



Dave Yost • Auditor of State

VILLAGE OF FAYETTEVILLE
BROWN COUNTY

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Village of Fayetteville
Brown County
81 West Pike Street
Fayetteville, Ohio 45118

To the Village Council:

Report on the Financial Statements

We have audited the accompanying financial statements and related notes of Village of Fayetteville, Brown County, Ohio (the Village), as of and for the years ended December 31, 2012 and 2011.

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 of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03; 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, which is an accounting basis other than accounting principles generally accepted in the United States of America, to satisfy requirements.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

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, 2012 and 2011, or changes in financial position or cash flows thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of Village of Fayetteville, Brown County as of December 31, 2012 and 2011, 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 permit, described in Note 1.

Emphasis of Matter

As discussed in Note 2 to the financial statements, during 2011 the Village of Fayetteville adopted new accounting guidance in Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. Our opinion is not modified with respect to this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 25, 2013, 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

September 25, 2013

**VILLAGE OF FAYETTEVILLE
BROWN 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	Totals (Memorandum Only)
Cash Receipts			
Property and Other Local Taxes	\$42,517	\$20,898	\$63,415
Intergovernmental	11,386	21,880	33,266
Charges for Services	3,075	0	3,075
Fines, Licenses and Permits	65,899	4,660	70,559
Earnings on Investments	1,464	67	1,531
Miscellaneous	1,740	146	1,886
<i>Total Cash Receipts</i>	<u>126,081</u>	<u>47,651</u>	<u>173,732</u>
Cash Disbursements			
Current:			
Security of Persons and Property	61,144	34,945	96,089
Public Health Services	556	0	556
Leisure Time Activities	5,075	0	5,075
Transportation	8,757	13,350	22,107
General Government	69,478	1,291	70,769
Debt Service:			
Principal Retirement	10,327	0	10,327
Interest and Fiscal Charges	809	0	809
<i>Total Cash Disbursements</i>	<u>156,146</u>	<u>49,586</u>	<u>205,732</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(30,065)</u>	<u>(1,935)</u>	<u>(32,000)</u>
Other Financing Receipts (Disbursements)			
Sale of Notes	8,327	0	8,327
Other Financing Sources	9,520	0	9,520
Other Financing Uses	(9,520)	0	(9,520)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>8,327</u>	<u>0</u>	<u>8,327</u>
<i>Net Change in Fund Cash Balances</i>	(21,738)	(1,935)	(23,673)
<i>Fund Cash Balances, January 1</i>	<u>48,575</u>	<u>27,205</u>	<u>75,780</u>
Fund Cash Balances, December 31			
Restricted	0	25,270	25,270
Unassigned (Deficit)	<u>26,837</u>	<u>0</u>	<u>26,837</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$26,837</u></u>	<u><u>\$25,270</u></u>	<u><u>\$52,107</u></u>

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

**VILLAGE OF FAYETTEVILLE
BROWN COUNTY**

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

	Proprietary Fund Types	Fiduciary Fund Types	Totals
	Enterprise	Agency	(Memorandum Only)
Operating Cash Receipts			
Charges for Services	\$203,068	\$0	\$203,068
<i>Total Operating Cash Receipts</i>	<u>203,068</u>	<u>0</u>	<u>203,068</u>
Operating Cash Disbursements			
Personal Services	17,532		17,532
Employee Fringe Benefits	4,840		4,840
Contractual Services	29,162		29,162
Supplies and Materials	37,980		37,980
Other	82,141		82,141
<i>Total Operating Cash Disbursements</i>	<u>171,655</u>	<u>0</u>	<u>171,655</u>
<i>Operating Income (Loss)</i>	<u>31,413</u>	<u>0</u>	<u>31,413</u>
Non-Operating Receipts (Disbursements)			
Principal Retirement	(7,831)		(7,831)
Interest and Other Fiscal Charges	(3,590)		(3,590)
Other Financing Sources	0	66,225	66,225
Other Financing Uses	0	(66,225)	(66,225)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(11,421)</u>	<u>0</u>	<u>(11,421)</u>
<i>Net Change in Fund Cash Balances</i>	19,992	0	19,992
<i>Fund Cash Balances, January 1</i>	<u>121,777</u>	<u>0</u>	<u>121,777</u>
<i>Fund Cash Balances, December 31</i>	<u>\$141,769</u>	<u>\$0</u>	<u>\$141,769</u>

