

VILLAGE OF BEACH CITY

STARK COUNTY

Regular Audit

For the Years Ended December 31, 2019 and 2018



OHIO AUDITOR OF STATE
KEITH FABER



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Village Council
Village of Beach City
P.O. Box 695
Beach City, Ohio 44608

We have reviewed the *Independent Auditor's Report* of the Village of Beach City, Stark County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2018 through December 31, 2019. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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

Keith Faber
Auditor of State
Columbus, Ohio

August 7, 2020

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Village of Beach City
Stark County
For the Years Ended December 31, 2019 and 2018

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INDEPENDENT AUDITOR'S REPORT

Village of Beach City
Stark County
P.O. Box 695
Beach City, Ohio 44608

To the Village Council:

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Village's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating of the overall presentation of the financial statements.

We believe 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 1 of the financial statements, the Village prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determined, we presume they are material.

Though the Village does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2019 and 2018, or changes in financial position or its cash flows thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements by fund type, and related notes of the Village of Beach City, Stark County as of December 31, 2019 and 2018, for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 1.

Emphasis of Matter

As discussed in Note 13 to the 2019 financial statements, the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Village. We did not modify our opinions regarding this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 29, 2020, on our consideration of the Village's internal control over financial reporting and on 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.

Charles Harris Associates

Charles E. Harris & Associates, Inc.
May 29, 2020

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

| | Governmental Fund Types | | | Totals (Memorandum Only) |
|---|-------------------------|--------------------|---------------------|--------------------------------|
| | General | Special Revenue | Capital Projects | |
| Cash Receipts | | | | |
| Property and Other Local Taxes | \$ 48,497 | \$ 51,875 | \$ - | \$ 100,372 |
| Municipal Income Tax | 78,031 | 30,748 | 14,222 | 123,001 |
| Intergovernmental | 34,035 | 181,802 | - | 215,837 |
| Charges for Services | 14 | 99,318 | - | 99,332 |
| Fines, Licenses and Permits | 320 | - | - | 320 |
| Earnings on Investments | 698 | 2,040 | - | 2,738 |
| Miscellaneous | 19,375 | 6,870 | 7,260 | 33,505 |
| <i>Total Cash Receipts</i> | 180,970 | 372,653 | 21,482 | 575,105 |
| Cash Disbursements | | | | |
| Current: | | | | |
| Security of Persons and Property | 84,193 | 128,978 | - | 213,171 |
| Public Health Services | 494 | - | - | 494 |
| Leisure Time Activities | 5,923 | - | - | 5,923 |
| Transportation | 8,871 | 85,044 | - | 93,915 |
| General Government | 65,282 | - | - | 65,282 |
| Capital Outlay | 7,504 | 164,289 | 14,657 | 186,450 |
| Debt Service: | | | | |
| Principal Retirement | 4,525 | 26,682 | - | 31,207 |
| Interest and Fiscal Charges | 234 | 5,380 | - | 5,614 |
| <i>Total Cash Disbursements</i> | 177,026 | 410,373 | 14,657 | 602,056 |
| <i>Excess of Receipts Over (Under) Disbursements</i> | 3,944 | (37,720) | 6,825 | (26,951) |
| Other Financing Receipts (Disbursements) | | | | |
| Other Financing Sources | - | 956 | - | 956 |
| Other Financing Uses | (5,023) | (1,250) | (2) | (6,275) |
| <i>Total Other Financing Receipts (Disbursements)</i> | (5,023) | (294) | (2) | (5,319) |
| <i>Net Change in Fund Cash Balances</i> | (1,079) | (38,014) | 6,823 | (32,270) |
| <i>Fund Cash Balances, January 1</i> | 15,166 | 107,696 | 17,886 | 140,748 |
| Fund Cash Balances, December 31 | | | | |
| Restricted | - | 69,682 | - | 69,682 |
| Assigned | 14,087 | - | 24,709 | 38,796 |
| <i>Fund Cash Balances, December 31</i> | \$ 14,087 | \$ 69,682 | \$ 24,709 | \$ 108,478 |

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

Village of Beach City
Stark County
Statement of Receipts, Disbursements and Changes in
Fund Balances (Regulatory Cash Basis)
All Proprietary Fund Types
For the Year Ended December 31, 2019

| | Proprietary Fund Type |
|---|--------------------------|
| | Enterprise |
| Operating Cash Receipts | |
| Charges for Services | \$ 2,183,469 |
| <i>Total Operating Cash Receipts</i> | 2,183,469 |
| Operating Cash Disbursements | |
| Personal Services | 454,039 |
| Transportation | 1,107 |
| Contractual Services | 1,247,179 |
| Supplies and Materials | 174,795 |
| <i>Total Operating Cash Disbursements</i> | 1,877,120 |
| <i>Operating Income (Loss)</i> | 306,349 |
| Non-Operating Receipts (Disbursements) | |
| Property and Other Local Taxes | 26,794 |
| Intergovernmental | 350 |
| Earnings on Investments | 7,580 |
| Sale of Notes | 2,625 |
| Sale of Capital Assets | 2,723 |
| Miscellaneous Receipts | 28,937 |
| Capital Outlay | (31,422) |
| Principal Retirement | (61,317) |
| Interest and Other Fiscal Charges | (63,676) |
| Other Financing Sources | 7,984 |
| Other Financing Uses | (8,467) |
| <i>Total Non-Operating Receipts (Disbursements)</i> | (87,889) |
| <i>Net Change in Fund Cash Balances</i> | 218,460 |
| <i>Fund Cash Balances, January 1</i> | 1,345,409 |
| <i>Fund Cash Balances, December 31</i> | \$ 1,563,869 |

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

**VILLAGE OF BEACH CITY
STARK COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Village of Beach City, Stark County, (the Village) 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. The Village is directed by a publicly-elected six-member Council. The Village provides general governmental services, including water, sewer, and electric utilities, park operations (leisure time activities), cemetery operations, and police and fire services.

