



**VILLAGE OF BEAVERDAM  
ALLEN COUNTY  
REGULAR AUDIT  
FOR THE YEARS ENDED DECEMBER 31, 2019-2018**

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Marietta, OH 45750  
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St. Clairsville, OH 43950  
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OHIO AUDITOR OF STATE  
KEITH FABER



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Village Council  
Village of Beaverdam  
101 West Main Street  
Beaverdam, Ohio 45808

We have reviewed the *Independent Auditor's Report* of the Village of Beaverdam, Allen County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period January 1, 2018 through December 31, 2019. 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 Beaverdam is responsible for compliance with these laws and regulations.

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

Keith Faber  
Auditor of State  
Columbus, Ohio

**May 18, 2021**

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VILLAGE OF BEAVERDAM  
ALLEN COUNTY

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## INDEPENDENT AUDITOR'S REPORT

April 23, 2021

Village of Beaverdam  
Allen County  
101 West Main Street  
Beaverdam, Ohio 45808

To the Village Council:

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

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of the **Village of Beaverdam**, Allen County, Ohio (the Village) as of and for the years ended December 31, 2019 and 2018.

### ***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 such 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.

Tax - Accounting - Audit - Review - Compilation - Agreed Upon Procedure - Consultation - Bookkeeping - Payroll - Litigation Support - Financial Investigations  
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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, 2019 and 2018, and the respective changes in financial position or cash flows thereof for the years then ended.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements by fund type, and related notes of the Village of Beaverdam, Allen County as of December 31, 2019 and 2018, and 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.

***Emphasis of Matter***

As discussed in Note 12 to the financial statements, the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Village. We did not modify our opinion regarding this matter.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated April 23, 2021, 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 & Associates**  
Certified Public Accountants, A.C.  
Marietta, Ohio



**Village of Beaverdam, Ohio  
Allen County**

**Combined Statement of Receipts, Disbursements  
and Changes in Fund Balances (Regulatory Cash Basis)  
All Governmental Fund Types  
For the Year Ended December 31, 2019**

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
<b>Cash Receipts</b>				
Property and Other Local Taxes	\$ 17,589	\$ 2,003	\$ -	\$ 19,592
Municipal Income Tax	155,109	-	-	155,109
Intergovernmental	23,048	26,633	-	49,681
Charges for Services	20	-	-	20
Fines, Licenses and Permits	4,239	-	-	4,239
Earnings on Investments	317	39	-	356
Miscellaneous	2,206	1,148	-	3,354
<i>Total Cash Receipts</i>	<u>202,528</u>	<u>29,823</u>	<u>-</u>	<u>232,351</u>
<b>Cash Disbursements</b>				
Current:				
Security of Persons and Property	14,343	-	-	14,343
Public Health Services	1,201	-	-	1,201
Community Environment	-	108	-	108
Transportation	-	55,705	-	55,705
General Government	115,351	-	-	115,351
Capital Outlay	-	274	-	274
Debt Service:				
Principal Retirement	12,211	-	-	12,211
Interest and Fiscal Charges	8,133	-	-	8,133
<i>Total Cash Disbursements</i>	<u>151,239</u>	<u>56,087</u>	<u>-</u>	<u>207,326</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>51,289</u>	<u>(26,264)</u>	<u>-</u>	<u>25,025</u>
<b>Other Financing Receipts (Disbursements)</b>				
Transfers In	-	37,178	-	37,178
Transfers Out	(37,178)	-	-	(37,178)
Other Financing Sources	3,945	-	-	3,945
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(33,233)</u>	<u>37,178</u>	<u>-</u>	<u>3,945</u>
<i>Net Change in Fund Cash Balances</i>	18,056	10,914	-	28,970
<i>Fund Cash Balances, January 1</i>	<u>268,974</u>	<u>31,689</u>	<u>46,101</u>	<u>346,764</u>
<b>Fund Cash Balances, December 31</b>				
Restricted	-	33,200	-	33,200
Committed	-	9,403	46,101	55,504
Assigned	253,908	-	-	253,908
Unassigned	33,122	-	-	33,122
<i>Fund Cash Balances, December 31</i>	<u>\$ 287,030</u>	<u>\$ 42,603</u>	<u>\$ 46,101</u>	<u>\$ 375,734</u>

