



**Certified Public Accountants, A.C.**

**VILLAGE OF BEAVER  
PIKE COUNTY  
Regular Audit  
For the Years Ended December 31, 2017 and 2016**

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# Dave Yost • Auditor of State

Village Council  
Village of Beaver  
PO Box 238  
Beaver, OH 45613

We have reviewed the *Independent Auditor's Report* of the Village of Beaver, Pike County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period January 1, 2016 through December 31, 2017. 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 Beaver is responsible for compliance with these laws and regulations.

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

Dave Yost  
Auditor of State

September 24, 2018

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VILLAGE OF BEAVER  
PIKE COUNTY

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## INDEPENDENT AUDITOR'S REPORT

July 20, 2018

Village of Beaver  
Pike County  
P.O. Box 238  
Beaver, OH 45613

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 **Village of Beaver**, Pike County, (the Village) as of and for the years ended December 31, 2017 and 2016.

### ***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 opinions.

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***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 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, 2017 and 2016, or changes in financial position 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, 2017 and 2016, 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 2.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated July 20, 2018, 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.



**Perry and Associates**  
Certified Public Accountants, A.C.  
Marietta, Ohio



**VILLAGE OF BEAVER  
PIKE COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS AND  
CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2017**

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Totals (Memorandum Only)</u>
<b>Cash Receipts</b>				
Property and Other Local Taxes	\$ 10,359	\$ 15,247	\$ -	\$ 25,606
Intergovernmental	53,055	41,866	108,096	203,017
Charges for Services	-	27,070	-	27,070
Fines, Licenses and Permits	3,283	-	-	3,283
Earnings on Investments	202	-	-	202
Miscellaneous	1,004	10	-	1,014
<i>Total Cash Receipts</i>	<u>67,903</u>	<u>84,193</u>	<u>108,096</u>	<u>260,192</u>
<b>Cash Disbursements</b>				
Current:				
Security of Persons and Property	10,448	19,346	-	29,794
Public Health Services	-	6,231	-	6,231
Leisure Time Activities	-	11,038	-	11,038
Transportation	-	94,412	-	94,412
General Government	53,072	-	-	53,072
Capital Outlay	-	25,599	134,854	160,453
<i>Total Cash Disbursements</i>	<u>63,520</u>	<u>156,626</u>	<u>134,854</u>	<u>355,000</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>4,383</u>	<u>(72,433)</u>	<u>(26,758)</u>	<u>(94,808)</u>
<b>Other Financing Receipts (Disbursements)</b>				
Transfers In	-	2,500	-	2,500
Transfers Out	(2,500)	-	-	(2,500)
Other Debt Proceeds	-	-	26,758	26,758
Other Financing Uses	(179)	-	-	(179)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(2,679)</u>	<u>2,500</u>	<u>26,758</u>	<u>26,579</u>
<i>Net Change in Fund Cash Balances</i>	1,704	(69,933)	-	(68,229)
<i>Fund Cash Balances, January 1</i>	<u>17,719</u>	<u>203,454</u>	<u>-</u>	<u>221,173</u>
<b>Fund Cash Balances, December 31</b>				
Restricted	-	133,521	-	133,521
Assigned	18,683	-	-	18,683
Unassigned	740	-	-	740
<i>Fund Cash Balances, December 31</i>	<u><b>\$ 19,423</b></u>	<u><b>\$ 133,521</b></u>	<u><b>\$ -</b></u>	<u><b>\$ 152,944</b></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 (REGULATORY CASH BASIS)  
PROPRIETARY FUND TYPE  
FOR THE YEAR ENDED DECEMBER 31, 2017**

	<b>Enterprise</b>
<b>Operating Cash Receipts</b>	
Charges for Services	\$ 193,458
<i>Total Operating Cash Receipts</i>	193,458
<b>Operating Cash Disbursements</b>	
Current:	
Personal Services	19,770
Fringe Benefits	3,200
Contractual Services	99,618
Supplies and Materials	33,475
Other	59
<i>Total Operating Cash Disbursements</i>	156,122
<i>Operating Income</i>	37,336
<b>Non-Operating (Disbursements)</b>	
Principal Retirement	(39,293)
Interest and Other Fiscal Charges	(24,615)
<i>Total Non-Operating (Disbursements)</i>	(63,908)
<i>Net Change in Fund Cash Balances</i>	(26,572)
<i>Fund Cash Balances, January 1</i>	154,696
<i>Fund Cash Balances, December 31</i>	<b>\$ 128,124</b>

