



OHIO AUDITOR OF STATE
KEITH FABER



**VILLAGE OF BEAVERDAM
ALLEN COUNTY
DECEMBER 31, 2023 AND 2022**

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INDEPENDENT AUDITOR'S REPORT

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

To the Members of the Village 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, 2023 and 2022, 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, 2023 and 2022, 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 of Beaverdam, Allen County, Ohio, as of December 31, 2023 and 2022, or the changes in financial position and cash flows thereof for the years 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.

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 the 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 12 to the 2023 and 2022 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 January 29, 2025, 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

January 29, 2025

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**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, 2023

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
Cash Receipts				
Property and Other Local Taxes	\$23,659	\$2,063		\$25,722
Municipal Income Tax	362,443			362,443
Intergovernmental	19,336	68,968		88,304
Fines, Licenses and Permits	3,426			3,426
Earnings on Investments	3,531	76		3,607
Miscellaneous	14,990	625		15,615
Total Cash Receipts	<u>427,385</u>	<u>71,732</u>		<u>499,117</u>
Cash Disbursements				
Current:				
Security of Persons and Property	22,006			22,006
Leisure Time Activities	8,178	10,042		18,220
Transportation		40,521		40,521
General Government	187,697	8,900		196,597
Capital Outlay	5,957			5,957
Debt Service:				
Principal Retirement	4,092			4,092
Interest and Fiscal Charges	2,514			2,514
Total Cash Disbursements	<u>230,444</u>	<u>59,463</u>		<u>289,907</u>
Excess of Receipts Over (Under) Disbursements	<u>196,941</u>	<u>12,269</u>		<u>209,210</u>
Other Financing Receipts (Disbursements)				
Sale of Capital Assets	1,000	1,000	\$22,205	24,205
Other Financing Sources		50		50
Other Financing Uses	(1,116)			(1,116)
Total Other Financing Receipts (Disbursements)	<u>(116)</u>	<u>1,050</u>	<u>22,205</u>	<u>23,139</u>
Net Change in Fund Cash Balances	196,825	13,319	22,205	232,349
Fund Cash Balances, January 1	<u>234,307</u>	<u>101,951</u>	<u>23,274</u>	<u>359,532</u>
Fund Cash Balances, December 31	<u><u>\$431,132</u></u>	<u><u>\$115,270</u></u>	<u><u>\$45,479</u></u>	<u><u>\$591,881</u></u>

See accompanying notes to the 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, 2023**

	Enterprise
Operating Cash Receipts	
Charges for Services	\$771,326
<i>Total Operating Cash Receipts</i>	<u>771,326</u>
Operating Cash Disbursements	
Personal Services	142,158
Employee Fringe Benefits	42,786
Contractual Services	143,366
Supplies and Materials	53,810
Other	30,216
<i>Total Operating Cash Disbursements</i>	<u>412,336</u>
<i>Operating Income</i>	<u>358,990</u>
Non-Operating Receipts (Disbursements)	
Capital Outlay	(20,320)
Principal Retirement	(8,184)
Interest and Other Fiscal Charges	(5,028)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(33,532)</u>
<i>Net Change in Fund Cash Balances</i>	325,458
<i>Fund Cash Balances, January 1</i>	<u>800,891</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$1,126,349</u></u>

See accompanying notes to the financial statements.

**VILLAGE OF BEAVERDAM, OHIO
ALLEN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023**

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. Notes 6 and 10 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 has 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.

**VILLAGE OF BEAVERDAM, OHIO
ALLEN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023**

Note 2 – Summary of Significant Accounting Policies (Continued)

Coronavirus Relief Fund- The Coronavirus Relief Fund receives the proceeds related to the CARES Act (HB 134214214) 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 Projects Funds – These funds account for and report financial resources that are restricted, committed, or assigned to expenditures for capital outlays, including acquisition or construction of capital facilities and other capital assets. The Village had the following capital project fund:

Other Capital Project Fund – The Other Capital Projects Fund account 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 Fund- The Water Fund accounts for the provision of water treatment and distribution to the residents and commercial users located within the Village.