Joint Ventures, Jointly Governed Organizations and Public Entity Risk Pools

The Village participates in jointly governed organizations, joint ventures and a public entity risk pool. These organizations include:

Public Entity Risk Pool

- Ohio Plan Risk Management (OPRM)

Joint Ventures

- Local Organized Governments in Cooperation (LOGIC) RED Center Operations
- Ohio Municipal Electric Generation Agency (OMEGA)

Jointly Governed Organizations

- Stark Council of Governments (SCOG)
- Stark Regional Planning Commission
- Municipal Energy Services Agency (MESA)

Notes 6, 11 and 12 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.

B. 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 statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for the proprietary fund type which are organized on a fund type basis.

**VILLAGE OF BEACH CITY
STARK COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. 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 Council 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.

D. Cash Investments

Investments are included in the fund cash balances. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

Certificates of deposit are valued at cost. Investment in STAR Ohio is measured at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

E. Fund Accounting

The Village uses fund accounting to segregate cash and investments that are restricted to use. The Village classifies its funds into the following types:

General Fund

The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds

These funds are used to account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. The Village had the following significant Special Revenue Funds:

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

Fire & Police Levy Funds – These funds receive tax levy money for the purpose of providing fire and police protection services to the citizens of the Village.

Cemetery Fund — This fund receives charges for services for grave openings and closings and the sale of cemetery lots within the Village cemetery.

**VILLAGE OF BEACH CITY
STARK COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Projects Fund

This fund is used to account for receipts that are restricted for the acquisition or construction of major capital projects (except for those financed through enterprise or trust funds). The Village had the following Capital Project Fund:

Capital Improvement Fund -The fund receives a portion of income tax revenue to provide for capital improvements in the Village.

Enterprise Funds

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

Water Fund -This fund receives charges for services from residents to cover the cost of providing water service.

Sewer Fund -This fund receives charges for services from residents to cover the cost of providing sewer service.

Electric Fund -This fund receives charges for services from residents to cover the cost of providing electric service.

Electric Improvement Fund -This fund receives charges for services from residents for electric services. This fund has been established to provide for future capital projects relating to electric services.

F. Budgetary Process

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

1. Appropriations

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

2. Estimated Resources

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

**VILLAGE OF BEACH CITY
STARK COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Encumbrances

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when commitments are made. Encumbrances at year end are cancelled, and re-appropriated in the current year.

G. Property, Plant and Equipment

Acquisitions of property, plant and equipment are recorded as disbursements (capital outlays) when paid. These items are not reflected as assets in the financial statements.

H. Accumulated Leave

In certain circumstances, such as leaving employment, employees are entitled to cash payments for unused vacation and sick leave. Unpaid vacation and sick leave are not reflected as liabilities under the cash basis of accounting used by the Village.

I. Fund Balance

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

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

Restricted Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

Committed Council can *commit* amounts via formal action (ordinance or resolution). The Village must adhere to these commitments unless the Council amends the ordinance or resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

Assigned Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as restricted or committed. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, assigned amounts represent intended uses established by Village Council or a Village official delegated that authority by resolution, or by State Statute. Council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget in the General Fund.

Unassigned Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the *unassigned* classification is used only to report a deficit balance.

**VILLAGE OF BEACH CITY
STARK COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

NOTE 2: EQUITY IN POOLED CASH AND INVESTMENTS

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

| | 2019 |
|--------------------------------|-------------|
| Demand Deposits | \$1,663,321 |
| Total Deposits | \$1,663,321 |
| Star Ohio | \$ 8,426 |
| Cash on Hand | \$ 600 |
| Total Deposits and investments | \$1,672,347 |

Deposits

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

Investments

Investments in STAR Ohio are not evidenced by securities that exist in physical or book-entry form.

**VILLAGE OF BEACH CITY
STARK COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

NOTE 3: BUDGETARY ACTIVITY

Budgetary activity for the year ended: December 31, 2019:

| Fund Type | Budgeted vs. Actual Receipts | | Variance |
|------------------|------------------------------|-----------------|----------|
| | Budgeted Receipts | Actual Receipts | |
| General | \$181,272 | \$180,970 | (\$302) |
| Special Revenue | 393,469 | 373,609 | (19,860) |
| Capital Projects | 20,802 | 21,482 | 680 |
| Enterprise | 2,348,910 | 2,260,462 | (88,448) |

| Fund Type | Budgeted vs. Actual Budgetary Disbursements | | Variance |
|------------------|---|-------------------------|-----------|
| | Appropriation Authority | Budgetary Disbursements | |
| General | \$196,437 | \$182,049 | \$ 14,388 |
| Special Revenue | 501,165 | 411,623 | 89,542 |
| Capital Projects | 38,688 | 14,659 | 24,029 |
| Enterprise | 3,694,318 | 2,042,002 | 1,652,316 |

NOTE 4: PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by the Village Council. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the financial statements as intergovernmental receipts. Payments are due to the County by December 31. If the property owner elects to make semi-annual payments, the first half is due December 31. The second half payment is due the following June 20.

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

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

**VILLAGE OF BEACH CITY
STARK COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

NOTE 5: LOCAL INCOME TAX

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 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

Risk Pool Membership

The Village belongs to the Ohio Plan Risk Management, Inc. (OPRM) (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments ("Members"). The Plan is legally separate from its member governments.

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio.

OPRM coverage programs are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss. Effective November 1, 2017, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. Effective November 1, 2018, the OPRM the property retention remained unchanged, however, the Plan assumed 100% of the first \$250,000 casualty treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 774 members as of December 31, 2018 (the latest information available).

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

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

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

**VILLAGE OF BEACH CITY
STARK COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

NOTE 7: LONG-TERM DEBT

Debt outstanding at December 31, 2019 was as follows:

| | <u>Principal</u> | <u>Interest Rate</u> |
|-------------------------------------|--------------------|----------------------|
| Sewer System Mortgage Revenue Bonds | \$ 1,205,400 | 4.25% |
| OPWC Loans | 230,399 | 0.00% |
| Apple Creek Bank-fire | 107,112 | 4.10% |
| 2017 Pick-up | 7,899 | 4.00% |
| OWDA Sewer | 63,809 | 4.00% |
| OWDA Water | <u>5,999</u> | 0.00% |
| | <u>\$1,620,618</u> | |

There was a debt forgiveness of \$11 for the OWDA Sewer loan during 2019.