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

**VILLAGE OF BEAVER**  
*PIKE COUNTY*  
*NOTES TO THE FINANCIAL STATEMENTS*  
*FOR THE YEAR ENDED DECEMBER 31, 2017*

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**Note 1 – Reporting Entity**

The Village of Beaver (the Village), Pike County, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly-elected six-member Council directs the Village. The Village provides general governmental services, water and sewer utilities, fire protection services, and maintenance of roads and bridges.

***Public Entity Risk Pools***

The Village participates in the Ohio Risk Management Plan. Note 7 to the financial statements provides additional information for this entity. The Village's management believes these financial statements present all activities for which the Village is financially accountable.

**Note 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 balances (regulatory cash basis) for all governmental fund types, and a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all proprietary and fiduciary 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:

***General Fund*** The General Fund accounts for and reports all financial resources not accounted for and reported in another fund. The General Fund balance is available to the Village for any purpose provided it is expended or transferred according to the general laws of Ohio.

***Special Revenue Funds*** These funds account for and report the proceeds of specific 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:

***Street Construction, Maintenance and Repair Fund*** The Street Construction, Maintenance and Repair Fund accounts for and reports that portion of the State gasoline tax and motor vehicle license tax registration fees restricted for construction, maintenance and repair of streets within the Village.

***Fire Fund*** The Fire Fund received 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.

***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 had the following significant Capital Projects Fund:

***FEMA Fund*** The FEMA Fund accounts for and receives money from FEMA in the form of a grant to be used for safety equipment in connection to the Volunteer Fire Department.

**VILLAGE OF BEAVER**  
*PIKE COUNTY*  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**  
(Continued)

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**Note 2 – Summary of Significant Accounting Policies (Continued)**

**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** The water fund accounts for the provision of water treatment and distribution to the residents and commercial users located within the Village.

**Sewer Fund** The sewer fund accounts for the provision of sanitary sewer services to the residents and commercial users within the Village.

**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 Section 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 Section 117-2-03(D) permit.

**Budgetary Process**

The Ohio Revised Code requires that each fund be budgeted annually.

**Appropriations** – Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function, and object level of control and appropriations may not exceed estimated resources. The Village Council must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end.

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

**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.

A summary of 2017 budgetary activity appears in Note 4.

**Deposits and Investments**

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

**VILLAGE OF BEAVER**  
*PIKE COUNTY*  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**  
(Continued)

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**Note 2 – Summary of Significant Accounting Policies (Continued)**

**Capital Assets**

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

**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* 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.

**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.

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

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

**Note 3 – Compliance**

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the Street Fund by \$77,099, in the Fire Fund by \$7,405, in the Park Fund by \$7,398, in the FEMA Fund by \$108,096, and in the Wastewater Treatment Plant Improvement Fund by \$26,758 for the year ended December 31, 2017.

**VILLAGE OF BEAVER**  
**PIKE COUNTY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**  
(Continued)

**Note 4 – Budgetary Activity**

Budgetary activity for the year ending December 31, 2017 follows:

2017 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 64,481	\$ 67,903	\$ 3,422
Special Revenue	199,300	86,693	(112,607)
Capital Projects	399,100	134,854	(264,246)
Enterprise	209,615	193,458	(16,157)
Total	\$ 872,496	\$ 482,908	\$ (389,588)

2017 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 77,100	\$ 66,199	\$ 10,901
Special Revenue	69,643	156,626	(86,983)
Capital Projects	-	134,854	(134,854)
Enterprise	207,308	220,030	(12,722)
Total	\$ 354,051	\$ 577,709	\$ (223,658)

**Note 5 - Deposits**

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

	2017
Demand deposits	\$ 281,068
Total deposits	\$ 281,068

**Deposits**

Deposits are insured by the Federal Depository 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.

**Note 6 – Taxes**

**Property Taxes**

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.