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

**VILLAGE OF FAYETTEVILLE
BROWN COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2011**

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Property and Other Local Taxes	\$42,393	\$21,842	\$64,235
Intergovernmental	18,962	24,157	43,119
Charges for Services	12,250	0	12,250
Fines, Licenses and Permits	104,587	6,100	110,687
Earnings on Investments	1,290	67	1,357
Miscellaneous	1,253	0	1,253
<i>Total Cash Receipts</i>	<u>180,735</u>	<u>52,166</u>	<u>232,901</u>
Cash Disbursements			
Current:			
Security of Persons and Property	74,453	21,016	95,469
Public Health Services	328	0	328
Leisure Time Activities	2,556	0	2,556
Transportation	7,112	21,364	28,476
General Government	68,233	2,850	71,083
Debt Service:			
Principal Retirement	2,000	0	2,000
Interest and Fiscal Charges	862	0	862
<i>Total Cash Disbursements</i>	<u>155,544</u>	<u>45,230</u>	<u>200,774</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>25,191</u>	<u>6,936</u>	<u>32,127</u>
Other Financing Receipts (Disbursements)			
Sale of Notes	18	0	18
Other Financing Sources	374	0	374
Other Financing Uses	(16,000)	0	(16,000)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(15,608)</u>	<u>0</u>	<u>(15,608)</u>
<i>Net Change in Fund Cash Balances</i>	9,583	6,936	16,519
<i>Fund Cash Balances, January 1</i>	<u>38,992</u>	<u>20,268</u>	<u>59,260</u>
Fund Cash Balances, December 31			
Restricted	0	21,510	21,510
Committed	0	5,695	5,695
Unassigned (Deficit)	48,575	0	48,575
<i>Fund Cash Balances, December 31</i>	<u><u>\$48,575</u></u>	<u><u>\$27,205</u></u>	<u><u>\$75,780</u></u>

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

**VILLAGE OF FAYETTEVILLE
BROWN COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL PROPRIETARY AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2011**

	Proprietary Fund Types	Fiduciary Fund Types	Totals
	Enterprise	Agency	(Memorandum Only)
Operating Cash Receipts			
Charges for Services	\$190,269	\$0	\$190,269
<i>Total Operating Cash Receipts</i>	<u>190,269</u>	<u>0</u>	<u>190,269</u>
Operating Cash Disbursements			
Personal Services	18,359		18,359
Employee Fringe Benefits	5,761		5,761
Contractual Services	46,463		46,463
Supplies and Materials	95,185		95,185
Other	3,318		3,318
<i>Total Operating Cash Disbursements</i>	<u>169,086</u>	<u>0</u>	<u>169,086</u>
<i>Operating Income (Loss)</i>	<u>21,183</u>	<u>0</u>	<u>21,183</u>
Non-Operating Receipts (Disbursements)			
Principal Retirement	(7,715)		(7,715)
Interest and Other Fiscal Charges	(3,706)		(3,706)
Other Financing Sources	0	88,780	88,780
Other Financing Uses	0	(88,780)	(88,780)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(11,421)</u>	<u>0</u>	<u>(11,421)</u>
<i>Net Change in Fund Cash Balances</i>	9,762	0	9,762
<i>Fund Cash Balances, January 1</i>	<u>112,015</u>	<u>0</u>	<u>112,015</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$121,777</u></u>	<u><u>\$0</u></u>	<u><u>\$121,777</u></u>

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

**VILLAGE OF FAYETTEVILLE
BROWN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011**

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 Fayetteville, Brown County, Ohio (the Village), as a body corporate and politic. A publicly-elected six-member Council directs the Village. The Village provides water utilities, street maintenance and repair, and police services

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 the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The Village recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the Auditor of State prescribes or permits.

C. Deposits 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.

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:

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

Police Levy Fund – This fund receives money to provide police protection for Village residents.

**VILLAGE OF FAYETTEVILLE
BROWN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

3. Enterprise Funds

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

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

4. Fiduciary Funds

Fiduciary funds include private purpose trust funds and agency funds. Trust funds account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Village's own programs. The Village does not have any private purpose trust funds.

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

E. Budgetary Process

The Ohio Revised Code requires that each fund (except certain agency funds be budgeted annually.

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The Village Council must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year end.

2. Estimated Resources

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

3. Encumbrances

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

A summary of 2012 and 2011 budgetary activity appears in Note 4.

