



OHIO AUDITOR OF STATE
KEITH FABER



VILLAGE OF BEAVERDAM
ALLEN COUNTY
DECEMBER 31, 2021 AND 2020

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report	1
Prepared by Management:	
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Regulatory Cash Basis) - All Governmental Fund Types- For the Year Ended December 31, 2021	5
Combined Statement of Receipts, Disbursements, and Changes in Fund Balance (Regulatory Cash Basis) - Proprietary Fund Type- For the Year Ended December 31, 2021	6
Notes to the Financial Statements - For the Year Ended December 31, 2021	7
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Regulatory Cash Basis) - All Governmental Fund Types- For the Year Ended December 31, 2020	15
Combined Statement of Receipts, Disbursements, and Changes in Fund Balance (Regulatory Cash Basis) - Proprietary Fund Type- For the Year Ended December 31, 2020	16
Notes to the Financial Statements - For the Year Ended December 31, 2020	17
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	25
Schedule of Findings.....	27
Prepared by Management:	
Summary Schedule of Prior Audit Findings.....	31

This page intentionally left blank.

OHIO AUDITOR OF STATE KEITH FABER



88 East Broad Street
Columbus, Ohio 43215
ContactUs@ohioauditor.gov
(800) 282-0370

INDEPENDENT AUDITOR'S REPORT

Village of Beaverdam
Allen County
101 W. Main St.
Beaverdam, Ohio 45808

To the Members of Council:

Report on the Audit of the Financial Statements

Unmodified and Adverse Opinions

We have audited the financial statements of the Village of Beaverdam, Allen County, Ohio (the Village), which comprises the cash balances, receipts and disbursements for each governmental and proprietary fund type combined total as of and for the years ended December 31, 2021 and 2020, and the related notes to the financial statements.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for each governmental and proprietary fund type combined total as of and for the years ended December 31, 2021 and 2020, and the related notes to the financial statements, in accordance with the financial reporting provisions which Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit, described in Note 2.

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* section of our report, the accompanying financial statements 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, 2021 and 2020, or the changes in financial position thereof for the year then ended.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Village, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Efficient • Effective • Transparent

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 2 of the financial statements, the financial statements are prepared by Village on the basis of 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. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 2 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

Emphasis of Matter

As discussed in Note 13 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Village. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, no such opinion is expressed.

- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 14, 2023, 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. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village's 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.



Keith Faber
Auditor of State
Columbus, Ohio

February 14, 2023

This page intentionally left blank.

VILLAGE OF BEAVERDAM, 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, 2021

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
Cash Receipts				
Property and Other Local Taxes	\$17,501	\$2,137	\$0	\$19,638
Municipal Income Tax	205,681	0	0	205,681
Intergovernmental	28,527	66,876	0	95,403
Special Assessments	757	0	0	757
Charges for Services	220	0	0	220
Fines, Licenses and Permits	9,060	0	0	9,060
Earnings on Investments	263	9	0	272
Miscellaneous	19,897	400	0	20,297
<i>Total Cash Receipts</i>	<u>281,906</u>	<u>69,422</u>	<u>0</u>	<u>351,328</u>
Cash Disbursements				
Current:				
Security of Persons and Property	16,193	2,454	0	18,647
Public Health Services	713	0	0	713
Leisure Time Activities	5,536	0	0	5,536
Community Environment	0	252	0	252
Basic Utility Services	0	1,074	0	1,074
Transportation	0	55,456	0	55,456
General Government	188,526	756	0	189,282
Capital Outlay	4,405	0	0	4,405
Debt Service:				
Principal Retirement	52,827	0	0	52,827
Interest and Fiscal Charges	2,483	0	0	2,483
<i>Total Cash Disbursements</i>	<u>270,683</u>	<u>59,992</u>	<u>0</u>	<u>330,675</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>11,223</u>	<u>9,430</u>	<u>0</u>	<u>20,653</u>
Other Financing Receipts (Disbursements)				
Loans Issued	48,302	90,092	0	138,394
Transfers In	0	26,000	0	26,000
Transfers Out	(26,000)	0	0	(26,000)
Other Financing Sources	2,569	0	0	2,569
Other Financing Uses	(5,284)	(787)	0	(6,071)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>19,587</u>	<u>115,305</u>	<u>0</u>	<u>134,892</u>
<i>Net Change in Fund Cash Balances</i>	30,810	124,735	0	155,545
<i>Fund Cash Balances, January 1</i>	<u>218,945</u>	<u>52,531</u>	<u>23,274</u>	<u>294,750</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$249,755</u></u>	<u><u>\$177,266</u></u>	<u><u>\$23,274</u></u>	<u><u>\$450,295</u></u>