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

**Village of Beaverdam, Ohio  
Allen County**

**Combined Statement of Receipts, Disbursements  
and Changes in Fund Balances (Regulatory Cash Basis)  
Proprietary Fund Type  
For the Year Ended December 31, 2019**

	Proprietary Fund Type
	Enterprise
<b>Operating Cash Receipts</b>	
Charges for Services	\$ 431,569
<i>Total Operating Cash Receipts</i>	<i>431,569</i>
<b>Operating Cash Disbursements</b>	
Personal Services	113,184
Employee Fringe Benefits	46,114
Contractual Services	171,694
Supplies and Materials	1,333
Other	111,655
<i>Total Operating Cash Disbursements</i>	<i>443,980</i>
<i>Operating Income (Loss)</i>	<i>(12,411)</i>
<b>Non-Operating Receipts (Disbursements)</b>	
Miscellaneous Receipts	14,597
Principal Retirement	(292,467)
Interest and Other Fiscal Charges	(9,586)
<i>Total Non-Operating Receipts (Disbursements)</i>	<i>(287,456)</i>
<i>Net Change in Fund Cash Balances</i>	<i>(299,867)</i>
<i>Fund Cash Balances, January 1</i>	<i>544,966</i>
<i>Fund Cash Balances, December 31</i>	<i>\$ 245,099</i>

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

**Village of Beaverdam, Ohio**  
*Allen County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

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**Note 1 - Reporting Entity**

The Village of Beaverdam (the Village), Allen 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 government services, water and sewer utilities, garbage and trash services, and police street and highway maintenance. The Village contracts with the Allen County Sheriff's department to provide security of persons and property. Village residents volunteer their services to the Richland Township Fire and Emergency who provides fire and ambulance service to the Village.

***Jointly Governed Organization and Public Entity Risk Pool***

The Village participates in a public entity risk pool and one jointly governed organization. Notes 7 and 11 to the financial statements provides additional information for these entities. The Village's management believes these financial statements present all activities for which the Village is financially accountable.

**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 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*** The street construction maintenance and repair fund accounts for and reports that portion of the State gasoline tax and motor vehicle license registration fees restricted for construction, maintenance, and repair of streets within the Village.

***Parks and Recreation Fund*** The parks and recreation fund accounts for and reports charges for services, donations and general fund transfers that are committed to fund construction of the park.

***Permissive Motor Vehicle License Tax Fund*** The permissive tax fund receives the proceeds of a Municipal and County levied license fee for constructing, maintaining, and repairing Village streets.

***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 Project Fund:

**Village of Beaverdam, Ohio**  
*Allen County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

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

***Fund Accounting (Continued)***

***Municipal Building Construction Fund*** The municipal building construction fund accounts for and reports proceeds of general obligation bonds. The proceeds are committed for construction of a new municipal building.

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

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

***Garbage Fund*** The garbage fund accounts for the provision of waste removal services to the residents 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 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.

***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 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 individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated. The Village did not encumber all commitments required by Ohio law.

A summary of 2019 budgetary activity appears in Note 4.

**Village of Beaverdam, Ohio**  
Allen County  
Notes to the Financial Statements  
For the Year Ended December 31, 2019

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

***Deposits***

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.

***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.

***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.

**Village of Beavertdam, Ohio**  
*Allen County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

**Note 3 - Compliance**

Contrary to Ohio law, actual receipts fell below budgeted receipts which caused a reduction in the resources available for appropriations below the allowable amount in the Other Capital Projects, Water Operating and Sewer Operating Funds for the year ended December 31, 2019.

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the Street Construction Maintenance and Repair Fund for the year ended December 31, 2019.