The Sewer System Mortgage Revenue Bonds, accruing interest at 4.25% annually, were obtained to pay for water and wastewater plant expansion projects that were mandated by the Ohio Environmental Protection Agency. The loan is to be repaid annually over 40 years. The mortgage revenue bonds are collateralized by the water receipts. The Village has agreed to set water rates sufficient to cover the debt service requirements.

Ohio Public Works Commission (OPWC) loan nos. CT063, CSO3A, CS01S, and CS11D relate to a pumping station and water system improvement project that was mandated by the Ohio Environmental Protection Agency. The loans are collateralized by water and sewer receipts. The Village has agreed to set water sewer rates sufficient to cover OPWC debt service requirements.

The Apple Creek Bank loans for Fire, interest 4.1%, was obtained to purchase vehicles for that department. The Fire Loan is paid bi-annually at the amount of \$6,791.73 and will be paid in full in the year 2024. The loan is paid using income from levies issued.

Funds for the 2017 pick-up were shared by the depts. of the village. The street dept. found it necessary to reimburse electric, including interest for their share. This was audited in 2017 and interest calculated at that time, added to the semiannual payments which are made in April and Sept.

The Village is also a member of the OMEGA JV5 Joint Venture (Refer to Note 8). Beginning in 2009, the Village began showing their portion of the debt related to this project as principal and interest. This debt payment is calculated based on each member of the joint ventures share of the total electric used.

**VILLAGE OF BEACH CITY
STARK COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

NOTE 7: LONG-TERM DEBT (Continued)

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

| Year ending December 31: | Sewer System | | OPWC Loans | | Apple Creek Bank | |
|-----------------------------|---------------------|-------------------|-------------------|-------------|-------------------|------------------|
| | Principal | Interest | Principal | Interest | Principal | Interest |
| 2020 | \$ 26,100 | \$ 51,230 | \$ 21,917 | \$ - | \$ 22,367 | \$ 4,212 |
| 2021 | 27,400 | 50,120 | 15,930 | - | 23,308 | 3,271 |
| 2022 | 28,600 | 48,956 | 15,930 | - | 24,276 | 2,304 |
| 2023 | 29,800 | 47,740 | 11,395 | - | 25,284 | 1,296 |
| 2024 | 30,900 | 46,476 | 11,395 | - | 11,877 | 283 |
| 2025-2029 | 176,100 | 211,450 | 56,975 | - | - | - |
| 2030-2034 | 216,600 | 170,735 | 56,975 | - | - | - |
| 2035-2039 | 266,900 | 120,615 | 39,882 | - | - | - |
| 2040-2044 | 328,600 | 58,871 | - | - | - | - |
| 2045-2049 | 74,400 | 3,162 | - | - | - | - |
| Total | <u>\$ 1,205,400</u> | <u>\$ 809,355</u> | <u>\$ 230,399</u> | <u>\$ -</u> | <u>\$ 107,112</u> | <u>\$ 11,366</u> |

No amortization schedule was available for the pick-up truck or the OWDA loans.

NOTE 8: RETIREMENT SYSTEM

Full-time and part-time employees belong to the Ohio Public Employees' Retirement System (OPERS). OPERS is a cost-sharing, multi-employer plan. This plan provides retirement benefits, including post retirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2019, OPERS members contributed 10% of their wages. In 2019, the Village contributed an amount equal to 14% of participants' gross salaries. The Village has paid all contributions required through December 31, 2019.

NOTE 9: POSTEMPLOYMENT BENEFITS

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2019.

**VILLAGE OF BEACH CITY
STARK COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

NOTE 10: CONTINGENT LIABILITIES

The Village may be a defendant in lawsuits. Although management cannot presently determine the outcome of any suit, management believes that the resolution of any matter will not materially adversely affect the Village's financial condition.

NOTE 11: JOINT VENTURES

LOGIC

The Village is a member of the Local Organized Governments in Cooperation (LOGIC) RED Center Operations, a statutorily created political subdivision of the State formed in 1986 to provide safety dispatching services. LOGIC is a joint venture among the Villages and Cities, with each participant providing one representative. Each representative has a membership share based on the percentage of contractual financial contributions to the total funding, and each participant is entitled to vote its percentage share. The Board has total authority over the operation of LOGIC, including budgeting, appropriating, contracting, and designating management. Continued existence of LOGIC is not dependent on the Village's continued participation. LOGIC does not provide specific financial benefits or impose specific financial burdens on the Village. During 2018, the Village made contributions of \$23,768, but does not have an equity interest in LOGIC. Financial statements of LOGIC may be obtained from Local Organized Governments in Cooperation, Canton, Ohio.

OMEGA JV5

The Village of Beach City is a Financing Participant with an ownership percentage of .30 %, and shares participation with forty-one other subdivisions within the State of Ohio in the Ohio Municipal Electric Generation Agency Joint Venture 5 (OMEGA JV5). Financing Participants own undivided interests, as tenants in common, without right of partition in the OMEGA JV5 Project.

Pursuant to the OMEGA Joint Venture JV5 Agreement (Agreement), the participants jointly undertook as Financing Participants, the acquisition, construction, and equipping of OMEGA JV5, including such portions of OMEGA JV5 as have been acquired, constructed or equipped by AMP.

OMEGA JV5 was created to construct a 42 Megawatt (MW) run-of-the-river hydroelectric plant (including 40MW of backup generation) and associated transmission facilities (on the Ohio River near the Bellville, West Virginia Locks and Dam) and sells electricity from its operations to OMEGA JV5 Participants.