See accompanying notes to the basic financial statements

VILLAGE OF BEAVERDAM, ALLEN COUNTY

**Combined Statement of Receipts, Disbursements and
Changes in Fund Balances (Regulatory Cash Basis)
Proprietary Fund Type**

For the Year Ended December 31, 2021

	<u>Enterprise</u>
Operating Cash Receipts	
Charges for Services	\$631,072
<i>Total Operating Cash Receipts</i>	<u>631,072</u>
Operating Cash Disbursements	
Personal Services	80,380
Employee Fringe Benefits	36,967
Contractual Services	124,587
Supplies and Materials	63,701
Other	62,316
<i>Total Operating Cash Disbursements</i>	<u>367,951</u>
<i>Operating Income (Loss)</i>	<u>263,121</u>
Non-Operating Receipts (Disbursements)	
Loans Issued	96,606
Capital Outlay	(4,774)
Principal Retirement	(105,656)
Interest and Other Fiscal Charges	(4,122)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(17,946)</u>
<i>Net Change in Fund Cash Balances</i>	245,175
<i>Fund Cash Balances, January 1</i>	<u>424,478</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$669,653</u></u>
<i>See accompanying notes to the basic financial statements</i>	

Village of Beaverdam, Ohio
Allen County
Notes to the Financial Statements
For the Year Ended December 31, 2021

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 water and sewer utilities, trash removal, street and highway maintenance, and park operations. The Village contracts with the Allen County Sheriff's department to provide security of persons and property. Residents volunteer their services to the Richland Township Fire and Emergency who provide fire and ambulance service to the Village residents.

Jointly Governed Organization and Public Entity Risk Pool

The Village participates in a jointly governed organization and public entity risk pool. Note 7 and 11 to the financial statements provide 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 the proprietary fund type which are all 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 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.

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

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

Village of Beaverdam, Ohio
Allen County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Coronavirus Relief Fund - The Coronavirus Relief Fund receives the proceeds related to the CARES Act (HB 481 and 614) and the American Rescue Plan. The CARES Act provides assistance for state, local, and tribal governments navigating the impact of the COVID-19 outbreak. The American Rescue Plan is delivering direct relief to the American people, rescuing the American economy, and starting to beat the virus.

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 capital project fund:

The Other Capital Projects Fund - The Other Capital Projects Fund accounts for and reports disbursements for capital projects.

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

Garbage Operating Fund - The Garbage Operating Fund accounts for the provision of waste removal 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 fund, function or object level of control, and appropriations may not exceed estimated resources. The Village Council must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end.

Village of Beaverdam, Ohio
Allen County
Notes to the Financial Statements
For the Year Ended December 31, 2021

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 canceled, and reappropriated in the subsequent year.

A summary of 2021 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.

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. For regulatory purposes nonspendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the Village and the nonexpendable portion of the corpus in permanent funds.

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*. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end.

Village of Beaverdam, Ohio
Allen County
Notes to the Financial Statements
For the Year Ended December 31, 2021

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.

For regulatory purposes, limited disclosure related to fund balance is included in Note 12.

Note 3 – Compliance

Contrary to Ohio Revised Code Section 5705.10(D), receipts belonging to the Special Revenue Street Construction Maintenance and Repair, Highway, and Permissive Motor Vehicle License Tax funds were recorded in other funds.

