



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

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OHIO AUDITOR OF STATE
KEITH FABER



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

We have reviewed the *Independent Auditor's Report* of the Village of Beaver, Pike County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period January 1, 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. The Auditor of State is conducting an investigation, which is ongoing as of the date of this report. Dependent on the outcome of the investigation, results may be reported on at a later date.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Village of Beaver is responsible for compliance with these laws and regulations.

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

Keith Faber
Auditor of State
Columbus, Ohio

October 03, 2022

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VILLAGE OF BEAVER
PIKE COUNTY

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INDEPENDENT AUDITOR'S REPORT

July 27, 2022

Village of Beaver
Pike County
PO Box 238
Beaver, Ohio 45613

To the Village Council:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of **Village of Beaver**, Pike County, 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(C) 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.

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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(C), 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(C) 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.

Basis for Qualified Opinion on Regulatory Basis of Accounting

General, Special Revenue, and Enterprise Funds cash nonpayroll disbursements are reported at \$51,482, \$106,383, and \$794,249 for the year ended December 31, 2019, respectively. These amounts represent 66%, 100%, and 96% of total disbursements for the year ended December 31, 2019, respectively.

We were unable to obtain sufficient appropriate evidence supporting the amounts recorded as cash nonpayroll disbursements. Consequently, we were unable to determine whether any adjustments to these amounts were necessary.

Qualified Opinion on Regulatory Basis of Accounting

In our opinion, except for the effects of the matter discussed in the *Basis for Qualified Opinion on Regulatory Basis of Accounting*, 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 Beaver, Pike County as of December 31, 2019 and 2018, for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 2.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 27, 2022, 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.

A handwritten signature in black ink that reads "Perry & Associates CPAs A.C." in a cursive script.

Perry & Associates
Certified Public Accountants, A.C.
Marietta, Ohio

**VILLAGE OF BEAVER, OHIO
PIKE COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2019**

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Property and Other Local Taxes	\$ 9,041	\$ 12,755	\$ 21,796
Intergovernmental	57,371	31,604	88,975
Charges for Services	-	46,001	46,001
Fines, Licenses and Permits	3,003	-	3,003
Earnings on Investments	738	-	738
Miscellaneous	310	6,815	7,125
<i>Total Cash Receipts</i>	<u>70,463</u>	<u>97,175</u>	<u>167,638</u>
Cash Disbursements			
Current:			
Security of Persons and Property	10,660	29,146	39,806
Public Health Services	-	8,931	8,931
Leisure Time Activities	-	12,075	12,075
Transportation	-	55,551	55,551
General Government	59,851	-	59,851
Capital Outlay	-	680	680
<i>Total Cash Disbursements</i>	<u>70,511</u>	<u>106,383</u>	<u>176,894</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(48)</u>	<u>(9,208)</u>	<u>(9,256)</u>
Other Financing Receipts (Disbursements)			
Advances In	2,000	2,000	4,000
Advances Out	(2,000)	(2,000)	(4,000)
Other Financing Uses	(7,683)	-	(7,683)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(7,683)</u>	<u>-</u>	<u>(7,683)</u>
<i>Net Change in Fund Cash Balances</i>	(7,731)	(9,208)	(16,939)
<i>Fund Cash Balances, January 1 (Restated - See Note 13.)</i>	<u>52,245</u>	<u>175,514</u>	<u>227,759</u>
Fund Cash Balances, December 31			
Restricted	-	166,306	166,306
Assigned	24,265	-	24,265
Unassigned	20,249	-	20,249
<i>Fund Cash Balances, December 31</i>	<u>\$ 44,514</u>	<u>\$ 166,306</u>	<u>\$ 210,820</u>

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

**VILLAGE OF BEAVER, OHIO
PIKE 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
Operating Cash Receipts	
Charges for Services	\$ 218,771
Miscellaneous	1,244
	<u>220,015</u>
<i>Total Operating Cash Receipts</i>	<u>220,015</u>
Operating Cash Disbursements	
Personal Services	33,206
Employee Fringe Benefits	4,412
Contractual Services	61,286
Supplies and Materials	44,365
Other	7,608
	<u>150,877</u>
<i>Total Operating Cash Disbursements</i>	<u>150,877</u>
<i>Operating Income (Loss)</i>	<u>69,138</u>
Non-Operating Receipts (Disbursements)	
Intergovernmental	405,357
Other Debt Proceeds	150,932
Capital Outlay	(612,089)
Principal Retirement	(39,875)
Interest and Other Fiscal Charges	(24,416)
	<u>(120,091)</u>
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(120,091)</u>
<i>Net Change in Fund Cash Balances</i>	(50,953)
<i>Fund Cash Balances, January 1 (Restated - See Note 13.)</i>	<u>121,235</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$ 70,282</u></u>