**VILLAGE OF BEAVER**  
*PIKE COUNTY*  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**  
(Continued)

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**Note 7 – Risk Management**

The Village belongs to the Ohio Plan Risk Management, Inc. (OPRM), 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. Until November 1, 2016, the OPRM retained 47% 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, 2016, the OPRM retained 50% of the premiums and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 762 members as of December 31, 2016 (the latest information available).

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 equity at December 31, 2016 (the latest information available).

	<b>2016</b>
Assets	<u>\$14,765,712</u>
Liabilities	<u>(9,531,506)</u>
Members’ Equity	<u>\$ 5,234,206</u>

You can read the complete audited financial statements for OPRM at the Plan’s website, [www.ohioplan.org](http://www.ohioplan.org).

**Note 8 – Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

All 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.

**VILLAGE OF BEAVER**  
**PIKE COUNTY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**  
*(Continued)*

**Note 8 – Defined Benefit Pension Plans (Continued)**

***Ohio Public Employees Retirement System (Continued)***

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10% of their gross salaries and the Village contributed an amount equaling 14% of participants' gross salaries. The Village has paid all contributions required through December 31, 2017.

**Note 9 – Postemployment Benefits**

OPERS offers 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. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 1.0 percent during calendar year 2017.

**Note 10 – Debt**

Debt outstanding at December 31, 2017 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
OPWC (CO07B)	\$ 108,778	0.00
OWDA (3951)	31,837	2.00
USDA Rural Development (2002)	500,400	4.50
OPWC (CO13H)	55,160	0.00
OPWC (CT52K)	23,814	0.00
OPWC (CT80M)	29,654	0.00
OWDA (4907)	43,328	2.00
OWDA (7511)	20,416	0.00
Total	<u>\$ 813,387</u>	

CO07B: On July 1, 1998, the Village entered into a loan in the amount of \$600,000 with the Ohio Public Works Commission for the purpose of a Wastewater Collection System and Treatment Facility. The terms of repayment are bi-annual, to be paid in January and July. This loan is at 0% interest and matures in January of 2023.

3951: On January 1, 2003, the Village entered into a loan in the amount of \$57,000 with the Ohio Water Development Authority for the purpose of constructing a Wastewater Treatment System. The terms of repayment are bi-annual, to be paid in January and July. This loan is at 2% interest and matures in July of 2032.

2002: On July 12, 2002, the Village entered into a mortgage revenue bond in the amount of \$621,000 with USDA Rural Development for the purpose of constructing a Sanitary Sewer System. The terms of repayment are an annual payment in July. The bonds have a term of forty years at a coupon rate of 4.5%. The bonds mature in July of 2042.

CO13H: Beginning in 2006, the Village entered into a loan in the amount of \$129,789 with the Ohio Public Works Commission for the purpose of performing water system renovation improvements. The terms of repayment are bi-annual, to be paid in January and July. This loan is at 0% interest and matures in January of 2026.



**VILLAGE OF BEAVER**  
**PIKE COUNTY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**  
*(Continued)*

**Note 10 – Debt (Continued)**

CT52K: Beginning in 2011, the Village entered into a loan in the amount of \$36,637 with the Ohio Public Works Commission for the purpose of performing sewer plant improvements. The terms of repayment are bi-annual, to be paid in January and July. This loan is at 0% interest and matures in July of 2030.

CT80M: Beginning in 2012, the Village entered into a loan in the amount of \$37,067 with the Ohio Public Works Commission for the purpose of performing water system improvements. The terms of repayment are bi-annual, to be paid in January and July. This loan is at 0% interest and matures in July of 2041.

4907: On January 1, 2009, the Village entered into a loan with the Ohio Water Development Authority in order to purchase Radio Read Meters. The terms of repayment are bi-annual, to be paid in January and July. This loan is at 2% interest and matures in July of 2038.

7511: On October 27, 2016, the Village entered into a loan with the Ohio Water Development Authority for the purpose of performing wastewater treatment plant improvements. The terms of repayment are bi-annual, to be paid in June and December. This loan is at 0% interest and matures in January of 2022.