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

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (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 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.

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

VILLAGE OF BEAVERDAM, OHIO
ALLEN COUNTY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

Note 2 – Summary of Significant Accounting Policies (Continued)

A summary of 2023 budgetary activity appears in Note 3.

Deposits

The Village maintains its cash in an interest-bearing checking account.

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

The 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:

Non-Spendable- The Village classifies assets as *non-spendable* when legally or contractually required to maintain the amounts intact. For regulatory purposes non-spendable 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- Village Council can *commit* amounts via formal action (ordinance or resolution). The Village must adhere to these commitments unless the Council amends the ordinance or resolution. A 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 balances in the general fund is limited to encumbrances outstanding at year end.

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 11.

VILLAGE OF BEAVERDAM, OHIO
ALLEN COUNTY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

Note 3 - Budgetary Activity

Budgetary activity for the year ending 2023 follows:

			2023
BUDGETED vs ACTUAL RECEIPTS			
FUND TYPE	BUDGETED AMOUNT	ACTUAL RECEIPTS	VARIANCE
GENERAL FUND	\$271,880	\$428,385	\$156,505
SPECIAL REVENUE FUNDS	\$61,049	\$72,782	\$11,733
CAPITAL PROJECTS FUNDS	\$22,200	\$22,205	\$5
ENTERPRISE FUNDS	\$576,000	\$771,326	\$195,326
TOTAL	\$931,129	\$1,294,698	\$363,569

2023 BUDGETED VS ACTUAL BUDGETARY BASIS EXPENDITURES

FUND TYPE	APPROPRIATION AUTHORITY	BUDGETARY EXPENDITURE	VARIANCE
GENERAL FUND	\$417,414	\$233,241	\$184,173
SPECIAL REVENUE FUNDS	\$142,724	\$59,561	\$83,163
CAPITAL PROJECTS FUNDS	\$23,000	\$0	\$23,000
ENTERPRISE FUNDS	\$989,467	\$445,868	\$543,599
TOTAL	\$1,572,605	\$738,670	\$833,935

Note 4 - 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 and investments. A summary of the Village's deposit account are as follows:

	2023
Demand deposits	\$1,718,230

The Village does not use a separate payroll clearing account. The expenditures included in the accompanying financial statement reflect net payroll plus all remitted payroll withholdings.

Deposits

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

**VILLAGE OF BEAVERDAM, OHIO
ALLEN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023**

Note 5 – Taxes

Property Taxes

Real property taxes become a lien on January 1 following 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 Inter-Governmental 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 one (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 6 - Risk Management

Workers' Compensation

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

Risk Pool Membership

The Village belongs to the Ohio Plan Risk Management, Inc. (OPRM) (the "Plan"), a unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management programs 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.

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 has remain unchanged. OPRM had 801 members as of December 31, 2023.

**VILLAGE OF BEAVERDAM, OHIO
ALLEN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023**

Note 6 - Risk Management (Continued)

The Pool's audited financial statements conform with accounting principles generally accepted in the United States of America, with the exception of a qualified opinion related to recording premiums and membership fees earned in full as of December 31, 2023. Those premiums and fees should be earned pro-rata over the individual coverage and membership periods of each policy. The financial statements reported the following assets, liabilities and equity at December 31, 2023.

Assets	\$ 23,113,696
Liabilities	(16,078,587)
Members' Equity	<u>\$ 7,035,109</u>

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

Note 7 - 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, 2023.

Social Security

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

Officials 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, 2023.

Note 8 – Postemployment Benefits

OPERS offers a cost-sharing, multiple-employer defined benefit postemployment plan. OPERS offers a health reimbursement arrangement (HRA) allowance to benefit recipients meeting certain age and service credit requirements. The HRA is an account funded by OPERS that provides tax-free reimbursement for qualified medical expenses such as monthly post-tax insurance premiums, deductibles, co-insurance, and co-pays incurred by eligible benefit recipients and their dependents. For calendar year 2023, the portion of OPERS employer contributions allocated to health care was 0 percent for members in the traditional pension plan and 2 percent for members in the combined plan. For 2023, the portion of employer contributions OPERS allocated to health care for members in the member-directed plan was 4.0 percent; however, a portion of the health care rate was funded with reserves.