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

VILLAGE OF BEAVER
PIKE COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

Note 1 – Reporting Entity

The Village of Beaver (the Village), Pike County, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly-elected six-member Council directs the Village. The Village provides water and sewer utilities, fire protection, and park operations. The Village contracts with Beaver Fire Department to receive fire protection services. The Village appropriates general fund money and tax levy money to support a volunteer fire department.

Public Entity Risk Pools

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

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

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

Fund Accounting

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

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

Special Revenue Funds These funds account for and report the proceeds of specific sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Village had the following significant Special Revenue Funds:

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

State Highway The State Highway fund accounts for and reports that a portion of the state gasoline tax and motor vehicle license, registration fees restricted for construction, maintenance, and repair of state highways within the village.

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

Cemetery Fund The cemetery fund accounts for and reports the tax levy fees restricted for the cemetery. All income for this fund goes directly to Beaver Cemetery Board.

VILLAGE OF BEAVER
PIKE COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019
(Continued)

Note 2 – Summary of Significant Accounting Policies (Continued)

Fund Accounting (Continued)

Special Revenue Funds (Continued)

Fire Fund the Fire Fund accounts for and the reports that the fire levy fees restricted for the maintenance for the village volunteer fire department.

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

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

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

Utility Improvement Fund The utility improvement fund accounts for loan proceeds from the Ohio Water Development Authority restricted to the utility plant expansion. A utility surcharge recorded in this fund will repay this loan.

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

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit.

Budgetary Process

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

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

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

VILLAGE OF BEAVER
PIKE COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019
(Continued)

Note 2 – Summary of Significant Accounting Policies (Continued)

Budgetary Process (Continued)

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

A summary of 2019 budgetary activity appears in Note 4.

Deposits and Investments

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

Capital Assets

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

Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Village must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

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

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.

VILLAGE OF BEAVER
PIKE COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019
(Continued)

Note 2 – Summary of Significant Accounting Policies (Continued)

Fund Balance (Continued)

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

Note 3 – Compliance

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the Parks and Recreation Fund and in the Sewer Reserve USDA RD Fund by \$3,525 and \$565,723, respectively. Also contrary to Ohio Law, appropriations exceeded estimated resources in the in the Fire Fund by \$105,031.

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	\$ 127,565	\$ 70,463	\$ (57,102)
Special Revenue	268,599	97,175	(171,424)
Enterprise	337,412	776,304	438,892
Total	\$ 733,576	\$ 943,942	\$ 210,366

2019 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 86,863	\$ 79,768	\$ 7,095
Special Revenue	224,465	106,383	118,082
Enterprise	221,102	828,044	(606,942)
Total	\$ 532,430	\$ 1,014,195	\$ (481,765)

VILLAGE OF BEAVER
PIKE COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019
(Continued)

Note 5 - Deposits

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

	2019
Demand deposits	\$ 281,102
Total deposits	\$ 281,102

Deposits

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

Note 6 – Taxes

Property Taxes

Real property taxes become a lien on January 1 preceding the October 1 date for which the Council adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction 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.

Note 7 – Risk Management

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.

VILLAGE OF BEAVER
PIKE COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019
(Continued)

Note 7 – Risk Management (Continued)

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. 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 (11,329,011)

Members' Equity \$ 4,591,493

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

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.

