lighting protection and sandblasting and painting of water tower. The loan has a term of ten years with an interest rate of 4%.

The 2009 Ohio Water Development Authority Loan was for Radio Read Meters. The loan has a term of 30 years with an interest rate of 2%.

The 2010 Ohio Public Works Commission Loan was for the purpose of a Sewer Plant Improvement. The Loan has a term of twenty years with an interest rate of 0%.

The 2011 Ohio Public Works Commission Loan was for the purpose of a Water System Improvements. The Loan has a term of thirty years with an interest rate of 0%.

Payments for debt are being paid from the Village's Water and Sewer Funds. The Village has agreed to set utility rates to cover 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>USDA Bonds</u>	<u>WSOS Loan</u>
2014	\$2,564	\$14,668	\$9,400	\$4,162
2015	5,127	29,334	9,900	4,540
2016	5,127	29,334	10,200	4,540
2017	5,127	29,334	10,800	3,990
2018	5,127	29,334	11,200	
2019-2023	25,635	136,785	64,200	
2024-2028	25,635	31,562	80,000	
2029-2033	23,095	9,842	99,700	
2034-2038	12,934	6,178	124,200	
2039-2042	0	3,707	121,100	
Total	<u>\$110,371</u>	<u>\$320,078</u>	<u>\$540,700</u>	<u>\$17,232</u>

**VILLAGE OF BEAVER
PIKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)**

6. Retirement Systems

The Village's employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS 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. For 2013 and 2012, OPERS members contributed 10% of their gross salaries and the Village contributed an amount equaling 14% of participants' gross salaries.

7. Risk Management

The Village belongs to the Ohio Plan Risk Management, Inc. (OPRM) - formerly known as the Ohio Government Risk Management Plan, (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments ("Members"). The Plan is legally separate from its member governments.

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio.

OPRM coverage programs are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss, except OPRM retains 41.5% (effective November 1, 2011) of the premium and losses on the first \$250,000 casualty treaty and 10% of the first \$1,000,000 property treaty. Effective November 1, 2012 (and through October 2014) the plan increased its retention to 50% of the first \$250,000 casualty treaty. The Plan's property retention remained unchanged from prior years. This change was made to balance the reinsurance market conditions. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 767 and 774 members as of December 31, 2012 and 2013 respectively.

Plan members are responsible to notify the Plan of their intent to renew coverage by their renewal date. If a member chooses not to renew with the Plan, they have no other financial obligation to the Plan, but still need to promptly notify the Plan of any potential claims occurring during their membership period. The former member's covered claims, which occurred during their membership period, remain the responsibility of the Plan.

Settlement amounts did not exceed insurance coverage for the past three fiscal years.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2012 and 2013:

	<u>2012</u>	<u>2013</u>
Assets	\$13,100,381	\$13,774,304
Liabilities	(6,687,193)	(7,968,395)
Members' Equity	<u>\$6,413,188</u>	<u>\$5,805,909</u>

VILLAGE OF BEAVER
PIKE COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)

7. Risk Management (Continued)

You can read the complete audited financial statements for OPRM at the Plan's website, www.ohioplan.org.

8. Contingent Liabilities

Amounts grantor agencies pay to the Village are subject to audit and adjustment by the grantor. 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.

9. Encumbrances

The Village utilizes encumbrance accounting as part of its budgetary controls. Encumbrances outstanding at year end may be reported as part of restricted, committed, or assigned classifications of fund balance. At year end, the Village's commitments for encumbrances in the governmental funds were as follows:

Fund	2013	2012
General	\$ 1,154	\$1,793
Special Revenue	805	0
Enterprise	0	2,684
Total	\$1,959	\$4,477

**VILLAGE OF BEAVER
PIKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)**

10. Fund Balances

Fund Balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the Village is bound to observe constraints imposed upon the use of the resources in the General and Special Revenue Funds. The constraints placed on fund balance for the General and Special Revenue Funds for the years ending December 31, 2013 and December 31, 2012 are presented below:

<u>December 31, 2013 Fund Balances</u>	<u>General Fund</u>	<u>Special Revenue</u>
Restricted for		
Fire Operations	\$ 0	\$ 40,100
Road Maintenance and Improvement	0	82,286
Other Purposes	0	3,274
<i>Total Restricted</i>	<u>0</u>	<u>125,660</u>
Assigned to		
Encumbrances	\$1,154	0
Appropriations in Excess of Estimated Receipts	<u>22,490</u>	<u>0</u>
<i>Total Assigned</i>	<u>23,644</u>	<u>0</u>
Unassigned (deficits):	<u>0</u>	<u>0</u>
<i>Total Fund Balances</i>	<u>\$ 23,644</u>	<u>\$ 125,660</u>
<u>December 31, 2012 Fund Balances</u>	<u>General Fund</u>	<u>Special Revenue</u>
Restricted for		
Fire Operations	\$ 0	\$ 37,208
Road Maintenance and Improvement	0	64,750
Other Purposes	0	2,529
<i>Total Restricted</i>	<u>0</u>	<u>104,487</u>
Assigned to		
Encumbrances	\$1,793	0
Appropriations in Excess of Estimated Receipts	<u>23,505</u>	<u>0</u>
<i>Total Assigned</i>	<u>25,298</u>	<u>0</u>
Unassigned (deficits):	<u>9,527</u>	<u>0</u>
<i>Total Fund Balances</i>	<u>\$ 34,825</u>	<u>\$ 104,487</u>

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

Village of Beaver
Pike County
P.O. Box 238
7460 State Route 335
Beaver, Ohio 45613

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 Village of Beaver, Pike County, Ohio (the Village) as of and for the years ended December 31, 2013 and 2012, and the related notes to the financial statements, and have issued our report thereon dated April , 2015 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 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 opinion 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.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of 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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

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 no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

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

May 1, 2015



Dave Yost • Auditor of State

VILLAGE OF BEAVER

PIKE COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
MAY 21, 2015**