**VILLAGE OF BEACH CITY
STARK COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

NOTE 11: JOINT VENTURES (CONTINUED)

Pursuant to the Agreement each participant has an obligation to pay its share of debt service on the Beneficial Interest Certificates (Certificates) from the revenues of its electric system, subject only to the prior payment of Operating & Maintenance Expenses (O&M) of each participant's System, and shall be on a parity with any outstanding and future senior electric system revenue bonds, notes or other indebtedness payable from any revenues of the System. On dissolution of OMEGA JV5, the net assets will be shared by the financing participants on a percentage of ownership basis. Under the terms of the Agreement each participant is to fix, charge and collect rates, fees and charges at least sufficient in order to maintain a debt coverage ratio equal to 110% of the sum of OMEGA JV5 debt service and any other outstanding senior lien electric system revenue obligations. As of December 31, 2019, the Village of Beach City has met their debt coverage obligation.

The Agreement provides that the failure of any JV5 participant to make any payment due by the due date thereof constitutes a default. In the event of a default, OMEGA JV5 may take certain actions including the termination of a defaulting JV5 Participant's entitlement to Project Power. Each Participant may purchase a pro rata share of the defaulting JV5 Participant's entitlement to Project Power, which together with the share of the other non-defaulting JV5 Participants, is equal to the defaulting JV5 Participant's ownership share of the Project, in kilowatts provided that the sum of any such increases shall not exceed, without consent of the non-defaulting JV5 Participant, an accumulated maximum kilowatts equal to 25% of such non-defaulting JV5 Participant's ownership share of the project prior to any such increases.

OMEGA JV5 is managed by AMP, which acts as the joint venture's agent. During 1993 and 2001 AMP issued \$153,415,000 and \$13,899,981 respectively of 30 year fixed rate Beneficial Interest Certificates (Certificates) on behalf of the Financing Participants of OMEGA JV5. The 2001 Certificates accrete to a value of \$56,125,000 on February 15, 2030. The net proceeds of the bond issues were used to construct the OMEGA JV5 Project. On February 17, 2004 the 1993 Certificates were refunded by issuing 2004 Beneficial Interest Refunding Certificates in the amount of \$116,910,000, which resulted in a savings to the membership of \$34,951,833 from the periods 2005 through 2024. On February 15, 2014, all of the 2004 BIRCs were redeemed from funds held under the trust agreement securing the 2004 BIRCs and the proceeds of a promissory note issued to AMP by OMEGA JV5. This was accomplished with a draw on AMP's revolving credit facility. The resulting balance was \$65,891,509 at February 28, 2014. On January 29, 2016, OMEGA JV5 issued 2016 Beneficial Interest Certificates (2016 Certificates) in the amount of \$49,745,000 for the purpose of refunding the promissory note to AMP in full. The outstanding amount on the promissory note had been reduced to \$49,243,377 at the time of refunding as compared to its value at December 31, 2015 of \$49,803,187. The promissory note represented the February 2014 redemption of the 2004 Certificates from funds held under the trust agreement securing the 2004 BIRCs.

The Village's net investment to date in OMEGA JV5 was \$9,106 at December 31, 2019. Complete financial statements for OMEGA JV5 may be obtained from AMP or from the State Auditor's website at www.auditor.state.oh.us.

**VILLAGE OF BEACH CITY
STARK COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

NOTE 12: JOINTLY GOVERNED ORGANIZATIONS

The Village participates in the Stark Council of Governments (the "Council"), which is a statutorily created political subdivision of the State. The Council is jointly governed among Stark County, municipalities and Villages with twenty-four participants providing twenty-seven representatives. The Village appoints a representative and has a membership share based on the percentage of contractual financial contributions to the total funding. Each participant is entitled to vote its percentage share. The board exercises total authority over the operation of the Council including budgeting, appropriating, contracting, and designating management. Continued existence of the Council is not dependent on the Village's continued participation. The Council does not provide specific financial benefits or impose specific financial burdens in the Village. The Village did not make any contributions during the fiscal year and does not have an equity interest in the Council. Financial statements of the Council can be obtained from Stark Council of Governments, Canton, Ohio.

The Village participates in the Stark County Regional Planning Commission which is a statutorily created political subdivision of the State. The Commission is jointly governed among Stark County, and other villages, cities, and Villages. The principal aim of the Commission is to provide comprehensive planning, both long and short term range. The Village has no financial responsibility for any of the Commission's liabilities. Complete financial statements can be obtained from the Stark County Regional Planning Commission, Stark County, Ohio.

The Municipal Energy Services Agency (MEAS) is a jointly governed organization among the Village and approximately 30 other municipal electric systems. Mesa was formed to provide access to a pool of personnel experienced in the planning, management, engineering, construction, safety training, and other technical aspects of the operation and maintenance of the municipal electric and other utility systems. The continued existence of MESA is not dependent on the Village's continued participation and the Village does not have an equity interest in or financial responsibility for MESA.

NOTE 13: SUBSEQUENT EVENT

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Village. The Village's investment portfolio has incurred a significant decline in fair value, consistent with the general decline in financial markets. However, because the values of individual investments fluctuate with market conditions, and due to market volatility, the amount of losses that will be recognized in subsequent periods, if any, cannot be determined. In addition, the impact on the Village's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

**VILLAGE OF BEACH CITY
STARK COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

NOTE 14: AMERICAN MUNICIPAL POWER GENERATING STATION PROJECT

The Village is a member of American Municipal Power (AMP) and has participated in the AMP Generating Station (AMPGS) Project. This project was intended to develop a pulverized coal power plant in Meigs County, Ohio. The Village's share was 1,126 kilowatts of a total 771,281 kilowatts, giving the Village a .15% project share. The AMPGS Project required participants to sign "take or pay" contracts with AMP. As such, the participants are obligated to pay any costs incurred for the project. Until November 2009, AMP had been developing a 960 MW twin unit, supercritical boiler, coal-fired, steam and electric generating facility, to be known as the American Municipal Power Generating Station ("*AMPGS*"), in Meigs County, in southeastern Ohio, on the Ohio River. AMP had planned for AMPGS to enter commercial operation in 2014 at a total capital cost of approximately \$3 billion. In the fourth quarter of 2009, however, the estimated capital costs increased by 37% and Bechtel Power Corporation ("*Bechtel*"), the EPC (engineer, procure and construct) contractor, would not guarantee that the costs would not continue to escalate. As a result of the estimated cost increases and prior to the commencement of major construction at the project site, the 81 AMP Members that had subscribed for capacity from AMPGS ("*AMPGS Participants*") voted to cease development of AMPGS as a coal fired project. The Village is one of the 81 AMPGS Participants.