**VILLAGE OF BEAVERDAM, OHIO
ALLEN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023**

Note 9 - Debt

Debt outstanding at December 31, 2023 was as follows:

2023 OUTSTANDING DEBT		
TYPE	PRINCIPAL	INTEREST RATE
Town Hall Building Refinance/ Playground Equipment	\$206,622	3.21%

On September 24, 2021, a loan in the amount of \$235,000.00 was made from Citizen's National Bank to refinance the Town Hall loan, and to purchase new playground equipment. A fixed monthly payment of \$1,651.73 to repay the balance began on October 24, 2021. Payments are made from the General, Water Operating, and Sewer Operating Funds. A maturity date was set to September 24, 2036.

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

VILLAGE HALL AMORTIZATION SCHEDULE	
YEAR ENDING DECEMBER 31:	TOWN HALL BUILDING REFINANCE AND EQUIPMENT LOAN
2024	\$19,822
2025	\$19,822
2026	\$19,822
2027	\$19,822
2028	\$19,822
2029-2033	\$99,110
2034-2036	\$59,476
TOTAL	\$257,696

Note 10 – 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). 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 Rebecca Phillips, Finance Director, 130 West North Street, Lima OH 45801, or calling 419-228-1839, or email: rphillips@lacrpc.com.

Note 11 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	Total
Outstanding Encumbrances	\$1,681	\$98	\$1,779
Total	\$1,681	\$98	\$1,779

**VILLAGE OF BEAVERDAM, OHIO
ALLEN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023**

Note 11 Fund Balances (Continued)

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

Note 12 – 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 ended in April 2023. The Village will continue to spend available COVID-19 funding consistent with the applicable program guidelines.

Note 13 – Contingent Liabilities

Amounts grantor agencies pay to the Village are subject to audit and adjustment by the grantor, (if significant federal grants were received continue this sentence with the following) principally the federal government. 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 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, 2022**

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
Cash Receipts				
Property and Other Local Taxes	\$21,394	\$2,063		\$23,457
Municipal Income Tax	180,790			180,790
Intergovernmental	23,452	72,102		95,554
Fines, Licenses and Permits	3,844			3,844
Earnings on Investments	598	10		608
Miscellaneous	20,619	650		21,269
<i>Total Cash Receipts</i>	<u>250,697</u>	<u>74,825</u>		<u>325,522</u>
Cash Disbursements				
Current:				
Security of Persons and Property	17,308	4,500		21,808
Leisure Time Activities	8,526	350		8,876
Community Environment		228		228
Transportation		144,507		144,507
General Government	173,517			173,517
Capital Outlay	50,030	10,555		60,585
Debt Service:				
Principal Retirement	4,092			4,092
Interest and Fiscal Charges	2,514			2,514
<i>Total Cash Disbursements</i>	<u>255,987</u>	<u>160,140</u>		<u>416,127</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(5,290)</u>	<u>(85,315)</u>		<u>(90,605)</u>
Other Financing Receipts (Disbursements)				
Transfers In		10,000		10,000
Transfers Out	(10,000)			(10,000)
Other Financing Uses	(158)			(158)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(10,158)</u>	<u>10,000</u>		<u>(158)</u>
<i>Net Change in Fund Cash Balances</i>	(15,448)	(75,315)		(90,763)
<i>Fund Cash Balances, January 1</i>	<u>249,755</u>	<u>177,266</u>	<u>\$23,274</u>	<u>450,295</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$234,307</u></u>	<u><u>\$101,951</u></u>	<u><u>\$23,274</u></u>	<u><u>\$359,532</u></u>

See accompanying notes to the 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, 2022**