Note 4 – Budgetary Activity

Budgetary activity for the year ending follows:

2021 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$140,350	\$332,777	\$192,427
Special Revenue	73,700	185,514	111,814
Capital Projects	0	0	0
Enterprise	454,000	727,678	273,678
Total	\$668,050	\$1,245,969	\$577,919

2021 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$357,500	\$303,559	\$53,941
Special Revenue	73,547	61,133	12,414
Capital Projects	23,000	0	23,000
Enterprise	701,970	484,983	216,987
Total	\$1,156,017	\$849,675	\$306,342

Village of Beaverdam, Ohio
Allen County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 5 – Deposits

To improve cash management, cash received by the Village is pooled. Monies for all funds are maintained in this pool. The Ohio Revised Code prescribes allowable deposits. A summary of the Village's deposit accounts are as follows:

Demand deposits \$1,119,948

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation; 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.

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.

Village of Beaverdam, Ohio
Allen County
Notes to the Financial Statements
For the Year Ended December 31, 2021

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 liability, errors, and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its member sold through fourteen appointed independent agents in the State of Ohio.

Effective November 1, 2010 (through October 31, 2017), the corridor is for losses paid is between 60% and 70% of casualty premiums earned in the first \$250,000. Effective November 1, 2016, the OPRM elected to participate in a property loss corridor deductible. The property corridor includes losses paid between 70% and 75%. In 2018, the casualty loss corridor was eliminated and the property corridor was adjusted to losses paid between 65% and 70%. Effective November 1, 2019, the property loss corridor was adjusted to losses between 60% and 67.5% and remain unchanged effective November 1, 2021 and November 1, 2020. OPRM had 769 members as of December 31, 2021.

The Pool’s audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2021.

Assets	\$ 21,777,439
Liabilities	<u>(15,037,383)</u>
Members’ Equity	<u>\$ 6,740,056</u>

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

Note 8 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

Village 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 health care 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, 2021.

Social Security

Several of the Village employees contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Village contributed an amount equal to 6.2 percent of participants’ gross salaries. The Village has paid all contributions required through December 31, 2021.

Village of Beaverdam, Ohio
Allen County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 9 – Postemployment Benefits

OPERS offers a cost-sharing, multiple-employer defined benefit postemployment plan, which includes 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 OPERS members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2021. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2021.

Note 10 – Debt

Debt outstanding at December 31, 2021, was as follows:

	Principal	Interest Rate
Town Hall Refinance / Playground Equipment	\$231,948	3.21%
Total	\$231,948	

On September 24, 2021, a loan in the amount of \$235,000 was made from Citizen’s National Bank to refinance the Town Hall loan, and to purchase new playground equipment. This loan matures on September 24, 2036.

Amortization

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

Year Ending December 31:	Town Hall Building Refinance and Equipment Loan
2022	\$19,822
2023	19,822
2024	19,822
2025	19,822
2026	19,822
2027-2031	99,110
2032-2036	99,107
Total	\$297,327

Village of Beaverdam, Ohio
Allen County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 11 – Jointly Governed Organization

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 related to the physical, environmental, social, economic and governmental characteristics, functions and services of the County. Financial information can be obtained from Marlene Schumaker, Grants Coordinator, 130 West North Street, Lima, OH 45801, calling 419-228-1836, or email: mschumaker@lacrpc.com.

Note 12 – Fund Balances

Included in fund balance are amounts the Village cannot spend, including the balance of unclaimed monies which cannot be spent for five years. Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end the balances of these amounts were as follows:

Fund Balances	General	Special Revenue	Capital Projects	Total
Outstanding Encumbrances	\$1,592	\$354	\$0	\$1,946
<i>Total</i>	\$1,592	\$354	\$0	\$1,946

The fund balance of special revenue funds is either restricted or committed. The fund balance of capital projects fund are restricted committed or assigned. These restricted, committed and assigned amounts in the special revenue and capital projects funds would include the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

Note 13 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio’s state of emergency ended in June, 2021 while the national state of emergency continues. During 2021, the Village received COVID-19 funding. The financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Village. The impact on the Village’s future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

The 2021 activity includes, \$19,431 from the Coronavirus State and Local Fiscal Recovery Program under the American Rescue Plan Act and will receive the second and final distribution in the same amount in June 2022. The Village anticipates applying these funds towards water and waste water infrastructure needs.