In August 2016, AMP and Bechtel engaged in court-ordered mediation to resolve disputes raised in litigation relating to the cancellation of the AMPGS Project. Following the mediation, AMP and Bechtel reached a comprehensive settlement which resolved all claims. The terms of such settlement are confidential.

As of December 31, 2018, the Village's allocated share of the stranded costs recoverable from the AMPGS Participants is \$92,022.

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

| | Governmental Fund Types | | | Totals (Memorandum Only) |
|---|-------------------------|--------------------|---------------------|--------------------------------|
| | General | Special Revenue | Capital Projects | |
| Cash Receipts | | | | |
| Property and Other Local Taxes | \$ 46,216 | \$ 54,474 | \$ - | \$ 100,690 |
| Municipal Income Tax | 75,750 | 29,638 | 14,851 | 120,239 |
| Intergovernmental | 34,249 | 153,364 | - | 187,613 |
| Charges for Services | - | 96,345 | - | 96,345 |
| Fines, Licenses and Permits | 321 | 2,860 | - | 3,181 |
| Earnings on Investments | 993 | 1,324 | - | 2,317 |
| Miscellaneous | 18,785 | 2,555 | - | 21,340 |
| <i>Total Cash Receipts</i> | 176,314 | 340,560 | 14,851 | 531,725 |
| Cash Disbursements | | | | |
| Current: | | | | |
| Security of Persons and Property | 80,650 | 139,380 | - | 220,030 |
| Public Health Services | 710 | - | - | 710 |
| Leisure Time Activities | 6,259 | - | - | 6,259 |
| Transportation | 14,247 | 83,802 | - | 98,049 |
| General Government | 69,283 | - | - | 69,283 |
| Capital Outlay | 3,373 | 38,171 | 3,120 | 44,664 |
| Debt Service: | | | | |
| Principal Retirement | 1,170 | 27,740 | - | 28,910 |
| Interest and Fiscal Charges | 330 | 5,307 | - | 5,637 |
| <i>Total Cash Disbursements</i> | 176,022 | 294,400 | 3,120 | 473,542 |
| <i>Excess of Receipts Over (Under) Disbursements</i> | 292 | 46,160 | 11,731 | 58,183 |
| Other Financing Receipts (Disbursements) | | | | |
| Other Financing Sources | - | 1,917 | - | 1,917 |
| Other Financing Uses | (5,380) | (2,006) | (126) | (7,512) |
| <i>Total Other Financing Receipts (Disbursements)</i> | (5,380) | (89) | (126) | (5,595) |
| <i>Net Change in Fund Cash Balances</i> | (5,088) | 46,071 | 11,605 | 52,588 |
| <i>Fund Cash Balances, January 1</i> | 20,254 | 61,625 | 6,281 | 88,160 |
| Fund Cash Balances, December 31 | | | | |
| Restricted | - | 107,696 | - | 107,696 |
| Assigned | 15,166 | - | 17,886 | 33,052 |
| <i>Fund Cash Balances, December 31</i> | \$ 15,166 | \$ 107,696 | \$ 17,886 | \$ 140,748 |

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

Village of Beach City
Stark County
Statement of Receipts, Disbursements and Changes in
Fund Balances (Regulatory Cash Basis)
All Proprietary Fund Types
For the Year Ended December 31, 2018

| | Proprietary Fund Type |
|---|--------------------------|
| | Enterprise |
| Operating Cash Receipts | |
| Charges for Services | \$ 2,306,923 |
| <i>Total Operating Cash Receipts</i> | 2,306,923 |
| Operating Cash Disbursements | |
| Personal Services | 488,819 |
| Transportation | 1,189 |
| Contractual Services | 1,347,944 |
| Supplies and Materials | 196,282 |
| <i>Total Operating Cash Disbursements</i> | 2,034,234 |
| <i>Operating Income (Loss)</i> | 272,689 |
| Non-Operating Receipts (Disbursements) | |
| Property and Other Local Taxes | 26,218 |
| Earnings on Investments | 3,261 |
| Loans Issued | 88,576 |
| Sale of Capital Assets | 12,484 |
| Miscellaneous Receipts | 42,621 |
| Capital Outlay | (150,027) |
| Principal Retirement | (50,888) |
| Interest and Other Fiscal Charges | (81,094) |
| Other Financing Sources | 5,680 |
| Other Financing Uses | (8,350) |
| <i>Total Non-Operating Receipts (Disbursements)</i> | (111,519) |
| <i>Net Change in Fund Cash Balances</i> | 161,170 |
| <i>Fund Cash Balances, January 1</i> | 1,184,239 |
| <i>Fund Cash Balances, December 31</i> | \$ 1,345,409 |

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

**VILLAGE OF BEACH CITY
STARK COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Village of Beach City, Stark County, (the Village) 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. The Village is directed by a publicly-elected six-member Council. The Village provides general governmental services, including water, sewer, and electric utilities, park operations (leisure time activities), cemetery operations, and police and fire services.

Joint Ventures, Jointly Governed Organizations and Public Entity Risk Pools

The Village participates in jointly governed organizations, joint ventures and a public entity risk pool. These organizations include:

Public Entity Risk Pool

- Ohio Plan Risk Management (OPRM)

Joint Ventures

- Local Organized Governments in Cooperation (LOGIC) RED Center Operations
- Ohio Municipal Electric Generation Agency (OMEGA)

Jointly Governed Organizations

- Stark Council of Governments (SCOG)
- Stark Regional Planning Commission
- Municipal Energy Services Agency (MESA)

Notes 6, 11 and 12 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.