Note 8 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

All employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

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

VILLAGE OF BEAVER
PIKE COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019
(Continued)

Note 10 – Debt

Debt outstanding at December 31, 2019 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
OPWC (CO07B)	\$ 69,222	0.00
OWDA (3951)	27,972	2.00
USDA Rural Development (2002)	478,391	4.50
OPWC (CO13H)	42,181	0.00
OPWC (CT52K)	20,150	0.00
OPWC (CT80M)	27,183	0.00
OWDA (4907)	39,835	2.00
OWDA (8125)	178,654	0.00
Total	<u>\$ 883,588</u>	

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

	<u>OPWC</u>	<u>OWDA</u>	<u>USDA</u>
2020	\$ 29,335	\$ 15,810	\$ 33,804
2021	29,335	15,810	33,804
2022	29,335	15,810	33,804
2023	19,446	15,810	33,804
2024	9,557	15,810	33,804
2025-2029	25,071	79,048	169,020
2030-2034	8,010	73,968	169,020
2035-2039	6,178	53,077	169,020
2040-2041	2,469	-	98,849
Total	<u>\$ 158,736</u>	<u>\$ 285,143</u>	<u>\$ 774,929</u>

The Ohio Water Development Authority (OWDA) loans relates to water and sewer plant expansion projects the Ohio Environmental Protection Agency mandated. The OWDA approved up to \$401,003.99 in loans to the Village for these projects. The Village will repay the loans in semiannual installments of \$7,904.81, including interest, over 20 years. The scheduled payment amount above assumes that \$1,401,003.99 has been borrowed. The OWDA will adjust scheduled payment to reflect any revisions in amounts the Village actually borrows. Water and sewer receipts collateralize the loan. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

The Ohio Public Works (OPW) loans relates to water and sewer plant expansions projects the Ohio Public Works committee Agency mandated. The OPW approved up to \$562,021.40 in loans to the Village for these projects. The Village will repay the loans in semiannual installments of \$14,667.36 with no interest over 20 years. The scheduled payment amount above assumes that \$562,021.40 has been borrowed. The OPWC will adjust scheduled payments to reflect any revisions in amounts the Village actually borrowed. Water and sewer receipts collateralize the loan. The Village has agreed to set utility rates sufficient to cover OPWC debt service requirements.

VILLAGE OF BEAVER
PIKE COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019
(Continued)

Note 10 – Debt (Continued)

The United State Department of Agriculture (USDA) loans relates to sewer plant expansion projects the United States Department of Agriculture mandated. The USDA approved up to \$621,000.00 in loans to the Village for this. The Village will repay the loan in annual installments of \$\$33,804.00 with interest over 40 years. The scheduled payment amount above assumes that \$621,000.00 has been borrowed. The USDA will adjust scheduled payments to reflect any revisions in amounts the Village actually borrowed. Sewer receipts collateralized the loan. The Village has agreed to set utility rates sufficient to cover USDA debt service requirements.

Note 11 – Contingent Liabilities

Amounts grantor agencies pay to the Village are subject to audit and adjustment by the grantor. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

Note 12 – Subsequent Events

The United States and the State of Ohio declared a state of emergency in March of 2021 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Village. In addition, the impact on the Village’s future operating costs, revenues, and additional recovery from emergency funding, either federal or State, cannot be estimated.

Note 13 – Restatement of Beginning Fund Balance

Fund balances were restated as of January 1, 2019. An adjustment was made to increase the Special Revenue Fund balance \$3,249 and to increase the Enterprise Fund \$138 due to 2018 voided checks. An adjustment was made to the General Fund balance to decrease the balance by \$224 to bring cash in line with actual.

	General Fund	Special Revenue Fund	Enterprise Fund
Ending Fund Balance at December 31, 2018	\$ 52,469	\$ 172,265	\$ 121,097
Restatement	(224)	3,249	138
Restated Fund Balance January 1, 2019	\$ 52,245	\$ 175,514	\$ 121,235