VILLAGE OF BEAVERDAM, 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, 2020

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts				
Property and Other Local Taxes	\$21,312	\$1,747	\$0	\$23,059
Municipal Income Tax	127,518	0	0	127,518
Intergovernmental	26,164	90,557	0	116,721
Special Assessments	126			126
Charges for Services	850		0	850
Fines, Licenses and Permits	4,140	0	0	4,140
Earnings on Investments	185	22	0	207
Miscellaneous	31,952	230	0	32,182
<i>Total Cash Receipts</i>	<u>212,247</u>	<u>92,556</u>	<u>0</u>	<u>304,803</u>
Cash Disbursements				
Current:				
Security of Persons and Property	14,430	5,000	0	19,430
Public Health Services	1,459	0	0	1,459
Leisure Time Activities	9,690	0	0	9,690
Community Environment	0	155	0	155
Basic Utility Services	0	5,876	0	5,876
Transportation	0	73,243	0	73,243
General Government	202,349	17,377	0	219,726
Capital Outlay	8,695	11,403	22,827	42,925
Debt Service:				
Principal Retirement	4,497	0	0	4,497
Interest and Fiscal Charges	2,268	0	0	2,268
<i>Total Cash Disbursements</i>	<u>243,388</u>	<u>113,054</u>	<u>22,827</u>	<u>379,269</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(31,141)</u>	<u>(20,498)</u>	<u>(22,827)</u>	<u>(74,466)</u>
Other Financing Receipts (Disbursements)				
Transfers In	0	37,000	0	37,000
Transfers Out	(37,000)	0	0	(37,000)
Other Financing Sources	56	0	0	56
Other Financing Uses	0	(6,574)	0	(6,574)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(36,944)</u>	<u>30,426</u>	<u>0</u>	<u>(6,518)</u>
<i>Net Change in Fund Cash Balances</i>	(68,085)	9,928	(22,827)	(80,984)
<i>Fund Cash Balances, January 1</i>	<u>287,030</u>	<u>42,603</u>	<u>46,101</u>	<u>375,734</u>
<i>Fund Cash Balances, December 31</i>	<u>\$218,945</u>	<u>\$52,531</u>	<u>\$23,274</u>	<u>\$294,750</u>

See accompanying notes to the basic financial statements

VILLAGE OF BEAVERDAM, ALLEN COUNTY

**Combined Statement of Receipts, Disbursements and
Changes in Fund Balances (Regulatory Cash Basis)**

Proprietary Fund Type

For the Year Ended December 31, 2020

	<u>Enterprise</u>
Operating Cash Receipts	
Charges for Services	\$615,111
<i>Total Operating Cash Receipts</i>	<u>615,111</u>
Operating Cash Disbursements	
Personal Services	102,696
Employee Fringe Benefits	43,202
Contractual Services	101,679
Supplies and Materials	67,534
Other	48,296
<i>Total Operating Cash Disbursements</i>	<u>363,407</u>
<i>Operating Income (Loss)</i>	<u>251,704</u>
Non-Operating Receipts (Disbursements)	
Earnings on Investments	1,023
Capital Outlay	(59,818)
Principal Retirement	(8,994)
Interest and Other Fiscal Charges	(4,536)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(72,325)</u>
<i>Net Change in Fund Cash Balances</i>	179,379
<i>Fund Cash Balances, January 1</i>	<u>245,099</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$424,478</u></u>
<i>See accompanying notes to the basic financial statements</i>	

Village of Beaverdam, Ohio
Allen County
Notes to the Financial Statements
For the Year Ended December 31, 2020

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 water and sewer utilities, trash removal, street and highway maintenance, and park operations. The Village contracts with the Allen County Sheriff's department to provide security of persons and property. Residents volunteer their services to the Richland Township Fire and Emergency, who provide fire and ambulance service to the village residents.