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

	OPWC	OWDA	USDA
2018	\$ 14,667	\$ 11,469	\$ 33,804
2019	14,667	11,469	33,804
2020	14,667	11,469	33,804
2021	14,667	6,517	33,804
2022	14,667	5,127	33,804
2023-2027	30,537	25,635	169,020
2028-2032	5,837	25,635	169,020
2033-2037	3,089	12,934	169,020
2038-2042	2,471	2,587	169,020
Total	<u>\$ 115,268</u>	<u>\$ 112,842</u>	<u>\$ 845,100</u>

**Note 11 – 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.

**Note 12 – Subsequent Events**

The Village is committed to a \$150,610 loan with a twenty year term beginning in 2019. This loan is in regard to a wastewater treatment plant upgrade and is within the Ohio Environmental Protection Agency.

**VILLAGE OF BEAVER  
PIKE COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS AND  
CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2016**

	<u>General</u>	<u>Special Revenue</u>	<u>Totals (Memorandum Only)</u>
<b>Cash Receipts</b>			
Property and Other Local Taxes	\$ 8,645	\$ 16,637	\$ 25,282
Intergovernmental	56,160	37,175	93,335
Charges for Services	-	53,486	53,486
Fines, Licenses and Permits	3,297	-	3,297
Earnings on Investments	182	-	182
Miscellaneous	395	2,925	3,320
	<hr/>	<hr/>	<hr/>
<i>Total Cash Receipts</i>	68,679	110,223	178,902
	<hr/>	<hr/>	<hr/>
<b>Cash Disbursements</b>			
Current:			
Security of Persons and Property	10,632	21,036	31,668
Public Health Services	-	10,280	10,280
Leisure Time Activities	-	15,101	15,101
Transportation	-	1,274	1,274
General Government	48,725	-	48,725
Capital Outlay	-	26,052	26,052
	<hr/>	<hr/>	<hr/>
<i>Total Cash Disbursements</i>	59,357	73,743	133,100
	<hr/>	<hr/>	<hr/>
<i>Excess of Receipts Over Disbursements</i>	9,322	36,480	45,802
	<hr/>	<hr/>	<hr/>
<b>Other Financing Receipts (Disbursements)</b>			
Advances In	-	12,000	12,000
Advances Out	(12,000)	-	(12,000)
	<hr/>	<hr/>	<hr/>
<i>Total Other Financing Receipts (Disbursements)</i>	(12,000)	12,000	-
	<hr/>	<hr/>	<hr/>
<i>Net Change in Fund Cash Balances</i>	(2,678)	48,480	45,802
	<hr/>	<hr/>	<hr/>
<i>Fund Cash Balances, January 1</i>	20,397	154,974	175,371
	<hr/>	<hr/>	<hr/>
<b>Fund Cash Balances, December 31</b>			
Restricted	-	203,454	203,454
Assigned	12,619	-	12,619
Unassigned	5,100	-	5,100
	<hr/>	<hr/>	<hr/>
<i>Fund Cash Balances, December 31</i>	<u>\$ 17,719</u>	<u>\$ 203,454</u>	<u>\$ 221,173</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 (REGULATORY CASH BASIS)  
PROPRIETARY FUND TYPE  
FOR THE YEAR ENDED DECEMBER 31, 2016**

	<b>Enterprise</b>
<b>Operating Cash Receipts</b>	
Charges for Services	\$ 205,410
<i>Total Operating Cash Receipts</i>	205,410
<b>Operating Cash Disbursements</b>	
Current:	
Personal Services	12,552
Fringe Benefits	442
Contractual Services	79,562
Supplies and Materials	20,913
Other	286
<i>Total Operating Cash Disbursements</i>	113,755
<i>Operating Income</i>	91,655
<b>Non-Operating (Disbursements)</b>	
Principal Retirement	(47,324)
Interest and Other Fiscal Charges	(25,341)
<i>Total Non-Operating (Disbursements)</i>	(72,665)
Income before Transfers	18,990
Transfers In	3,400
Transfers Out	(3,400)
<i>Net Change in Fund Cash Balances</i>	18,990
<i>Fund Cash Balances, January 1</i>	135,706
<i>Fund Cash Balances, December 31</i>	<b>\$ 154,696</b>

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

**VILLAGE OF BEAVER**  
*PIKE COUNTY*  
*NOTES TO THE FINANCIAL STATEMENTS*  
*FOR THE YEAR ENDED DECEMBER 31, 2016*

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**Note 1 – Reporting Entity**

The Village of Beaver (the Village), Pike County, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly-elected six-member Council directs the Village. The Village provides general governmental services, water and sewer utilities, fire protection services, and maintenance of roads and bridges.