**VILLAGE OF FAYETTEVILLE
BROWN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

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.

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.

**VILLAGE OF FAYETTEVILLE
BROWN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

H. Accumulated Leave

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

2. Change in Accounting Principle

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

3. Equity in Pooled Deposits and Investments

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:

	2012	2011
Demand deposits	\$137,060	\$141,967
Certificates of deposit	56,816	55,590
Total deposits	\$193,876	\$197,557

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

4. Budgetary Activity

Budgetary activity for the years ending December 31 follows:

2012 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$141,823	\$143,928	\$2,105
Special Revenue	51,640	47,651	(3,989)
Enterprise	206,200	203,068	(3,132)
Total	\$399,663	\$394,647	(\$5,016)

2012 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$230,687	\$165,666	\$65,021
Special Revenue	79,217	49,586	29,631
Enterprise	297,276	183,076	114,200
Total	\$607,180	\$398,328	\$208,852

**VILLAGE OF FAYETTEVILLE
BROWN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011
(Continued)**

4. Budgetary Activity (Continued)

2011 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$156,000	\$181,127	\$25,127
Special Revenue	49,100	52,166	3,066
Enterprise	199,200	190,269	(8,931)
Total	\$404,300	\$423,562	\$19,262

2011 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$195,485	\$171,544	\$23,941
Special Revenue	66,031	45,299	20,732
Enterprise	329,777	180,507	149,270
Total	\$591,293	\$397,350	\$193,943

5. 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.

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Village.

6. Debt

Debt outstanding at December 31, 2012 was as follows:

	Principal	Interest Rate
Ohio Water Development Authority Loan	\$237,362	1.50%
Total	\$237,362	

The Ohio Water Development Authority (OWDA) loan relates to a project to move a water tower that was contributed to the Village. The OWDA approved up to \$275,000 in loans to the Village for this project. The Village will repay the loans in semiannual installments of \$5,710, including interest, over 30 years.

A snow removal equipment note was issued to purchase a dump truck in the original amount of \$21,097 on August 5, 2005. The note is refinanced annually. The amount refinanced in 2012 was \$8,327. The note was paid in full in 2012.

**VILLAGE OF FAYETTEVILLE
BROWN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011
(Continued)**

6. Debt (Continued)

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

Year ending December 31:	<u>OWDA Loan</u>
2013	\$11,421
2014	11,421
2015	11,421
2016	11,421
2017	11,421
2018-2022	57,104
2023-2027	57,104
2028-2032	57,104
2033-2037	<u>57,104</u>
Total	<u><u>\$285,521</u></u>

7. 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 2012 and 2011, 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, 2012.

8. 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 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 765 members as of December 31, 2012 and 2011 respectively.

**VILLAGE OF FAYETTEVILLE
BROWN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011
(Continued)**

8. Risk Management (Continued)

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 2011:

	<u>2012</u>	<u>2011</u>
Assets	\$13,100,381	\$12,501,280
Liabilities	<u>(6,687,193)</u>	<u>(5,328,761)</u>
Members' Equity	<u>\$6,413,188</u>	<u>\$7,172,519</u>

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

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Dave Yost • Auditor of State

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

Village of Fayetteville
Brown County
81 West Pike Street
Fayetteville, Ohio 45118

To the Village Council:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of Village of Fayetteville, Brown County, Ohio (the Village), as of and for the years ended December 31, 2012 and 2011, and the related notes to the financial statements, and have issued our report thereon dated September 25, 2013, wherein we noted the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 permits. And wherein we noted the Village adopted new accounting guidance in Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

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*.

Corporate Centre of Blue Ash, 11117 Kenwood Road, Blue Ash, Ohio 45242
Phone: 513-361-8550 or 800-368-7419 Fax: 513-361-8577

www.ohioauditor.gov

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

September 25, 2013

**VILLAGE OF FAYETTEVILLE
BROWN COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2012 AND 2011**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2010-001	ORC 9.38, failure to deposit timely.	No	Partially corrected. Reissued as a management letter comment.
2010-002	ORC 5705.36, estimated resources exceeded actual receipts.	Yes	
2010-003	ORC 5405.41(B), expenditures exceeded appropriations.	Yes	
2010-001	ORC 5705.39, appropriations exceeded actual resources.	Yes	

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Dave Yost • Auditor of State

VILLAGE OF FAYETTEVILLE

BROWN COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
OCTOBER 10, 2013**