Jointly Governed Organization and Public Entity Risk Pool

The Village participates in a jointly governed organizations and a public entity risk pool. Notes 7 and 11 to the financial statements provide 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 the proprietary fund type which are all 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 - 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 donations and general fund transfers that are committed to fund construction and maintenance of the park.

Permissive Motor Vehicle License Tax Fund - The Permissive Motor Vehicle License Tax Fund accounts for and receives the proceeds of a County levied license fee for constructing, maintaining, and repairing Village streets.

Village of Beaverdam, Ohio
Allen County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Coronavirus Relief Fund - The Coronavirus Relief Fund accounts for and receives the proceeds related to the CARES Act (HB 481 and HB 614). The CARES Act provides assistance for state, local, and tribal governments navigating the impact of the COVID-19 outbreak.

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 capital project fund:

The Other Capital Projects Fund - The Other Capital Projects Fund accounts for and reports disbursements for capital projects.

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 Operating Fund - The Garbage Fund accounts for the provision of waste removal 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 fund, function or object level of control, and appropriations may not exceed estimated resources. The Village Council must annually approve appropriation measures and subsequent amendments. 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 Beaverdam, Ohio
Allen County
Notes to the Financial Statements
For the Year Ended December 31, 2020

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 re-appropriated.

A summary of 2020 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.

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. For regulatory purposes nonspendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the Village and the nonexpendable portion of the corpus in permanent funds.

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*. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end.

Village of Beaverdam, Ohio
Allen County
Notes to the Financial Statements
For the Year Ended December 31, 2020

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.

For regulatory purposes, limited disclosure related to fund balance is included in Note 12.

Note 3 – Compliance

Contrary to Ohio Revised Code Section 5705.10(D), receipts belonging to the Special Revenue Street Construction Maintenance and Repair, Highway, and Permissive Motor Vehicle License Tax funds; and receipts belonging to the Enterprise Water Operating, Sewer Operating, and Garbage Operating funds were recorded in other funds.

Note 4 – Budgetary Activity

Budgetary activity for the year ending 2020 follows:

2020 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$170,080	\$212,303	\$42,223
Special Revenue	90,906	129,556	38,650
Capital Projects	2,500	0	(2,500)
Enterprise	572,000	616,134	44,134
Total	\$835,486	\$957,993	\$122,507

2020 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$430,766	\$284,388	\$146,378
Special Revenue	134,012	121,442	12,570
Capital Projects	48,601	22,827	25,774
Enterprise	824,381	445,805	378,576
Total	\$1,437,760	\$874,462	\$563,298

Village of Beaverdam, Ohio
Allen County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 5 – Deposits

To improve cash management, cash received by the Village is pooled. Monies for all funds are maintained in this pool. The Ohio Revised Code prescribes allowable deposits. A summary of the Village’s deposit accounts are as follows:

Demand deposits	\$719,228
-----------------	-----------

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation 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.

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.

Village of Beaverdam, Ohio
Allen County
Notes to the Financial Statements
For the Year Ended December 31, 2020

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 liability, errors, and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its member sold through fourteen appointed independent agents in the State of Ohio.

OPRM coverage program are developed specific to each member’s risk management needs and related premiums for coverage are determined through application of uniform underwriting criteria addressing the member’s exposure to loss. Effective November 1, 2021, 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 treat reimbursed the OPRM 30% for losses between \$200,000 and \$1,000,000. Effective November 1, 2018, the OPRM the property retained remained unchanged, however, the Plan assumed 100% of the first \$250,000 casualty treaty. Members are only responsible for their self-retention (deducible) amounts, which vary from member to member.