B. 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 statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for the proprietary fund type which are organized on a fund type basis.

**VILLAGE OF BEACH CITY
STARK COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. 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 Council 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.

D. Cash Investments

Investments are included in the fund cash balances. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

Certificates of deposit are valued at cost. Investment in STAR Ohio is measured at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

E. Fund Accounting

The Village uses fund accounting to segregate cash and investments that are restricted to use. The Village classifies its funds into the following types:

General Fund

The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds

These funds are used to account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. The Village had the following significant Special Revenue Funds:

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

Fire & Police Levy Funds - These funds receive tax levy money for the purpose of providing fire and police protection services to the citizens of the Village.

Cemetery Fund — This fund receives charges for services for grave openings and closings and the sale of cemetery lots within the Village cemetery.

**VILLAGE OF BEACH CITY
STARK COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Projects Fund

This fund is used to account for receipts that are restricted for the acquisition or construction of major capital projects (except for those financed through enterprise or trust funds). The Village had the following Capital Project Fund:

Capital Improvement Fund -The fund receives a portion of income tax revenue to provide for capital improvements in the Village.

Enterprise Funds

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

Water Fund -This fund receives charges for services from residents to cover the cost of providing water service.

Sewer Fund -This fund receives charges for services from residents to cover the cost of providing sewer service.

Electric Fund -This fund receives charges for services from residents to cover the cost of providing electric service.

Electric Improvement Fund -This fund receives charges for services from residents for electric services. This fund has been established to provide for future capital projects relating to electric services.

F. Budgetary Process

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

1. Appropriations

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

2. Estimated Resources

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

**VILLAGE OF BEACH CITY
STARK COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Encumbrances

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when commitments are made. Encumbrances at year end are cancelled, and re-appropriated in the current year.

G. Property, Plant and Equipment

Acquisitions of property, plant and equipment are recorded as disbursements (capital outlays) when paid. These items are not reflected as assets in the financial statements.

H. Accumulated Leave

In certain circumstances, such as leaving employment, employees are entitled to cash payments for unused vacation and sick leave. Unpaid vacation and sick leave are not reflected as liabilities under the cash basis of accounting used by the Village.

I. Fund Balance

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

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

Restricted Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

Committed Council can *commit* amounts via formal action (ordinance or resolution). The Village must adhere to these commitments unless the Council amends the ordinance or resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

Assigned Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as restricted or committed. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, assigned amounts represent intended uses established by Village Council or a Village official delegated that authority by resolution, or by State Statute. Council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget in the General Fund.

**VILLAGE OF BEACH CITY
STARK COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Unassigned Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the *unassigned* classification is used only to report a deficit balance.

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

NOTE 2: EQUITY IN POOLED CASH AND INVESTMENTS

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

| | 2018 |
|--------------------------------|-------------|
| Demand Deposits | \$1,477,324 |
| Total Deposits | 1,477,324 |
| Star Ohio | 8,233 |
| Cash on Hand | 600 |
| Total Deposits and investments | \$1,486,157 |

Deposits

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

Investments

Investments in STAR Ohio are not evidenced by securities that exist in physical or book-entry form.

**VILLAGE OF BEACH CITY
STARK COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

NOTE 3: BUDGETARY ACTIVITY

Budgetary activity for the year ended: December 31, 2018:

| Fund Type | Budgeted vs. Actual Receipts | | |
|------------------|------------------------------|-----------------|------------|
| | Budgeted Receipts | Actual Receipts | Variance |
| General | \$210,299 | \$176,314 | (\$33,985) |
| Special Revenue | 391,728 | 342,477 | (49,251) |
| Capital Projects | 20,000 | 14,851 | (5,149) |
| Enterprise | 1,853,576 | 2,485,763 | 632,187 |

| Fund Type | Budgeted vs. Actual Budgetary Disbursements | | |
|------------------|---|-------------------------|-----------|
| | Appropriation Authority | Budgetary Disbursements | Variance |
| General | \$230,553 | \$181,402 | \$ 49,151 |
| Special Revenue | 435,853 | 296,406 | 139,447 |
| Capital Projects | 26,281 | 3,246 | 23,035 |
| Enterprise | 3,037,815 | 2,324,593 | 713,222 |

NOTE 4: PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by the Village Council. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the financial statements as intergovernmental receipts. Payments are due to the County by December 31. If the property owner elects to make semi-annual payments, the first half is due December 31. The second half payment is due the following June 20.

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

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

**VILLAGE OF BEACH CITY
STARK COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

NOTE 5: LOCAL INCOME TAX

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 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

Risk Pool Membership

The Village belongs to the Ohio Plan Risk Management, Inc. (OPRM) (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments ("Members"). The Plan is legally separate from its member governments.

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio.

OPRM coverage programs are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss. Effective November 1, 2017, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. Effective November 1, 2018, the OPRM the property retention remained unchanged, however, the Plan assumed 100% of the first \$250,000 casualty treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 774 members as of December 31, 2018.

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

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

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

**VILLAGE OF BEACH CITY
STARK COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

NOTE 7: LONG-TERM DEBT

Debt outstanding at December 31, 2018 was as follows:

| | Principal | Interest Rate |
|-------------------------------------|--------------------|---------------|
| Sewer System Mortgage Revenue Bonds | \$ 1,230,600 | 4.25% |
| OPWC Loans | 258,304 | 0.00% |
| Apple Creek Bank-fire | 128,630 | 4.10% |
| Apple Creek Bank-Police | 4,840 | 3.00% |
| 2017 Pick-up | 12,748 | 4.00% |
| OWDA Sewer | 71,269 | 4.00% |
| OWDA Water | 4,137 | 0.00% |
| | \$1,710,528 | |

The prior year debt was understated by \$17,900, \$17,500 of which constituted the purchase of the pick-up truck which was reported as an advance. In addition, there was a debt forgiveness of \$10,000 for the OWDA water loan, and the OWDA water loan debt includes \$137 of loan fees.