VILLAGE OF BEAVER, OHIO
PIKE COUNTY

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2018**

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Property and Other Local Taxes	\$ 8,488	\$ 13,233	\$ 21,721
Intergovernmental	64,742	41,444	106,186
Charges for Services	-	71,001	71,001
Fines, Licenses and Permits	3,630	-	3,630
Earnings on Investments	373	-	373
Miscellaneous	367	4,009	4,376
<i>Total Cash Receipts</i>	<u>77,600</u>	<u>129,687</u>	<u>207,287</u>
Cash Disbursements			
Current:			
Security of Persons and Property	12,101	59,494	71,595
Public Health Services	-	9,188	9,188
Leisure Time Activities	-	4,854	4,854
Transportation	-	5,848	5,848
General Government	42,839	-	42,839
Capital Outlay	-	659	659
<i>Total Cash Disbursements</i>	<u>54,940</u>	<u>80,043</u>	<u>134,983</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>22,660</u>	<u>49,644</u>	<u>72,304</u>
Other Financing Receipts (Disbursements)			
Transfers In	-	1,100	1,100
Transfers Out	(1,100)	-	(1,100)
Advances In	12,300	300	12,600
Advances Out	(300)	(12,300)	(12,600)
Other Financing Uses	(744)	-	(744)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>10,156</u>	<u>(10,900)</u>	<u>(744)</u>
<i>Net Change in Fund Cash Balances</i>	32,816	38,744	71,560
<i>Fund Cash Balances, January 1</i>	<u>19,653</u>	<u>133,521</u>	<u>153,174</u>
Fund Cash Balances, December 31			
Restricted	-	172,265	172,265
Assigned	14,971	-	14,971
Unassigned	37,498	-	37,498
<i>Fund Cash Balances, December 31</i>	<u>\$ 52,469</u>	<u>\$ 172,265</u>	<u>\$ 224,734</u>

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

**VILLAGE OF BEAVER, OHIO
PIKE COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
PROPRIETARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2018**

	Proprietary Fund Type
	Enterprise
Operating Cash Receipts	
Charges for Services	\$ 196,470
<i>Total Operating Cash Receipts</i>	<i>196,470</i>
Operating Cash Disbursements	
Personal Services	25,285
Employee Fringe Benefits	3,737
Contractual Services	102,604
Supplies and Materials	29,182
Other	803
<i>Total Operating Cash Disbursements</i>	<i>161,611</i>
<i>Operating Income (Loss)</i>	<i>34,859</i>
Non-Operating Receipts (Disbursements)	
Other Debt Proceeds	101,500
Capital Outlay	(53,539)
Principal Retirement	(67,356)
Interest and Other Fiscal Charges	(24,005)
Other Financing Sources	1,514
<i>Total Non-Operating Receipts (Disbursements)</i>	<i>(41,886)</i>
<i>Net Change in Fund Cash Balances</i>	<i>(7,027)</i>
<i>Fund Cash Balances, January 1</i>	<i>128,124</i>
<i>Fund Cash Balances, December 31</i>	<i>\$ 121,097</i>

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

VILLAGE OF BEAVER
PIKE COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

Note 1 – Reporting Entity

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

Public Entity Risk Pools

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

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

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

Fund Accounting

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

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

Special Revenue Funds These funds account for and report the proceeds of specific sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Village had the following significant Special Revenue Funds:

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

State Highway The State Highway fund accounts for and reports that a portion of the state gasoline tax and motor vehicle license, registration fees restricted for construction, maintenance, and repair of state highways within the village.

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

Cemetery Fund The cemetery fund accounts for and reports the tax levy fees restricted for the cemetery. All income for this fund goes directly to Beaver Cemetery Board.

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

VILLAGE OF BEAVER
PIKE COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018
(Continued)

Note 2 – Summary of Significant Accounting Policies (Continued)

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

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

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

Utility Improvement Fund The utility improvement fund accounts for loan proceeds from the Ohio Water Development Authority restricted to the utility plant expansion. A utility surcharge recorded in this fund will repay this loan.

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

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit.

Budgetary Process

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

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

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

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

A summary of 2018 budgetary activity appears in Note 4.

VILLAGE OF BEAVER
PIKE COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018
(Continued)

Note 2 – Summary of Significant Accounting Policies (Continued)

Deposits and Investments

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

Capital Assets

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

Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Village must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

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

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 BEAVER
PIKE COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018
(Continued)

Note 3 – Compliance

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the Parks and Recreation Fund by \$3,503. Also contrary to Ohio Law, appropriations exceeded estimated resources in the General Fund by \$16,487; in the Street Construction Maintenance & Repair Fund by \$14,679; in the State Highway Fund by \$8,880; in the Cemetery Fund by \$436; in the Fire Fund by \$27,263; in the Water Operating Fund by \$33,135; in the Sewer Operating Fund by \$21,941; and in the Sewer Reserve USDA RD Fund by \$47,961.