**Note 4 - Budgetary Activity**

Budgetary activity for the year ending December 31, 2019 follows:

2019 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 167,788	\$ 206,473	\$ 38,685
Special Revenue	30,000	67,001	37,001
Capital Projects	2,500	-	(2,500)
Enterprise	513,000	446,166	(66,834)
Total	\$ 713,288	\$ 719,640	\$ 6,352

2019 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 427,935	\$ 189,182	\$ 238,753
Special Revenue	56,409	56,758	(349)
Capital Projects	48,601	-	48,601
Enterprise	1,064,926	749,954	314,972
Total	\$ 1,597,871	\$ 995,894	\$ 601,977

**Note 5 - 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:

	2019
Demand deposits	\$ 620,833
Total deposits	\$ 620,833

**Deposits**

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

**Village of Beaverdam, Ohio**  
*Allen County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

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**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.

Public utilities are also taxed on personal and real property located within the Village.

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

***Income Taxes***

The Village levies a municipal income tax of 1 percent on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village.

Employers within the Village withhold income tax on employee compensation and remit the tax to the Village either monthly or quarterly, as required. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually.

**Note 7 - Risk Management**

***Workers' Compensation***

Workers' Compensation coverage is provided by the State of Ohio. The Village pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

***Risk Pool Membership***

The Village belongs to the Ohio Plan Risk Management, Inc. (OPRM) (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. Effective November 1, 2017, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. The OPRM is also participated in a property primary excess of loss treaty. This treaty reimbursed the OPRM 30% for losses between \$200,000 and \$1,000,000. The reimbursement is based on the amount of loss between \$200,000 and \$1,000,000. Effective November 1, 2018, the OPRM the property retention remained unchanged, however, the Plan assumed 100% of the first \$250,000 casualty treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member.

**Village of Beaverdam, Ohio**  
*Allen County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

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

***Risk Pool Membership (Continued)***

Effective November 1, 2019, the OPRM's property retention increased from 30% to 33%, while the casualty treaty remains unchanged and still assumes 100% of the first \$250,000 casualty treaty. OPRM had 776 members as of December 31, 2019.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2019.

Assets	\$ 15,920,504
Liabilities	<u>( 11,329,011)</u>
Members' Equity	<u>\$ 4,591,493</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***

Some 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 percent of their gross salaries and the Village contributed an amount equaling 14 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2019.

**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 0 percent during calendar year 2019. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2019.

**Note 10 - Debt**

Debt outstanding at December 31, 2019 was as follows:

	Principal	Interest Rate
Town Hall Building Project Loan	\$ 165,878	4.25%
Total	\$ 165,878	

On September 25, 2013, a loan in the amount of \$300,000 was received to construct a new town hall. The loan is to be repaid with monthly principal and interest payments starting on May 1, 2014 and maturing on January 1, 2034. This loan will be re-paid from the General, Water Operating, and Sewer Operating Funds.



**Village of Beaverdam, Ohio**  
*Allen County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

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**Note 10 - Debt (Continued)**

On July 14, 2017, a loan in the amount of \$330,000 for the purchase of farm land was received. The loan is to be repaid with monthly principal and interest payments starting July 31, 2017 maturing on June 30, 2042. This loan will be re-paid from the General and Sewer Operating Funds. This loan was paid off early in 2019.

**Amortization**

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

Year Ending December 31:	Town Hall Loan
2020	\$ 20,296
2021	20,296
2022	20,296
2023	20,296
2024	20,296
2025-2029	101,482
2030-2034	87,952
Total	<u>\$ 290,914</u>

**Note 11 - Jointly Governed Organizations**

The Lima-Allen County Regional Planning Commission, Allen County, (the Commission) was organized in 1964 under Section 713.21 of the Ohio Revised Code. The Commission is governed by a thirty-three member board. The Board consists of representatives from participating political subdivisions, the County Commissioners, and appointed citizens. The Commission serves the County by performing studies and making maps, preparing recommendations and reports relating to the physical, environmental, social, economic and governmental characteristics, functions and services of the County. Financial information can be obtained from Marlene Schumaker, Grant coordinator, 130 West North Street., Lima, Ohio 45801 or call 419-228-1836, or e-mail mschumaker@lacrpc.com.