The Sewer System Mortgage Revenue Bonds, accruing interest at 4.25% annually, were obtained to pay for water and wastewater plant expansion projects that were mandated by the Ohio Environmental Protection Agency. The loan is to be repaid annually over 40 years. The mortgage revenue bonds are collateralized by the water receipts. The Village has agreed to set water rates sufficient to cover the debt service requirements.

Ohio Public Works Commission (OPWC) loan nos. CT063, CSO3A, CS01S, and CS11D relate to a pumping station and water system improvement project that was mandated by the Ohio Environmental Protection Agency. The loans are collateralized by water and sewer receipts. The Village has agreed to set water sewer rates sufficient to cover OPWC debt service requirements.

The Apple Creek Bank loans for Fire, interest 4.1%, and Police, interest 3.0%, were obtained to purchase vehicles for each department. The Fire Loan is paid bi-annually at the amount of \$6,791.73 and will be paid in full in the year 2024. The Police loan is also paid bi-annually at the amount of \$2,438.44 and will be paid for in the year 2019. Both loans are paid using income from levies issued.

**VILLAGE OF BEACH CITY
STARK COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

NOTE 7: LONG-TERM DEBT (Continued)

Funds for the 2017 pick-up were shared by the depts. of the village. The street dept. found it necessary to reimburse electric, including interest for their share. This was audited in 2017 and interest calculated at that time, added to the semiannual payments which are made in April and Sept.

The Village is also a member of the OMEGA JV5 Joint Venture (Refer to Note 8). Beginning in 2009, the Village began showing their portion of the debt related to this project as principal and interest. This debt payment is calculated based on each member of the joint ventures share of the total electric used.

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

| Year ending December 31: | Sewer System | | OPWC Loans | | Apple Creek Bank | |
|-----------------------------|---------------------|-------------------|-------------------|-------------|-------------------|------------------|
| | Principal | Interest | Principal | Interest | Principal | Interest |
| 2019 | \$ 25,200 | \$ 52,301 | \$ 27,905 | \$ - | \$ 26,251 | \$ 5,205 |
| 2020 | 26,100 | 51,230 | 21,917 | - | 22,367 | 4,212 |
| 2021 | 27,400 | 50,120 | 15,930 | - | 23,308 | 3,271 |
| 2022 | 28,600 | 48,956 | 15,930 | - | 24,276 | 2,304 |
| 2023 | 29,800 | 47,740 | 11,395 | - | 25,284 | 1,296 |
| 2024-2028 | 168,800 | 218,624 | 56,975 | - | 11,984 | 283 |
| 2029-2033 | 207,800 | 179,567 | 56,975 | - | - | - |
| 2034-2038 | 256,000 | 131,495 | 51,277 | - | - | - |
| 2039-2043 | 315,200 | 72,267 | - | - | - | - |
| 2044-2048 | 145,700 | 9,354 | - | - | - | - |
| Total | <u>\$ 1,230,600</u> | <u>\$ 861,654</u> | <u>\$ 258,304</u> | <u>\$ -</u> | <u>\$ 133,470</u> | <u>\$ 16,571</u> |

No amortization schedule was available for the pick-up truck or the OWDA loans.

NOTE 8: RETIREMENT SYSTEM

Full-time and part-time employees belong to the Ohio Public Employees' Retirement System (OPERS). OPERS is a cost-sharing, multi-employer plan. This plan provides retirement benefits, including post retirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2018, OPERS members contributed 10% of their wages. In 2018, the Village contributed an amount equal to 14% of participants' gross salaries. The Village has paid all contributions required through December 31, 2018.

**VILLAGE OF BEACH CITY
STARK COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

NOTE 9: POSTEMPLOYMENT BENEFITS

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2018.

NOTE 10: CONTINGENT LIABILITIES

The Village may be a defendant in lawsuits. Although management cannot presently determine the outcome of any suit, management believes that the resolution of any matter will not materially adversely affect the Village's financial condition.

NOTE 11: JOINT VENTURES

LOGIC

The Village is a member of the Local Organized Governments in Cooperation (LOGIC) RED Center Operations, a statutorily created political subdivision of the State formed in 1986 to provide safety dispatching services. LOGIC is a joint venture among the Villages and Cities, with each participant providing one representative. Each representative has a membership share based on the percentage of contractual financial contributions to the total funding, and each participant is entitled to vote its percentage share. The Board has total authority over the operation of LOGIC, including budgeting, appropriating, contracting, and designating management. Continued existence of LOGIC is not dependent on the Village's continued participation. LOGIC does not provide specific financial benefits or impose specific financial burdens on the Village. During 2018, the Village made contributions of \$23,768, but does not have an equity interest in LOGIC. Financial statements of LOGIC may be obtained from Local Organized Governments in Cooperation, Canton, Ohio.

OMEGA JV5

The Village of Beach City is a Financing Participant with an ownership percentage of .30 %, and shares participation with forty-one other subdivisions within the State of Ohio in the Ohio Municipal Electric Generation Agency Joint Venture 5 (OMEGA JV5). Financing Participants own undivided interests, as tenants in common, without right of partition in the OMEGA JV5 Project.

Pursuant to the OMEGA Joint Venture JV5 Agreement (Agreement), the participants jointly undertook as Financing Participants, the acquisition, construction, and equipping of OMEGA JV5, including such portions of OMEGA JV5 as have been acquired, constructed or equipped by AMP.

OMEGA JV5 was created to construct a 42 Megawatt (MW) run-of-the-river hydroelectric plant (including 40MW of backup generation) and associated transmission facilities (on the Ohio River near the Bellville, West Virginia Locks and Dam) and sells electricity from its operations to OMEGA JV5 Participants.