	<u>Enterprise</u>
Operating Cash Receipts	
Charges for Services	\$621,615
Miscellaneous	356
<i>Total Operating Cash Receipts</i>	<u>621,971</u>
 Operating Cash Disbursements	
Personal Services	102,784
Employee Fringe Benefits	33,361
Contractual Services	137,705
Supplies and Materials	79,119
Other	65,364
<i>Total Operating Cash Disbursements</i>	<u>418,333</u>
 <i>Operating Income</i>	<u>203,638</u>
 Non-Operating Receipts (Disbursements)	
Sale of Fixed Assets	44,848
Capital Outlay	(104,036)
Principal Retirement	(8,184)
Interest and Other Fiscal Charges	(5,028)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(72,400)</u>
 <i>Net Change in Fund Cash Balances</i>	131,238
 <i>Fund Cash Balances, January 1</i>	<u>669,653</u>
 <i>Fund Cash Balances, December 31</i>	<u><u>\$800,891</u></u>
 <i>See accompanying notes to the financial statements.</i>	

VILLAGE OF BEAVERDAM, OHIO
ALLEN COUNTY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

Note 1 - Reporting Entity

The Village of Beavertown (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. Notes 6 and 10 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 has 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.

Capital Projects Funds – These funds account for and report financial resources that are restricted, committed, or assigned to expenditures for capital outlays, including acquisition or construction of capital facilities and other capital assets. The Village had the following capital project fund:

Other Capital Project Fund – The Other Capital Projects Fund account for and reports disbursements for capital projects.

VILLAGE OF BEAVERDAM, OHIO
ALLEN COUNTY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

Note 2 – Summary of Significant Accounting Policies (Continued)

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

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

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

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (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 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.

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

A summary of 2022 budgetary activity appears in Note 3.

Deposits

The Village maintains its cash in an interest-bearing checking account.

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.

VILLAGE OF BEAVERDAM, OHIO
ALLEN COUNTY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

Note 2 – Summary of Significant Accounting Policies (Continued)

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

The 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:

Non-Spendable- The Village classifies assets as *non-spendable* when legally or contractually required to maintain the amounts intact. For regulatory purposes non-spendable 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- Village Council can *commit* amounts via formal action (ordinance or resolution). The Village must adhere to these commitments unless the Council amends the ordinance or resolution. A 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 balances in the general fund is limited to encumbrances outstanding at year end.

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 11.

VILLAGE OF BEAVERDAM, OHIO
ALLEN COUNTY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

Note 3 - Budgetary Activity

Budgetary activity for the year ending 2022 follows:

2022 BUDGETED vs ACTUAL RECEIPTS			
FUND TYPE	BUDGETED AMOUNT	ACTUAL RECEIPTS	VARIANCE
General Fund	\$215,350	\$250,697	\$35,347
Special Revenue Funds	\$39,550	\$84,825	\$45,275
Capital Projects Funds	\$0	\$0	\$0
Enterprise Funds	\$574,000	\$666,819	\$92,819
TOTAL	\$828,900	\$1,002,341	\$173,441

2022 BUDGETED VS ACTUAL BUDGETARY BASIS EXPENDITURES			
FUND TYPE	APPROPRIATION AUTHORITY	BUDGETARY EXPENDITURE	VARIANCE
General Fund	\$439,442	\$267,709	\$171,733
Special Revenue Funds	\$201,697	\$160,564	\$41,133
Capital Projects Funds	\$23,000	\$0	\$23,000
Enterprise Funds	\$863,080	\$535,581	\$327,499
TOTAL	\$1,527,219	\$963,854	\$563,365

Note 4 - 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 and investments. A summary of the Village's deposit account are as follows:

	<u>2022</u>
Demand deposits	\$1,160,423

The Village does not use a separate payroll clearing account. The expenditures included in the accompanying financial statement reflect net payroll plus all remitted payroll withholdings.