**Note 12 - Subsequent Events**

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Village. The impact on the Village's future operating costs, revenues, any recovery from emergency funding, either federal or state, cannot be estimated.

Village of Beaverdam, Ohio  
Allen County

**Combined Statement of Receipts, Disbursements  
and Changes in Fund Balances (Regulatory Cash Basis)  
All Governmental Fund Types  
For the Year Ended December 31, 2018**

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
<b>Cash Receipts</b>				
Property and Other Local Taxes	\$ 20,059	\$ 2,086	\$ -	\$ 22,145
Municipal Income Tax	129,003	-	-	129,003
Intergovernmental	15,182	21,300	-	36,482
Charges for Services	160	10,026	-	10,186
Fines, Licenses and Permits	4,221	-	-	4,221
Earnings on Investments	319	66	-	385
Miscellaneous	57,730	5,900	-	63,630
<i>Total Cash Receipts</i>	<u>226,674</u>	<u>39,378</u>	<u>-</u>	<u>266,052</u>
<b>Cash Disbursements</b>				
Current:				
Security of Persons and Property	13,473	-	-	13,473
Public Health Services	1,174	-	-	1,174
Leisure Time Activities	7,012	-	-	7,012
Community Environment	-	1,347	-	1,347
Transportation	-	39,496	-	39,496
General Government	142,112	-	-	142,112
Capital Outlay	9,094	77	-	9,171
Debt Service:				
Principal Retirement	19,093	-	-	19,093
Interest and Fiscal Charges	8,894	-	-	8,894
<i>Total Cash Disbursements</i>	<u>200,852</u>	<u>40,920</u>	<u>-</u>	<u>241,772</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>25,822</u>	<u>(1,542)</u>	<u>-</u>	<u>24,280</u>
<b>Other Financing Receipts (Disbursements)</b>				
Transfers In	-	11,000	-	11,000
Transfers Out	(11,000)	-	-	(11,000)
Other Financing Sources	21,589	-	-	21,589
<i>Total Other Financing Receipts (Disbursements)</i>	<u>10,589</u>	<u>11,000</u>	<u>-</u>	<u>21,589</u>
<i>Net Change in Fund Cash Balances</i>	36,411	9,458	-	45,869
<i>Fund Cash Balances, January 1</i>	<u>232,563</u>	<u>22,231</u>	<u>46,101</u>	<u>300,895</u>
<b>Fund Cash Balances, December 31</b>				
Restricted	-	20,878	-	20,878
Committed	-	10,811	46,101	56,912
Assigned	260,147	-	-	260,147
Unassigned	8,827	-	-	8,827
<i>Fund Cash Balances, December 31</i>	<u>\$ 268,974</u>	<u>\$ 31,689</u>	<u>\$ 46,101</u>	<u>\$ 346,764</u>

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

**Village of Beaverdam, Ohio  
Allen County**

**Combined Statement of Receipts, Disbursements  
and Changes in Fund Balances (Regulatory Cash Basis)  
Proprietary Fund Type  
For the Year Ended December 31, 2018**

	<u>Proprietary Fund Type</u>
	<u>Enterprise</u>
<b>Operating Cash Receipts</b>	
Charges for Services	\$ 484,776
<i>Total Operating Cash Receipts</i>	484,776
<b>Operating Cash Disbursements</b>	
Personal Services	133,457
Employee Fringe Benefits	46,139
Contractual Services	187,868
Supplies and Materials	10,230
Other	24,843
<i>Total Operating Cash Disbursements</i>	402,537
<i>Operating Income (Loss)</i>	82,239
<b>Non-Operating Receipts (Disbursements)</b>	
Miscellaneous Receipts	5,090
Capital Outlay	(527)
Principal Retirement	(23,530)
Interest and Other Fiscal Charges	(10,978)
<i>Total Non-Operating Receipts (Disbursements)</i>	(29,945)
<i>Net Change in Fund Cash Balances</i>	52,294
<i>Fund Cash Balances, January 1</i>	492,672
<i>Fund Cash Balances, December 31</i>	\$ 544,966

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

**Village of Beaverdam, Ohio**  
*Allen County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

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**Note 1 - Reporting Entity**

The Village of Beaverdam (the Village), Allen 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 government services, water and sewer utilities, garbage and trash services, and police street and highway maintenance. The Village contracts with the Allen County Sheriff's department to provide security of persons and property. Village residents volunteer their services to the Richland Township Fire and Emergency who provides fire and ambulance service to the Village.