***Public Entity Risk Pools***

The Village participates in The Ohio Plan Risk Management. Note 7 to the financial statements provides additional information for this entity. The Village's management believes these financial statements present all activities for which the Village is financially accountable.

**Note 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 balances (regulatory cash basis) for all governmental fund types, and a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all proprietary and fiduciary 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:

***General Fund*** The General Fund accounts for and reports all financial resources not accounted for and reported in another fund. The General Fund balance is available to the Village for any purpose provided it is expended or transferred according to the general laws of Ohio.

***Special Revenue Funds*** These funds account for and report the proceeds of specific 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:

***Fire Fund*** The Fire Fund received 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.

***Park Fund*** The Park Fund accounts for and reports donations and general fund transfers that are committed to fund construction of the park.

***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*** The water fund accounts for the provision of water treatment and distribution to the residents and commercial users located within the Village.

***Sewer Fund*** The sewer fund accounts for the provision of sanitary sewer services to the residents and commercial users within the Village.

**VILLAGE OF BEAVER**  
*PIKE COUNTY*  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**  
(Continued)

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**Note 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 Section 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 Section 117-2-03(D) permit.

***Budgetary Process***

The Ohio Revised Code requires that each fund be budgeted annually.

***Appropriations*** – Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function, and object level of control and appropriations may not exceed estimated resources. The Village Council must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end.

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

***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.

A summary of 2017 budgetary activity appears in Note 4.

***Deposits and Investments***

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

***Capital Assets***

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

***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.

**VILLAGE OF BEAVER**  
**PIKE COUNTY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**  
(Continued)

**Note 2 – Summary of Significant Accounting Policies (Continued)**

**Fund Balance (Continued)**

**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* 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.

**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.

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

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

**Note 3 – Compliance**

Also contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the Cemetery Fund by \$1,307 and the Park Recreation Fund by \$12,201 for the year ended December 31, 2016.

**Note 4 – Budgetary Activity**

Budgetary activity for the year ending December 31, 2016 follows:

2016 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 55,160	\$ 68,679	\$ 13,519
Special Revenue	97,496	122,223	24,727
Enterprise	213,015	208,810	(4,205)
Total	\$ 365,671	\$ 399,712	\$ 34,041

**VILLAGE OF BEAVER**  
**PIKE COUNTY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**  
(Continued)

**Note 4 – Budgetary Activity (Continued)**

2016 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 77,700	\$ 71,357	\$ 6,343
Special Revenue	78,486	74,193	4,293
Enterprise	196,068	186,420	9,648
Total	\$ 352,254	\$ 331,970	\$ 20,284

**Note 5 - Deposits**

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

	2016
Demand deposits	\$ 375,869
Total deposits	\$ 375,869

**Deposits**

Deposits are insured by the Federal Depository Insurance Corporation or collateralized by securities specifically pledged by the financial institution to the Village.

**Note 6 – Taxes**

**Property Taxes**

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.

**Note 7 – Risk Management**

The Village belongs to the Ohio Plan Risk Management, Inc. (OPRM), 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. Until November 1, 2016, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 10% of the first \$1,000,000 property treaty.

**VILLAGE OF BEAVER**  
*PIKE COUNTY*  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**  
(Continued)

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**Note 7 – Risk Management (Continued)**

Effective November 1, 2016, the OPRM retained 50% of the premiums and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 762 members as of December 31, 2016.

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 equity at December 31, 2016.

	<b>2016</b>
Assets	<u>\$14,765,712</u>
Liabilities	<u>(9,531,506)</u>
Members' Equity	<u>\$ 5,234,206</u>

You can read the complete audited financial statements for OPRM at the Plan's website, [www.ohioplan.org](http://www.ohioplan.org).

**Note 8 – Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

All 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. OPERS members contributed 10% of their gross salaries and the Village contributed an amount equaling 14% of participants' gross salaries. The Village has paid all contributions required through December 31, 2016.

**Note 9 – Postemployment Benefits**

OPERS offers 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. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 2.0 percent during calendar year 2016.