Effective November 1, 2020, the OPRM’s property retention increased from 30% to 35%, while the casualty treaty remains unchanged and still assumes 100% of the first \$250,000 casualty treaty. OPRM had 771 members as of December 31, 2020.

The Pool’s audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities, and members’ equity as of December 31, 2020:

	<u>2020</u>
Cash and investments	\$18,826,974
Actuarial liabilities	<u>(\$13,530,267)</u>
Members' Equity	<u>\$5,296,707</u>

Note 8 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

Village 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 health care 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, 2020.

Social Security

Several Village employees contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Village of Beaverdam, Ohio
Allen County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Employees contributed 6.2 percent of their gross salaries. The Village contributed an amount equal to 6.2 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2020.

Note 9 – Postemployment Benefits

OPERS offers a cost-sharing, multiple-employer defined benefit postemployment plan, which includes 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 OPERS members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2020. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2020.

Note 10 – Debt

Debt outstanding at December 31, 2020, was as follows:

	Principal	Interest Rate
Town Hall Building Project	\$152,432	4.25%

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

Amortization

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

Year Ending December 31:	Town Hall Loan
2021	\$20,296
2022	20,296
2023	20,296
2024	20,296
2025	20,296
2026-2030	101,482
2031-2034	67,654
Total	\$270,616

Village of Beaverdam, Ohio
Allen County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 11 – Jointly Governed Organization

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, Grants Coordinator, 130 West North Street, Lima, OH 45801, calling 419-228-1836, or email: mschumaker@lacrpc.com.

Note 12 – Fund Balances

Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end the balances of these amounts were as follows:

Fund Balances	General	Special Revenue	Capital Projects	Total
Outstanding Encumbrances	\$4,000	\$1,814	\$0	\$5,814
<i>Total</i>	\$4,000	\$1,814	\$0	\$5,814

The fund balance of special revenue funds is either restricted or committed. The fund balance of capital projects fund are restricted committed or assigned. These restricted, committed and assigned amounts in the special revenue and capital projects funds would include the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

Note 13 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio’s state of emergency ended in June, 2021 while the national state of emergency continues. During 2020, the Village received COVID-19 funding. The financial impact of COVID-19 and the continuing emergency measures mayl impact subsequent periods of the Village. The impact on the Village’s future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

OHIO AUDITOR OF STATE KEITH FABER



88 East Broad Street
Columbus, Ohio 43215
ContactUs@ohioauditor.gov
(800) 282-0370

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

Village of Beaverdam
Allen County
101 W. Main St
Beaverdam, Ohio 45808

To the Members of Council:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Governmental Auditing Standards*), the financial statements of the cash balances, receipts, and disbursements for each governmental and proprietary fund type of the Village of Beaverdam, Allen County, (the Village) as of and for the years ended December 31, 2021 and 2020, and the related notes to the financial statements, and have issued our report thereon dated February 14, 2023, wherein we noted the Village followed financial reporting provisions Ohio Rev Code § 117.38 and Ohio Admin. Code 117-2-03(D) permit. We also noted the financial impact of COVID-19 and the continuing emergency measures which may impact subsequent periods of the Village.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Village's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purposes of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control.

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings we identified certain deficiencies in internal control that we consider to be a material weakness and a significant deficiency.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Village's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency described in the accompanying schedule of findings as item 2021-001 to be a material weakness.

Efficient • Effective • Transparent

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. We consider the deficiency described in the accompanying schedule of findings as item 2021-002 to be a significant deficiency.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings as item 2021-002.

Village's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Village's responses to the findings identified in our audit and described in the accompanying schedule of findings. The Village's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Keith Faber
Auditor of State
Columbus, Ohio

February 14, 2023

VILLAGE OF BEAVERDAM
ALLEN COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2021 AND 2020

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

FINDING NUMBER 2021-001

Material Weakness – Financial Reporting Errors

In our audit engagement letter, as required by AU-C Section 210, *Terms of Engagement*, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; 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 as discussed in AU-C Section 210 paragraphs .A14 & .A16.