***Jointly Governed Organization and Public Entity Risk Pool***

The Village participates in a public entity risk pool and one jointly governed organization. Notes 7 and 11 to the financial statements provides additional information for these entities. The Village's management believes these financial statements present all activities for which the Village is financially accountable.

**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 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*** The street construction maintenance and repair fund accounts for and reports that portion of the State gasoline tax and motor vehicle license registration fees restricted for construction, maintenance, and repair of streets within the Village.

***Parks and Recreation Fund*** The parks and recreation fund accounts for and reports charges for services, donations and general fund transfers that are committed to fund construction of the park.

***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 Project Fund:

***Municipal Building Construction Fund*** The municipal building construction fund accounts for and reports proceeds of general obligation bonds. The proceeds are committed for construction of a new municipal building.

**Village of Beaverdam, Ohio**  
*Allen County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

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

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

***Sewer Operating 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 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.

***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 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 individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated. The Village did not encumber all commitments required by Ohio law.

A summary of 2018 budgetary activity appears in Note 4.

***Deposits***

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 Beaverdam, Ohio**  
*Allen County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

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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.

**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.

**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, appropriation authority exceeded the total of the estimated revenue available for expenditure in the Other Capital Projects Fund for the year ended December 31, 2018.

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the Street Construction Maintenance and Repair Fund for the year ended December 31, 2018.

**Village of Beavertdam, Ohio**  
*Allen County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

**Note 4 - Budgetary Activity**

Budgetary activity for the year ending December 31, 2018 follows:

2018 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 190,220	\$ 248,263	\$ 58,043
Special Revenue	40,688	50,378	9,690
Enterprise	553,747	489,866	(63,881)
Total	\$ 784,655	\$ 788,507	\$ 3,852

2018 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 347,618	\$ 212,817	\$ 134,801
Special Revenue	49,596	41,488	8,108
Capital Projects	46,936	-	46,936
Enterprise	877,667	445,024	432,643
Total	\$ 1,321,817	\$ 699,329	\$ 622,488

**Note 5 - 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:

	2018
Demand deposits	\$ 815,875
Certificates of deposit	75,855
Total deposits	\$ 891,730

**Deposits**

Deposits are insured by the Federal Deposit 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.

Public utilities are also taxed on personal and real property located within the Village.

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

**Village of Beaverdam, Ohio**  
*Allen County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

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**Note 6 - Taxes (Continued)**

***Income Taxes***

The Village levies a municipal income tax of 1 percent on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village.

Employers within the Village withhold income tax on employee compensation and remit the tax to the Village either monthly or quarterly, as required. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually.

**Note 7 - Risk Management**

***Workers' Compensation***

Workers' Compensation coverage is provided by the State of Ohio. The Village pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

***Risk Pool Membership***

The Village belongs to the Ohio Plan Risk Management, Inc. (OPRM) (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. Effective November 1, 2016, the OPRM retained 50% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. Effective November 1, 2017, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. Effective November 1, 2018, the OPRM the property retention remained unchanged, however, the Plan assumed 100% of the first \$250,000 casualty treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 774 members as of December 31, 2018.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2018.

Assets	\$15,065,412
Liabilities	(10,734,623)
Members' Equity	<u>\$ 4,330,789</u>

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



**Village of Beaverdam, Ohio**  
*Allen County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

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**Note 8 - Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

Some 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 percent of their gross salaries and the Village contributed an amount equaling 14 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2018.

**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 0 percent during calendar year 2018. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2018.