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	\$ 70,196	\$ 77,600	\$ 7,404
Special Revenue	198,426	130,787	(67,639)
Enterprise	268,942	299,484	30,542
Total	\$ 537,564	\$ 507,871	\$ (29,693)

2018 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 86,683	\$ 57,007	\$ 29,676
Special Revenue	238,193	82,710	155,483
Enterprise	371,979	357,764	14,215
Total	\$ 696,855	\$ 497,481	\$ 199,374

Note 5 - Deposits

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

	2018
Demand deposits	\$ 345,831
Total deposits	\$ 345,831

Deposits

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

VILLAGE OF BEAVER
PIKE COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018
(Continued)

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 non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction 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.

Note 7 – Risk Management

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 \$ 4,330,789

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

VILLAGE OF BEAVER
PIKE COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018
(Continued)

Note 7 – Risk Management (Continued)

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.

Note 8 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

All employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10% of their gross salaries and the Village contributed an amount equaling 14% of participants' gross salaries. The Village has paid all contributions required through December 31, 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 1.0 percent during calendar year 2018.

Note 10 – Debt

Debt outstanding at December 31, 2018 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
OPWC (CO07B)	\$ 79,111	0.00
OWDA (3951)	29,924	2.00
USDA Rural Development (2002)	489,200	4.50
OPWC (CO13H)	45,426	0.00
OPWC (CT52K)	21,066	0.00
OPWC (CT80M)	27,801	0.00
OWDA (4907)	41,599	2.00
OWDA (8125)	38,404	0.00
Total	<u>\$ 772,531</u>	

VILLAGE OF BEAVER
PIKE COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018
(Continued)

Note 10 - Debt (Continued)

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

	<u>OPWC</u>	<u>OWDA</u>	<u>USDA</u>
2019	\$ 14,667	\$ 13,246	\$ 33,804
2020	29,335	15,810	33,804
2021	29,335	15,810	33,804
2022	29,335	15,810	33,804
2023	19,446	15,810	33,804
2024-2028	31,561	79,048	169,020
2029-2033	9,841	76,508	169,020
2034-2038	6,178	66,347	169,020
2039-2043	3,706	-	132,653
Total	<u>\$ 173,404</u>	<u>\$ 298,389</u>	<u>\$ 808,733</u>

The Ohio Water Development Authority (OWDA) loans relates to water and sewer plant expansion projects the Ohio Environmental Protection Agency mandated. The OWDA approved up to \$401,003.99 in loans to the Village for these projects. The Village will repay the loans in semiannual installments of \$7,904.81, including interest, over 20 years. The scheduled payment amount above assumes that \$1401,003.99 has been borrowed. The OWDA will adjust scheduled payment to reflect any revisions in amounts the Village actually borrows. Water and sewer receipts collateralize the loan. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements. The Village received \$75,000 in loan forgiveness from OWDA during the year ended December 31, 2018.

The Ohio Public Works (OPW) loans relates to water and sewer plant expansions projects the Ohio Public Works committee Agency mandated. The OPW approved up to \$562,021.40 in loans to the Village for these projects. The Village will repay the loans in semiannual installments of \$14,667.36 with no interest over 20 years. The scheduled payment amount above assumes that \$562,021.40 has been borrowed. The OPW will adjust scheduled payments to reflect any revisions in amounts the Village actually borrowed. Water and sewer receipts collateralize the loan. The Village has agreed to set utility rates sufficient to cover OPW debt service requirements.

The United State Department of Agriculture (USDA) loans relates to sewer plant expansion projects the United States Department of Agriculture mandated. The USDA approved up to \$621,000.00 in loans to the Village for this. The Village will repay the loan in annual installments of \$33,804.00 with interest over 40 years. The scheduled payment amount above assumes that \$621,000.00 has been borrowed. The USDA will adjust scheduled payments to reflect any revisions in amounts the Village actually borrowed. Sewer receipts collateralized the loan. The Village has agreed to set utility rates sufficient to cover USDA debt service requirements.

Note 11 – Contingent Liabilities

Amounts grantor agencies pay to the Village are subject to audit and adjustment by the grantor. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

VILLAGE OF BEAVER
PIKE COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018
(Continued)

Note 12 – Subsequent Events

The United States and the State of Ohio declared a state of emergency in March of 2021 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Village. In addition, the impact on the Village's future operating costs, revenues, and additional recovery from emergency funding, either federal or State, cannot be estimated.

Note 13 – Restatement of Beginning Fund Balance

Fund balance was restated as of January 1, 2018. An adjustment was made to increase the General Fund balance by \$230 due to a voided check.