Deposits

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

VILLAGE OF BEAVERDAM, OHIO
ALLEN COUNTY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

Note 5 – Taxes

Property Taxes

Real property taxes become a lien on January 1 following 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 Inter-Governmental 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 one (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 6 - Risk Management

Workers' Compensation

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

Risk Pool Membership

The Village belongs to the Ohio Plan Risk Management, Inc. (the "Plan"), a non-assessable, non-profit providing a formalized, jointly administered self-insurance risk management program and other administrative services to 773 Ohio governments ("Members").

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.

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 has remain unchanged. OPRM had 773 members as of December 31, 2022.

VILLAGE OF BEAVERDAM, OHIO
ALLEN COUNTY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

Note 6 - Risk Management (Continued)

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31: 2022:

	2022
Assets	\$21,662,291
Liabilities	(\$18,158,351)
Members' Equity	\$3,503,940

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

Note 7 - 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, 2022.

Social Security

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

Officials 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, 2022.

Note 8 – 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 2022. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2022.

Beginning January 1, 2019, OP&F changed its retiree health care model to a stipend-based health care model. A stipend funded by OP&F was placed in individual Health Reimbursement Accounts that retirees use to be reimbursed for health care expenses.

VILLAGE OF BEAVERDAM, OHIO
ALLEN COUNTY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

Note 8 – Postemployment Benefits (Continued)

Effective January 1, 2022, OPERS discontinued the group plans currently offered to non-Medicare retirees and re-employed retirees. Instead, eligible non-Medicare retirees will select an individual medical plan. OPERS will provide a subsidy or allowance via an HRA allowance to those retirees who meet health care eligibility requirements. Retirees will be able to seek reimbursement for plan premiums and other qualified medical expenses.

Note 9 - Debt

Debt outstanding at December 31, 2022 was as follows:

2022 OUTSTANDING DEBT		
TYPE	PRINCIPAL	INTEREST RATE
Town Hall Building Refinance/ Playground Equipment	\$219,486	3.21%

On September 24, 2021, a loan in the amount of \$235,000.00 was made from Citizen's National Bank to refinance the Town Hall loan, and to purchase new playground equipment. A fixed monthly payment of \$1,651.73 to repay the balance began on October 24, 2021. Payments are made from the General, Water Operating, and Sewer Operating Funds. A maturity date was set to September 24, 2036.

Amortization

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

<u>VILLAGE HALL AMORTIZATION SCHEDULE</u>	
YEAR ENDING DECEMBER 31:	TOWN HALL BUILDING REFINANCE AND EQUIPMENT LOAN
2023	\$19,822
2024	\$19,822
2025	\$19,822
2026	\$19,822
2027	\$19,822
2028-2032	\$99,110
2033-2036	\$79,298
TOTAL	\$277,518

VILLAGE OF BEAVERDAM, OHIO
ALLEN COUNTY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

Note 10 – Joint Ventures

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). 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 Rebecca Phillips, Finance Director, 130 West North Street, Lima OH 45801, or calling 419-228-1839, or email: rphillips@lacrpc.com.

Note 11 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	Total
Outstanding Encumbrances	\$1,564	\$424	\$1,988
Total	\$1,564	\$424	\$1,988

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

Note 12 – COVID- 19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID19 pandemic. Ohio's state of emergency ended in June, 2021 while the national state of emergency ended in April 2023. During 2022, 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.

In 2022, the Village received \$19,587 from the Coronavirus State and Local Fiscal Recovery Program under the American Rescue Plan Act. The Village anticipates applying these funds towards water and wastewater infrastructure needs.

Note 13 – Contingent Liabilities

Amounts grantor agencies pay to the Village are subject to audit and adjustment by the grantor, (if significant federal grants were received continue this sentence with the following) principally the federal government. 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.

OHIO AUDITOR OF STATE KEITH FABER

65 East State 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 Village Council:

We have audited, in accordance with the 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 (*Government Auditing Standards*), the financial statements of the cash balances, receipts, and disbursements for each governmental and proprietary fund type as of and for the years ended December 31, 2023 and 2022 and the related notes to the financial statements of the Village of Beaverdam, Allen County, (the Village), and have issued our report thereon dated January 29, 2025, 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 purpose 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 2023-001 to be a material weakness.