**Note 10 - Debt**

Debt outstanding at December 31, 2018 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Town Hall Building Project Loan	\$ 178,825	4.25%
Farm Land Loan	291,731	4.03%
Total	<u>\$ 470,556</u>	

On September 25, 2013, a loan in the amount of \$300,000 was received to construct a new town hall. The loan is to be repaid with monthly principal and interest payments starting on May 1, 2014 and maturing on January 1, 2034. This loan will be re-paid from the General, Water Operating, and Sewer Operating Funds.

On July 14, 2017, a loan in the amount of \$330,000 for the purchase of farm land was received. The loan is to be repaid with monthly principal and interest payments starting July 31, 2017 maturing on June 30, 2042. This loan will be re-paid from the General and Sewer Operating Funds.

**Village of Beaverdam, Ohio**  
*Allen County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

**Note 10 – Debt (Continued)**

***Amortization***

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

Year Ending December 31:	Town Hall	Farm Land Loan	Total
2019	\$ 20,296	\$ 20,975	\$ 41,271
2020	20,296	20,975	41,271
2021	20,296	20,975	41,271
2022	20,296	20,975	41,271
2023	20,296	20,975	41,271
2024-2028	101,482	104,877	206,359
2029-2033	101,482	104,877	206,359
2034-2038	6,766	104,877	111,643
2039-2043	-	75,161	75,161
Total	\$ 311,210	\$ 494,667	\$ 805,877

**Note 11 – Jointly Governed Organizations**

The Lima-Allen County Regional Planning Commission, Allen County, (the Commission) was organized in 1964 under Section 713.21 of the Ohio Revised Code. The Commission is governed by a thirty-three member board. The Board consists of representatives from participating political subdivisions, the County Commissioners, and appointed citizens. The Commission serves the County by performing studies and making maps, preparing recommendations and reports relating to the physical, environmental, social, economic and governmental characteristics, functions and services of the County. Financial information can be obtained from Marlene Schumaker, Grant coordinator, 130 West North Street., Lima, Ohio 45801 or call 419-228-1836, or e-mail mschumaker@lacrpc.com.

**Note 12 – Subsequent Events**

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Village. The impact on the Village's future operating costs, revenues, any recovery from emergency funding, either federal or state, cannot be estimated.



313 Second St.  
Marietta, OH 45750  
740.373.0056

1907 Grand Central Ave.  
Vienna, WV 26105  
304.422.2203

150 West Main St.  
St. Clairsville, OH 43950  
740.695.1569

1310 Market Street, Suite 300  
Wheeling, WV 26003  
304.232.1358

749 Wheeling Ave., Suite 300  
Cambridge, OH 43725  
740.435.3417

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

April 23, 2021

Village of Beaverdam  
Allen County  
101 West Main Street  
Beaverdam, Ohio 45808

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 Beaverdam**, Allen County, (the Village) as of and for the years ended December 31, 2019 and 2018, and the related notes to the financial statements and have issued our report thereon dated April 23, 2021, 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 and we noted that the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Village.

**Internal Control Over Financial Reporting**

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

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

Tax - Accounting – Audit – Review – Compilation – Agreed Upon Procedure – Consultation – Bookkeeping – Payroll – Litigation Support – Financial Investigations  
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• Ohio Society of CPAs • West Virginia Society of CPAs • Association of Certified Fraud Examiners • Association of Certified Anti-Money Laundering Specialists •

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### **Internal Control Over Financial Reporting (Continued)**

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Village's financial statements. We consider findings 2019-001 and 2019-002 described in the accompanying schedule of audit findings to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of internal control deficiencies less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider findings 2019-003 and 2019-004 described in the accompanying schedule of audit findings to be significant deficiencies.

### **Compliance and Other Matters**

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the financial statements. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying schedule of audit findings as items 2019-002 and 2019-003.