	General Fund
Ending Fund Balance at December 31, 2017	<u>\$ 19,423</u>
Voided Check	<u>230</u>
Restated Fund Balance January 1, 2018	<u><u>\$ 19,653</u></u>

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

July 27, 2022

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

To the Village Council:

We have audited in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts and disbursements by fund type of the **Village of Beaver**, Pike County, (the Village) as of and for the years ended December 31, 2019 and 2018, and the related notes to the financial statements and have issued our report thereon dated July 27, 2022, wherein we noted the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Village's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify certain deficiencies in internal control, described in the accompanying schedule of audit findings that we consider material weaknesses. We consider findings 2019-001, 2019-003, and 2019-005 through 2019-007 to be material weaknesses.

Tax - Accounting - Audit - Review - Compilation - Agreed Upon Procedure - Consultation - Bookkeeping - Payroll - Litigation Support - Financial Investigations
Members: American Institute of Certified Public Accountants

• Ohio Society of CPAs • West Virginia Society of CPAs • Association of Certified Fraud Examiners • Association of Certified Anti-Money Laundering Specialists •

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, 2019-004, 2019-005, and 2019-007.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Village's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Village's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



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

VILLAGE OF BEAVER
PIKE COUNTY

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

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

FINDING NUMBER 2019-001

Material Weakness

Financial Reporting

Posting Receipts, Disbursements and Classification of Fund Balances

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

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

- Beginning Balances need to be adjusted to reconcile accounting system to Cash Balances;
- Rollback receipts were incorrectly recorded as Property Tax revenue instead of Intergovernmental revenue in the General Fund, Cemetery, and Fire Fund in 2019 and 2018. One rollback receipt was incorrectly recorded entirely to the General Fund in 2018;
- One Property Tax receipt was posted entirely to the General Fund in 2018;
- Debt payments were not always recorded as principal and interest in 2019 and 2018;
- Gas Tax Revenue was recorded as Property Tax and Other Local Taxes Revenue instead of Intergovernmental Revenue in the Street Construction Repair and Maintenance Fund and State Highway Fund in 2019 and 2018;
- Auto License receipts were incorrectly recorded in the General Fund instead of allocated between the Street Construction, Maintenance, and Repair Fund and State Highway Fund in 2019 and 2018;
- Intergovernmental Revenue was recorded as Miscellaneous Revenue in 2019 and 2018;
- Special Assessment Revenue was incorrectly recorded in the Water Operating and Sewer Operating Funds as Charges for Services;
- General Fund balance was classified entirely as Unassigned rather than partially Assigned in 2018 and 2019;
- Loan proceeds were recorded correctly but the expense entry was recorded as Other Debt Service instead of Capital Outlay in 2019; and
- Grant revenue was recorded as debt proceeds. The corresponding capital outlay was recorded as interest expense.

Not posting receipts and disbursements accurately resulted in the financial statements requiring several reclassifications and an adjustment. The financial statements reflect all reclassifications and adjustments. The Village has posted the adjustments to its accounting system.

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.

We also recommend the Fiscal Officer refer to the Ohio Village Handbook and other Auditor of State resources for guidance to determine the proper establishment of receipt and disbursement accounts and posting of receipts and disbursements.

**VILLAGE OF BEAVER
PIKE COUNTY**

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

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

FINDING NUMBER 2019-001 (Continued)

Supporting Documentation

We noted several instances where support for disbursements testing was not provided.

To help demonstrate disbursements are for a public proper purpose, the voucher package should include a copy of the check, purchase order and invoice, at a minimum. In 2019, no support was provided for 46% of disbursements tested in our non-payroll testing and 17% of disbursements in our credit card testing.

Failure to attach an invoice to the voucher package could result in a violation of public records laws and possible findings for recovery. All source documentation, including the purchase order, invoice and copy of the check should be attached to each voucher to help provide evidence of the validity of the expenditure.

Additionally, support was not provided for utility adjustments in 2019 or 2018. This could result in questions about why the amounts were written off the Village's records and if there were valid reasons for the adjustments.

The Village should implement a formal policy and procedure when preparing and approving customer account adjustments. It should include, but not be limited to, the following:

- Customer name and account number.
- Amount of Adjustment.
- Reasoning for adjustment.
- Customer signature, if applicable.
- Signature of individual preparing the adjustment.
- Signature of individual approving the adjustment.