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 2023-002 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 matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of finding as item 2023-002.

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

January 29, 2025

**VILLAGE OF BEAVERDAM
ALLEN COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2023 AND 2022**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2023-001

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:

2023

- \$18,317 of expenditures were recorded as Other Financing Uses instead of \$9,417 in Leisure Time Activities and \$8,900 in General Government in the Special Revenue Coronavirus Relief Fund (2151).
- \$22,205 in receipts was recorded as Intergovernmental instead of Other Financial Receipts - Sales of Capital Assets for a Dump Truck in the Capital Project Construction Account Fund.(4901).
- \$32,616 in receipts was recorded as Intergovernmental instead of Municipal Income Tax in the General Fund.
- \$34,853 in Johnny Appleseed grant receipt was recorded as Other Financing Sources instead of Intergovernmental in the Special Revenue Parks and Recreation Fund (2041).
- \$1,000 in receipts was recorded in Miscellaneous instead of Other Financial Receipts – Sales of Capital Assets for a Lawnmower in the General Fund.
- \$1,000 in receipts was recorded in Miscellaneous instead of Other Financial Receipts – Sales of Capital Assets for a Lawnmower in the Special Revenue Street Construction Maintenance and Repair Fund (2011).

2022

- \$19,605 of expenditures were recorded as Other Financing Uses instead of General Government in the General Fund.
- \$20,000 in a Johnny Appleseed grant receipt was recorded as Other Financing Sources instead of Intergovernmental in the Special Revenue Parks and Recreation Fund (2041).
- \$4,696 of Income Tax receipts was recorded as Intergovernmental instead of Municipal Income Tax in the General Fund.

Failure to properly record financial activity could lead to material financial statement errors and users of the financial statements basing their conclusions on incorrect financial information.

The Village should establish and implement procedures to verify that financial activity is recorded correctly and in a timely manner. 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:

We did not receive a response from Officials to this finding.

FINDING NUMBER 2023-002

Noncompliance / Significant Deficiency

Ohio Rev. Code § 5705.10(C) provides that all revenue derived from a special levy shall be credited to a special fund for the purpose for which the levy was made.

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:

2023

- \$3,093 in receipts were recorded in the General Fund as \$152 in Property and Other Taxes and \$2,941 in Intergovernmental that should have been recorded in Special Revenue Permissive Motor Vehicle License Tax Fund as \$1,030 in Intergovernmental and \$2,063 in Property and Other Taxes.

2022

- \$2,992 in receipts were recorded in the General Fund as \$1,927 in Property and Other Taxes and \$1,065 in Intergovernmental that should have been recorded in Special Revenue Permissive Motor Vehicle License Tax Fund as \$929 in Intergovernmental and \$2,063 in Property and Other Taxes.
- \$11,532 in Intergovernmental receipts were recorded in the Special Revenue Street Construction Maintenance and Repair Fund that should have been recorded as \$1,525 in Intergovernmental receipts in Special Revenue State Highway Fund and Sewer Charges for Services Receipts of \$10,007 in the Enterprise Sewer Fund.
- \$2,047 in Intergovernmental receipts were recorded in the Special Revenue State Highway Fund that should have been recorded in Intergovernmental receipts in the Special Revenue Street Construction Maintenance and Repair Fund.

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

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

The Uniform Accounting Network (UAN) Accounting & General Manual and other resources on the Auditor of State website can be used for assistance in 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:

We did not receive a response from Officials to this finding.

**Village of Beaverdam
Allen County**

**101 West Main Street
Beaverdam, OH 45808**

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
December 31, 2023 AND 2022

Finding Number	Finding Summary	Status	Additional Information
2021-001	Material Weakness: Financial Reporting	Not Corrected	Repeated as Finding 2023-001
2021-002	Noncompliance / Significant Deficiency	Not Corrected	Repeated as Finding 2023-002

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OHIO AUDITOR OF STATE KEITH FABER



VILLAGE OF BEAVERDAM

ALLEN COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 3/6/2025

65 East State 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