Due to a lack of internal controls over the financial reporting process the following errors were identified and adjusted in the accompanying financial statements:

The following errors were identified in the financial statements::

2021

- A refund in the amount of \$7,620, for the overpayment of income taxes was classified in the General Fund as other financing uses instead of general government disbursements;
- Loan receipts and the related debt payments to refinance the old Townhall debt issue were not recorded in the General Fund in the amount of \$48,302, in the Enterprise Water Operating Fund in the amount of \$48,303, and in the Enterprise Sewer Operating Fund in the amount of \$48,303;
- Special assessment receipts in the amount of \$757 were recorded in the General Fund as property and other local taxes receipts;
- Property and other local taxes receipts were understated by \$890, public health services disbursements were understated by \$713, and general government disbursements were understated by \$177 in the General Fund as the result of not grossing up property tax receipts;
- Debt proceeds in the amount of \$90,092 were recorded in the Special Revenue Parks and Recreation Fund as charges for services.

2020

- Property and other local taxes receipts were understated by \$1,980, public health services disbursements were understated by \$1,459, and general government disbursements were understated by \$521 in the General Fund as the result of not grossing up property tax receipts;
- Farm rent receipts in the amount of \$5,260 were recorded in the General Fund as other financing receipts instead of miscellaneous receipts;
- The purchase of equipment in the amount of \$10,903 was recorded in the Special Revenue Coronavirus Fund as other financing uses instead of general government;
- A grant in the amount of \$16,480 was recorded in the Special Revenue Parks and Recreation Fund as charges for services instead of intergovernmental receipts.

The errors above have been corrected on the accompanying financial statements. Also, adjustments and updates were made to the notes to the financial statements, including but not limited to, the amounts reported for appropriations in the budgetary notes, the amounts reported in the debt amortization schedule, and disclosure for postemployment benefits.

In addition to the errors identified above, other financial statement errors in amounts ranging from \$107 to \$727 in 2021 and from \$126 to \$1,680 in 2020 were identified but not adjusted in the financial statements.

**FINDING NUMBER 2021-001
(Continued)**

Financial reporting errors not only may result in material misstatements but may also impact the users' understanding of the financial statements.

Each month Council should be provided with financial reports that present financial activity at a level that allows for the detection of classification errors, budget versus actual activity, and bank to book reconciliations. Evidence of the review and approval of these reports should be documented in the Minutes. Prior to filing, the Township should perform a detailed review of the annual financial report to help detect errors and/or omissions in the financial statements and notes to the financial statements. The Uniform Accounting Network (UAN) Accounting & General Manual and other resources on the Auditor of State website can be used for guidance in the recording of financial activity.

OFFICIALS' RESPONSE:

The Village will be looking into what other financial reports are available to present to Council to allow Council to detect errors and/or omissions in the financial statements in the future.

FINDING NUMBER 2021-002

Noncompliance / Significant Deficiency

Ohio Rev. Code § 5705.10(D) provides in part that all revenue derived from a source other than the general property tax and which the law prescribes shall be used for a particular purpose, shall be paid into a special fund for such purpose.

Due to a lack of internal controls to ensure that restricted receipts are recorded in the correct fund, the following errors were identified:

2021

- Gasoline tax receipts in the amount of \$2,106 belonging to the Special Revenue Highway Fund were recorded in the Special Revenue Street Construction Maintenance and Repair Fund;
- Gasoline tax receipts in the amount of \$2,336 were recorded in the General Fund instead of being allocated \$2,161 to the Special Revenue Street Construction Maintenance and Repair Fund and \$175 to the Special Revenue Highway Fund;
- Permissive motor vehicle license tax receipts in the amount of \$2,313 were recorded in the General Fund instead of the Special Revenue Permissive Motor Vehicle License Tax Fund;