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

VILLAGE OF BEAVER
PIKE COUNTY

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

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

FINDING NUMBER 2019-002

Noncompliance

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

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

In 2018, budgetary expenditures exceeded appropriation authority in the Parks and Recreation Fund by \$3,503. Also contrary to Ohio Law, appropriations exceeded estimated resources in the General Fund by \$16,487; in the Street Construction Maintenance & Repair Fund by \$14,679; in the State Highway Fund by \$8,880; in the Cemetery Fund by \$436; in the Fire Fund by \$27,263; in the Water Operating Fund by \$33,135; in the Sewer Operating Fund by \$21,941; and in the Sewer Reserve USDA RD Fund by \$47,961.

In 2019, budgetary expenditures exceeded appropriation authority in the Parks and Recreation Fund and in the Sewer Reserve USDA RD Fund by \$3,525 and \$565,723, respectively. Also contrary to Ohio Law, appropriations exceeded estimated resources in the Fire Fund by \$105,031.

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

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

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

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

VILLAGE OF BEAVER
PIKE COUNTY

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

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

FINDING NUMBER 2019-003

Material Weakness

Bank Reconciliations

A necessary step in the internal control over financial reporting is to reconcile the bank balances to the accounting records cash balance each month. Bank reconciliation means accounting for the differences between the balance of the bank statement(s) and the cash and investment balances according to the Village's records.

The Fiscal Officer did not prepare accurate monthly reconciliations of bank to book balances. Outstanding checks and other reconciling items were included on the initial bank reconciliation of the Village and carried forward throughout the audit period. The lack of proper reconciliations among bank statements and ledgers resulted in numerous errors which remained uncorrected until the audit.

The Village's December 31, 2019 bank reconciliation reflected a book over bank balance variance of \$7,636. Due to lack of proper reconciliations, the Village had to have a proof of cash completed and adjustments were made to correct fund balances.

Without complete and accurate monthly bank reconciliations, the Village's internal control is significantly weakened which could hinder management's timely detection of errors or irregularities. We recommend the Village complete monthly bank reconciliations in a timely manner. All unreconciled differences should be resolved as quickly as possible so they are not carried forward month to month and all reconciling items should be appropriately documented.

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

FINDING NUMBER 2019-004

Noncompliance

Ohio Revised Code Section 5705.41(D) requires that no subdivision or taxing unit shall make any contract or give any order involving the expenditure of money unless a certificate signed by the fiscal officer is attached thereto. The fiscal officer must certify that the amount required meeting any such contract or expenditure has been lawfully appropriated and is in the treasury or is in the process of collection to the credit of an appropriate fund free from any previous encumbrance. Only the subdivision's fiscal officer need sign the certificate. Every contract made without such a certificate shall be void, and no warrant shall be issued in payment of any amount due thereon.

There are several exceptions to the standard requirement stated above that a fiscal officer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are: "then and now" certificates, blanket certificates, and super blanket certificates, which are provided for in sections 5705.41(D)(1) and 5705.41(D)(3), respectively, of the Ohio Revised Code.

VILLAGE OF BEAVER
PIKE COUNTY

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

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

FINDING NUMBER 2019-004 (Continued)

1. "Then and Now" certificate - If the fiscal officer can certify that both at the time that the contract or order was made ("then"), and at the time that the fiscal officer is completing the certification ("now"), that sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the taxing authority can authorize the drawing of a warrant for the payment of the amount due. The taxing authority has thirty days from the receipt of the "then and now" certificate to approve payment by ordinance or resolution. Amounts of less than \$3,000 may be paid by the fiscal officer without a resolution or ordinance upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the taxing authority.

2. Blanket Certificate – Fiscal officers may prepare "blanket" certificates for a certain sum of money not in excess of an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority against any specific line-item account over a period not running beyond the end of the current fiscal year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line-item appropriation.

3. Super Blanket Certificate – The entity may also make expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification is not to extend beyond the current year. Only one super blanket certificate may be outstanding at a particular time for any one line-item appropriation.

The Village did not properly certify the availability of funds prior to purchase commitment for 33% of the expenditures tested for 2018 and 31% in 2019.

To improve controls over disbursements and to help reduce the possibility of the Village's funds exceeding budgetary spending limitations, we recommend that the Fiscal Officer certify that the funds are or will be available prior to an obligation being incurred by the Village. When prior certification is not possible, "then and now" certification should be used.