### **Village's Response to Findings**

The Village's responses to the findings identified in our audit are described in the accompanying schedule of audit findings. We did not subject the Village's responses to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

### **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 report is not suitable for any other purpose.



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

**VILLAGE OF BEAVERDAM  
ALLEN COUNTY**

**SCHEDULE OF AUDIT FINDINGS  
FOR THE YEARS ENDED DECEMBER 31, 2019-2018**

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

**FINDING NUMBER 2019-001**

**Material Weakness**

**Financial Reporting**

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

During 2019 and 2018, receipts, disbursements, and fund balances were not always posted or classified correctly. The following posting errors were noted:

- Income tax activity was incorrectly posted to a Special Revenue Fund instead of being included in the General Fund in 2018;
- Debt payments were not properly allocated between Principal and Interest in the General, Water, and Sewer Funds in 2019 and 2018;
- General Fund budget carryover and outstanding encumbrances were misclassified as Unassigned instead of Assigned in 2019 and 2018;
- The Parks and Recreation fund balance was misclassified as Restricted instead of Committed in 2019 and 2018;
- The Other Capital Projects fund balance was misclassified as Assigned instead of Committed in 2019 and 2018;
- Real estate tax settlement receipts were recorded at net instead of gross in the General Fund in 2019 and 2018;
- Rollback receipts were misclassified as Property and Other Local Taxes instead of Intergovernmental in the General Fund in 2019 and 2018;
- Permissive tax and auto license tax receipts were not allocated correctly in the Street, State Highway, and Permissive MVL Tax Funds in 2019 and 2018;
- Municipal Income Tax receipts were recorded at net instead of gross in the General Fund in 2019 and 2018;
- Municipal Income Tax receipts were posted to the Street Fund and misclassified as Miscellaneous instead of being posted to the General Fund and being classified as Municipal Income Tax in 2019; and
- Farm land payment receipts were posted to the Water Operating Fund and misclassified as Miscellaneous instead of being posted to the General Fund and being classified as Other Financing Sources in 2018.

Not posting receipts, disbursements, and fund balances accurately resulted in the financial statements requiring several adjustments and reclassifications. The Village has made the adjustments to their accounting system. The financial statements reflect all adjustments and reclassifications.

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

VILLAGE OF BEAVERDAM  
ALLEN COUNTY

SCHEDULE OF AUDIT FINDINGS (CONTINUED)  
FOR THE YEARS ENDED DECEMBER 31, 2019-2018

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

FINDING NUMBER 2019-001 (CONTINUED)

**Financial Reporting (Continued)**

We also recommend the Fiscal Officer refer to the Ohio Village Handbook for guidance to determine the proper establishment of receipt and disbursement accounts and posting of receipts and disbursements. The Fiscal Officer should refer to Auditor of State Technical Bulletin 2011-004 for assistance in properly classifying fund balances.

**Official's Response** – The current Fiscal Officer for the Village began employment in February 2020. At that time, she completed the Auditor of State New Fiscal Officer training including the accounting programs. From this training, she discovered the findings of this audit and immediately began to remedy the errors. At this time, receipts, disbursements, and fund balances are posted and classified correctly in UAN. Each specific violation/finding has been remedied.

FINDING NUMBER 2019-002

**Material Weakness/Noncompliance**

**Budgetary Controls**

The budget is an instrument of public policy: A governing board expresses its desires for using a government's limited resources through its appropriations. Ohio Revised Code Section 5705 deals with a variety of budgetary requirements that all subdivisions must comply with in order to ensure fiscal responsibility.

In performing the audit, we noted several violations of budgetary law which, although they do not in and of themselves, result in errors in financial reporting, may lead to the Village making financial decisions based on incorrect or incomplete information. We noted the following:

- **Violations of 5705.36(A)(2)** indicating that actual receipts fell below budgeted receipts causing a reduction in the resources available for appropriation authority below the allowable amount;
- **Violations of 5705.39** indicating appropriations exceeded the total of the estimated revenue available for expenditure;
- **Violations of 5705.41(B)** indicating expenditures exceeded appropriation authority; and
- **Violations of 5705.41(D)** relating to expenditures having prior certification of availability of funds.

In addition, The Village did not have a control procedure in place to ensure that appropriations and estimated receipts, as authorized by the 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 budget commission after each amendment.