2020

- Gasoline tax receipts in the amount of \$2,733 belonging to the Special Revenue Street Construction Maintenance and Repair Fund were recorded in the Special Revenue Highway Fund;
- Permissive motor vehicle license tax receipts in the amount \$1,830 were recorded in the General Fund instead of the Special Revenue Permissive Motor Vehicle License Tax Fund;
- Motor vehicle license tax receipts in the amount of \$506 were recorded in the General Fund instead of being allocated \$468 to the Special Revenue Street Construction Maintenance and Repair Fund and \$38 to the Special Revenue Highway Fund;
- Gasoline receipts in the amount of \$2,733 were recorded in the Special Revenue Highway Fund instead of the Special Revenue Street Construction Maintenance and Repair Fund;
- Bureau of Workers Compensation (BWC) rebates in the amount of \$2,120 were recorded in the General Fund instead of \$250 in the Special Revenue Street Construction Maintenance and Repair Fund, \$935 in the Enterprise Water Operating Fund, and \$935 in the Enterprise Sewer Operating Fund;

FINDING NUMBER 2021-002
(Continued)

- Farm rental income in the amount of \$1,315 was recorded in the Special Revenue Street Construction Maintenance and Repair Fund, Water Operating Fund, Sewer Operating Fund, and Garbage Operating Fund, instead of in the General Fund in the amount of \$5,260;
- The refund for the purchase of projector in the amount of \$1,133 was recorded in the General Fund instead of the Special Revenue Coronavirus Relief Fund;
- Motor vehicle license receipts in the amount of \$256 were recorded in the Special Revenue Permissive Motor Vehicle License Tax Fund and in the amount \$139 in the Special Revenue Highway Fund instead of the Special Revenue Street Construction Maintenance and Repair Fund;
- Motor vehicle license tax receipts in the amount of \$334 were recorded in the Special Revenue Highway Fund instead of the Street Construction Maintenance and Repair Fund;
- Permissive motor vehicle license tax receipts in the amount of \$668 were recorded in the General Fund instead of the Special Revenue Permissive Tax Fund;

The errors noted above has been corrected in the accompanying financial statements and in the accounting records.

Fund posting errors ranging in amount from \$18 to \$225 in 2021 and from \$860 to \$1,680 in 2020 were not adjusted due to being immaterial to each impacted fund.

The failure to record receipts restricted for a particular purpose in the appropriate fund increases the risk of the illegal expenditure of the receipts.

Each month Council should be provided with financial reports that present financial activity at the fund and line item level, budget versus actual activity reports at the legal level, and bank to book reconciliations. A review of such financial reports will help to detect errors in the recording of financial transactions. Evidence of the review and approval of these reports should be documented in the Minutes. The Uniform Accounting Network (UAN) Accounting & General Manual and other resources on the Auditor of State web-site can be used for assistance in the recording financial transactions. Also, Ohio Revised Code Section 5735.28 should be reviewed to further understand the allocation of gasoline and motor vehicle license tax receipts to the Street and Highway funds.

OFFICIALS' RESPONSE:

The Village will be looking into what other financial reports are available to present to Council to allow Council to detect errors and/or omissions in the financial statements in the future. The Village will also be reviewing the Ohio Revised Code 5735.28 to further understand the allocation of gasoline and motor vehicle license tax receipts to the street and highway funds.

This page intentionally left blank.

**Village of Beaverdam
Allen County
101 West Main Street
Beaverdam, OH 45808**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2021 AND 2020**

Finding Number	Finding Summary	Status	Additional Information
2019-001	Material Weakness: Financial Reporting	Not Corrected	Repeated as Finding 2021-001
2019-002	Material Weakness / Noncompliance: Budgetary Controls	Most Parts of the Comment Corrected	Part of the comment is repeated in the Management Letter
2019-003	Significant Deficiency / Noncompliance: Payroll Rates	Fully Corrected	N/A
2019-004	Significant Deficiency: Utility Adjustments	Partially Corrected	The Village had support for utility adjustments; however, there was not always support for the Administrator's approval or evidence of approval by Council. Will be repeated as a management letter comment.

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 3/9/2023

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