**VILLAGE OF BEAVER**  
**PIKE COUNTY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**  
*(Continued)*

**Note 10 – Debt**

Debt outstanding at December 31, 2016 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
OPWC (CO07B)	\$ 118,667	0.00
OWDA (3951)	33,713	2.00
USDA Rural Development (2002)	511,200	4.50
OPWC (CO13H)	58,405	0.00
OPWC (CT52K)	24,730	0.00
OPWC (CT80M)	30,272	0.00
OWDA (4907)	45,022	2.00
WSOS (116-02-01)	3,914	4.00
Total	<u>\$ 825,923</u>	

CO07B: On July 1, 1998, the Village entered into a loan in the amount of \$600,000 with the Ohio Public Works Commission for the purpose of a Wastewater Collection System and Treatment Facility. The terms of repayment are bi-annual, to be paid in January and July. This loan is at 0% interest and matures in January of 2023.

3951: On January 1, 2003, the Village entered into a loan in the amount of \$57,000 with the Ohio Water Development Authority for the purpose of constructing a Wastewater Treatment System. The terms of repayment are bi-annual, to be paid in January and July. This loan is at 2% interest and matures in July of 2032.

2002: On July 12, 2002, the Village entered into a mortgage revenue bond in the amount of \$621,000 with USDA Rural Development for the purpose of constructing a Sanitary Sewer System. The terms of repayment are an annual payment in July. The bonds have a term of forty years at a coupon rate of 4.5%. The bonds mature in July of 2042.

CO13H: Beginning in 2006, the Village entered into a loan in the amount of \$129,789 with the Ohio Public Works Commission for the purpose of performing water system renovation improvements. The terms of repayment are bi-annual, to be paid in January and July. This loan is at 0% interest and matures in January of 2026.

CT52K: Beginning in 2011, the Village entered into a loan in the amount of \$36,637 with the Ohio Public Works Commission for the purpose of performing sewer plant improvements. The terms of repayment are bi-annual, to be paid in January and July. This loan is at 0% interest and matures in July of 2030.

CT80M: Beginning in 2012, the Village entered into a loan in the amount of \$37,067 with the Ohio Public Works Commission for the purpose of performing water system improvements. The terms of repayment are bi-annual, to be paid in January and July. This loan is at 0% interest and matures in July of 2041.

4907: On January 1, 2009, the Village entered into a loan with the Ohio Water Development Authority in order to purchase Radio Read Meters. The terms of repayment are bi-annual, to be paid in January and July. This loan is at 2% interest and matures in July of 2038.

116-20-1: On December 4, 2007, the Village entered into a loan in the amount of \$37,370 with the WSOS Community Action Commission for the purpose of adding lighting protection as well as sandblasting and painting the water tower.

**VILLAGE OF BEAVER**  
**PIKE COUNTY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**  
*(Continued)*

**Note 10 – Debt (Continued)**

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

	<u>OPWC</u>	<u>OWDA</u>	<u>USDA</u>	<u>WSOS</u>
2017	\$ 14,667	\$ 5,127	\$ 33,804	\$ 3,989
2018	14,667	5,127	33,804	-
2019	14,667	5,127	33,804	-
2020	14,667	5,127	33,804	-
2021	14,667	5,127	33,804	-
2022-2026	43,670	25,635	169,020	-
2027-2031	6,753	25,635	169,020	-
2032-2036	3,089	15,474	169,020	-
2037-2041	3,089	5,173	169,020	-
2042	-	-	31,241	-
Total	<u>\$ 129,936</u>	<u>\$ 97,552</u>	<u>\$ 876,341</u>	<u>\$ 3,989</u>

**Note 11 – 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.



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Cambridge, OH 43725  
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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**

July 20, 2018

Village of Beaver  
Pike County  
P.O. Box 238  
Beaver, OH 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 cash balances, receipts and disbursements by fund type of the **Village of Beaver**, Pike County (the Village) as of and for the years ended December 31, 2017 and 2016, and the related notes to the financial statements and have issued our report thereon dated July 20, 2018, 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 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.

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. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify a certain deficiency in internal control, described in the accompanying schedule of audit findings that we consider a material weakness. We consider finding 2017-001 to be a material weakness.