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

VILLAGE OF BEAVER
PIKE COUNTY

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

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

FINDING NUMBER 2019-005

Material Weakness / Noncompliance

Withholding Support - Penalty Payments

26 U.S.C. Section 3402 states that every employer making payments of wages shall deduct and withhold upon such wages a tax determined in accordance with tables or computational procedures prescribed by the Secretary of the Treasury. The employer is required to submit the employees' withholdings to the Internal Revenue Service either monthly, quarterly or annually, depending upon the monthly gross wages and the amount of withholding expected for the year.

The Township received a statement from the IRS on 8/20/2020 indicating they hadn't filed their Employer's Federal Tax Return (941) for the Tax Periods Ended 9/30/2018, 12/31/2018, 3/31/2019, 6/30/2019, 9/30/2019, 12/31/2019, 3/31/2020, and 6/30/2020. The Village was not able to provide copies of 941's.

As of December 31, 2019, the Township owed \$8,684.99 to the IRS, including \$765.71 in interest accrued and \$4,331.42 in penalties.

We recommend the Fiscal Officer take the care necessary to ensure that they are properly calculating payroll disbursements, including all withholdings, and that these withholdings, along with the employer portion, are being properly remitted the respective agencies. Failure to do so could result in additional penalties, which are not denoted as a proper public purpose. We also recommend the Village contact the IRS to determine if the withholdings for 2020 and 2021 have been received.

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

VILLAGE OF BEAVER
PIKE COUNTY

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

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

FINDING NUMBER 2019-006

Material Weakness

Financial Monitoring

Management has a key role to play in ensuring the Village establishes and maintains effective internal controls. The small size of the Village's staff did not allow for an adequate segregation of duties as the Fiscal Officer performed all accounting functions, including receipting, depositing, disbursing, and reconciling Village monies. It is therefore important that Council monitor financial activity closely. When designing the public office's system of internal control and the specific control activities, management should consider the following:

- Ensure that all transactions are properly authorized in accordance with management's policies;
- Ensure that accounting records are properly updated in a timely manner;
- Ensure adequate security of assets and records;
- Plan for adequate segregation of duties or compensating controls;
- Ensure bank reconciliations are performed in a timely manner and approved by Council;
- Ensure the collection and compilation of data needed for the timely preparation of financial statements; and,
- Ensure all transactions are supported by adequate documentation.

The lack of controls over expenditures and financial reporting adversely affected the Village's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis.

This could result in Village Council making financial decisions without being fully informed of the Village's current financial status.

Village Council should become more actively involved in monitoring the financial activity of the Village. This includes Council reviewing and accepting/approving the monthly financial information provided by the Fiscal Officer including comparisons of budget and actual information, receipt and disbursement activity, and monthly bank reconciliations. The review of this information should be noted in the Council meeting minutes.

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

VILLAGE OF BEAVER
PIKE COUNTY

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

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

FINDING NUMBER 2019-007

Material Weakness / Noncompliance

Transfer of Funds

Ohio Revised Code Section 5705.14(E) states money may be transferred from the general fund to any other fund of the subdivision. In addition, 1989 Op. Atty. Gen. No. 89-075 requires a governing board resolution passed by a simple majority of the board members to transfer funds.

During fiscal year 2018, a \$3,600 transfer from the Parks and Recreation Fund was made to the General Fund. The transfer represents an illegal transfer and financial statement adjustment was made. Additionally, this transfer was not officially approved by Council. Failure to approve transfers could result in future findings for adjustments between funds.

We recommend the Village approve transfers in accordance with the Ohio Revised Code and the Ohio Attorney General opinion. All transfers should be approved by Council prior to entering in the Village's accounting system. In addition, Village management and Council should review ORC sections 5705.14-.16 for additional information on transfers.

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

**VILLAGE OF BEAVER
PIKE COUNTY**

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

Finding Number	Finding Summary	Status	Additional Information
2017-001	Posting Receipts, Disbursements and Fund Balances	Not Corrected	Repeated as Finding 2019-001
2017-002	Ohio Rev. Code Section 5705.39	Not Corrected	Repeated as Finding 2019-002

OHIO AUDITOR OF STATE KEITH FABER



VILLAGE OF BEAVER

PIKE 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 10/13/2022

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
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