VILLAGE OF BEAVERDAM  
ALLEN COUNTY

SCHEDULE OF AUDIT FINDINGS (CONTINUED)  
FOR THE YEARS ENDED DECEMBER 31, 2019-2018

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

FINDING NUMBER 2019-002 (CONTINUED)

**Budgetary Controls (Continued)**

Council should review the requirements of ORC section 5705 to be familiar with these laws and to make sure the Village is complying with applicable sections. If Council does not consider these necessary steps should be taken to make sure amounts are encumbered (purchase orders are used and assigned to each purchase prior to ordering), certifications of available funds are done by the Village Fiscal Officer prior to purchasing and unencumbered balances are tracked for each line item.

**Official's Response** – The current Fiscal Officer for the Village began employment in February 2020. Since that time, she completed several Auditor of State trainings regarding the budgetary process. The findings of this audit have been identified prior to receipt of the audit report and proper procedures are in place, including reporting any revenue reductions or appropriation increases immediately to the county auditor and obtaining an amended certificate of resources prior to making changes in UAN.

FINDING NUMBER 2019-003

**Significant Deficiency/Noncompliance**

**Payroll Rates**

**Ohio Revised Code Section 731.13** states that the legislative authority of a Village shall fix the compensation and bonds of all officers, clerks, and employees of the village except as otherwise provided by law. The legislative authority shall, in the case of elective officers, fix their compensation for the ensuing term of office at a meeting held not later than five days prior to the last day fixed by law for filing as a candidate for such office. All bonds shall be made with sureties subject to the approval of the mayor. The compensation so fixed shall not be increased or diminished during the term for which any officer is elected or appointed. This section does not prohibit the payment of any increased costs of continuing to provide the identical benefits provided to an officer at the commencement of his term of office.

During 2019 and 2018, the Village did not formally approve payroll rates for employees. Lack of formal approval could lead to employees not receiving the proper payroll distribution amounts.

We recommend that the Village Council formally approve pay rates for all employees and document the approval either in the Council minutes or a formal resolution.

**Official's Response** – The current Fiscal Officer for the Village began employment in February 2020. The Fiscal Officer records detailed minutes from all Council Meetings, which reflect any change to employee pay rates.

VILLAGE OF BEAVERDAM  
ALLEN COUNTY

SCHEDULE OF AUDIT FINDINGS (CONTINUED)  
FOR THE YEARS ENDED DECEMBER 31, 2019-2018

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

FINDING NUMBER 2019-004

**Significant Deficiency**

**Utility Adjustments**

Adequate records were not maintained to support all noncash adjustments made to customer accounts by the Village. Noncash adjustments made to individual customer accounts were not approved by the Village Council, or reviewed by anyone other than the individual making the adjustment to customer accounts.

Failure to properly document and approve adjustments to customer accounts could result in theft of utility service or misappropriation of Village funds. Also, inappropriate adjustments are more likely to occur without proper approval from the Village Council prior to an adjustment being made.

The Village should implement a formal policy and procedure when preparing and approving customer account adjustments. We also recommend that the Village Council review and approve bill adjustment reports on a monthly basis.

**Official's Response** – The current Fiscal Officer for the Village began employment in February 2020. The Fiscal Officer is also responsible for the utility billing. When she began employment, she began to utilize the "Notes" section of the utility billing software to indicate why any adjustment or change is made to customer accounts.



**VILLAGE OF BEAVERDAM  
ALLEN COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEARS ENDED DECEMBER 31, 2019-2018**

Finding Number	Finding Summary	Status	Additional Information
2017-001	Recording of Financial Activity	Not Corrected	Repeated as Finding 2019-001
2017-002	Budgetary Controls	Not Corrected	Repeated as Finding 2019-002
2017-003	Ohio Revised Code Section 5705.09	Corrected	N/A
2017-004	Complete Voucher Packages	Corrected	N/A

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# OHIO AUDITOR OF STATE KEITH FABER



**VILLAGE OF BEAVERDAM**

**ALLEN COUNTY**

**AUDITOR OF STATE OF OHIO CERTIFICATION**

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



**Certified for Release 6/1/2021**

88 East Broad Street, Columbus, Ohio 43215  
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at  
[www.ohioauditor.gov](http://www.ohioauditor.gov)