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### **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 an instance of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of audit findings as item 2017-002.

We also noted certain matters not requiring inclusion in this report that we reported to the Village's management in a separate letter dated July 20, 2018.

### **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.



**Perry and Associates**  
Certified Public Accountants, A.C.  
*Marietta, Ohio*

**VILLAGE OF BEAVER**  
**PIKE COUNTY**  
*SCHEDULE OF AUDIT FINDINGS*  
*FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016*

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

**FINDING NUMBER 2017-001**

**Material Weakness**

**Posting Receipts, Disbursements and Classification of Fund Balances**

The Village should have procedures and controls in place to help prevent and detect errors in financial reporting. Fund balances should be properly classified based on Governmental Accounting Standards Board Statement No. 54 – “Fund Balance Reporting and Governmental Fund Type Definitions.”

Receipts, disbursements and fund balances were not always posted or classified correctly. The following posting errors were noted:

- Rollback receipts were recorded as Property and Other Local Taxes instead of Intergovernmental in the General Fund in 2016;
- Debt payments were not always recorded as principal and interest in 2017 and 2016;
- Loan Proceeds were recorded as Intergovernmental revenue in 2017;
- General Fund balance was classified entirely as Unassigned rather than partially Assigned in 2017 and 2016; and
- One Charges for Services receipt was incorrectly classified as an Advance In during 2016.

To help ensure accuracy and reliability in the financial reporting process, we recommend management perform a detailed review of its draft financial statements. Such review should include procedures to ensure that all receipts, disbursements and fund balances are properly identified and classified on the financial statements.

We recommend the Village ensure that the account codes used within its accounting system roll-up into the correct line item on the Village’s financial statements. We also recommend the Village refer to the Ohio Village Handbook for guidance to determine the proper posting of receipts and refer to the Auditor of State Technical Bulletin 2011-004 to determine proper classification of fund types.

**Management’s Response** – Officials did not provide a response to this finding.

**FINDING NUMBER 2017-002**

**Noncompliance**

**Ohio Rev. Code Section 5705.39** requires that total appropriations from each fund not exceed total estimated fund resources from each fund. This section also requires the Village to obtain a County Auditor’s certificate that total appropriations from each fund do not exceed the total official estimate or amended official estimate when amending estimated resources.

**Ohio Rev. Code Section 5705.41(B)** provides no subdivision shall make any expenditure of money unless it has been lawfully appropriated.

During 2016, total appropriations exceeded total estimated resources by \$660 for the General Fund and expenditures exceeded appropriations by \$1,307 in the Cemetery Fund, and \$12,201 in the Park Fund.

During 2017, total expenditures exceeded appropriations by \$77,099 in the Street Fund, \$7,405 in the Fire Fund, \$7,398 in the Park Fund, \$108,096 in the FEMA Fund, and \$26,758 in the Wastewater Treatment Plant Improvement Fund.

**VILLAGE OF BEAVER**  
PIKE COUNTY  
*SCHEDULE OF AUDIT FINDINGS*  
*FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016*

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

**FINDING NUMBER 2017-002 (Continued)**

**Noncompliance (Continued)**

The Fiscal Officer and Trustees should monitor appropriations versus estimated resources to help avoid overspending. The Fiscal Officer and Trustees also should not certify the availability of funds and should deny payment requests exceeding appropriations. The Fiscal Officer may request the Board of Trustees to approve increased expenditure levels by increasing appropriations and amending estimated resources, if necessary. Officials should review the requirements of **ORC section 5705** to be familiar with these laws and ensure the Village is complying with applicable sections.

In addition, the Village did not have a control procedure in place to ensure appropriations and estimated receipts, as authorized by the Village Council and approved by the County Budget Commission, were reconciled to the appropriations and estimated receipts posted to the accounting system.

This resulted in incorrect amounts posted to the accounting system and information available to Village officials to monitor year-to-date total comparison of budgeted amounts versus actual amounts was not accurate. We recommend the Village implement procedures to ensure appropriations and estimated receipts are accurately posted to the accounting system and reconciled to the amounts approved by the County Budget Commission after each amendment.

**Officials' Response:** Officials did not provide a response to this finding.



# 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  
OCTOBER 4, 2018