**VILLAGE OF BEACH CITY
STARK COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

NOTE 11: JOINT VENTURES (CONTINUED)

Pursuant to the Agreement each participant has an obligation to pay its share of debt service on the Beneficial Interest Certificates (Certificates) from the revenues of its electric system, subject only to the prior payment of Operating & Maintenance Expenses (O&M) of each participant's System, and shall be on a parity with any outstanding and future senior electric system revenue bonds, notes or other indebtedness payable from any revenues of the System. On dissolution of OMEGA JV5, the net assets will be shared by the financing participants on a percentage of ownership basis. Under the terms of the Agreement each participant is to fix, charge and collect rates, fees and charges at least sufficient in order to maintain a debt coverage ratio equal to 110% of the sum of OMEGA JV5 debt service and any other outstanding senior lien electric system revenue obligations. As of December 31, 2018, the Village of Beach City has met their debt coverage obligation.

The Agreement provides that the failure of any JV5 participant to make any payment due by the due date thereof constitutes a default. In the event of a default, OMEGA JV5 may take certain actions including the termination of a defaulting JV5 Participant's entitlement to Project Power. Each Participant may purchase a pro rata share of the defaulting JV5 Participant's entitlement to Project Power, which together with the share of the other non-defaulting JV5 Participants, is equal to the defaulting JV5 Participant's ownership share of the Project, in kilowatts provided that the sum of any such increases shall not exceed, without consent of the non-defaulting JV5 Participant, an accumulated maximum kilowatts equal to 25% of such non-defaulting JV5 Participant's ownership share of the project prior to any such increases.

OMEGA JV5 is managed by AMP, which acts as the joint venture's agent. During 1993 and 2001 AMP issued \$153,415,000 and \$13,899,981 respectively of 30 year fixed rate Beneficial Interest Certificates (Certificates) on behalf of the Financing Participants of OMEGA JV5. The 2001 Certificates accrete to a value of \$56,125,000 on February 15, 2030. The net proceeds of the bond issues were used to construct the OMEGA JV5 Project. On February 17, 2004 the 1993 Certificates were refunded by issuing 2004 Beneficial Interest Refunding Certificates in the amount of \$116,910,000, which resulted in a savings to the membership of \$34,951,833 from the periods 2005 through 2024. On February 15, 2014, all of the 2004 BIRCs were redeemed from funds held under the trust agreement securing the 2004 BIRCs and the proceeds of a promissory note issued to AMP by OMEGA JV5. This was accomplished with a draw on AMP's revolving credit facility. The resulting balance was \$65,891,509 at February 28, 2014. On January 29, 2016, OMEGA JV5 issued 2016 Beneficial Interest Certificates (2016 Certificates) in the amount of \$49,745,000 for the purpose of refunding the promissory note to AMP in full. The outstanding amount on the promissory note had been reduced to \$49,243,377 at the time of refunding as compared to its value at December 31, 2015 of \$49,803,187. The promissory note represented the February 2014 redemption of the 2004 Certificates from funds held under the trust agreement securing the 2004 BIRCs.

The Village's net investment to date in OMEGA JV5 was \$9,106 at December 31, 2018. Complete financial statements for OMEGA JV5 may be obtained from AMP or from the State Auditor's website at www.auditor.state.oh.us.

**VILLAGE OF BEACH CITY
STARK COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

NOTE 12: JOINTLY GOVERNED ORGANIZATIONS

The Village participates in the Stark Council of Governments (the "Council"), which is a statutorily created political subdivision of the State. The Council is jointly governed among Stark County, municipalities and townships with twenty-four participants providing twenty-seven representatives. The Village appoints a representative and has a membership share based on the percentage of contractual financial contributions to the total funding. Each participant is entitled to vote its percentage share. The board exercises total authority over the operation of the Council including budgeting, appropriating, contracting, and designating management. Continued existence of the Council is not dependent on the Village's continued participation. The Council does not provide specific financial benefits or impose specific financial burdens in the Village. The Village did not make any contributions during the fiscal year and does not have an equity interest in the Council. Financial statements of the Council can be obtained from Stark Council of Governments, Canton, Ohio.

The Village participates in the Stark County Regional Planning Commission which is a statutorily created political subdivision of the State. The Commission is jointly governed among Stark County, and other villages, cities, and townships. The principal aim of the Commission is to provide comprehensive planning, both long and short term range. The Village has no financial responsibility for any of the Commission's liabilities. Complete financial statements can be obtained from the Stark County Regional Planning Commission, Stark County, Ohio.

The Municipal Energy Services Agency (MEAS) is a jointly governed organization among the Village and approximately 30 other municipal electric systems. Mesa was formed to provide access to a pool of personnel experienced in the planning, management, engineering, construction, safety training, and other technical aspects of the operation and maintenance of the municipal electric and other utility systems. The continued existence of MESA is not dependent on the Village's continued participation and the Village does not have an equity interest in or financial responsibility for MESA.

**VILLAGE OF BEACH CITY
STARK COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

NOTE 13: AMERICAN MUNICIPAL POWER GENERATING STATION PROJECT

The Village is a member of American Municipal Power (AMP) and has participated in the AMP Generating Station (AMPGS) Project. This project was intended to develop a pulverized coal power plant in Meigs County, Ohio. The Village's share was 1,126 kilowatts of a total 771,281 kilowatts, giving the Village a .15% project share. The AMPGS Project required participants to sign "take or pay" contracts with AMP. As such, the participants are obligated to pay any costs incurred for the project. Until November 2009, AMP had been developing a 960 MW twin unit, supercritical boiler, coal-fired, steam and electric generating facility, to be known as the American Municipal Power Generating Station ("*AMPGS*"), in Meigs County, in southeastern Ohio, on the Ohio River. AMP had planned for AMPGS to enter commercial operation in 2014 at a total capital cost of approximately \$3 billion. In the fourth quarter of 2009, however, the estimated capital costs increased by 37% and Bechtel Power Corporation ("*Bechtel*"), the EPC (engineer, procure and construct) contractor, would not guarantee that the costs would not continue to escalate. As a result of the estimated cost increases and prior to the commencement of major construction at the project site, the 81 AMP Members that had subscribed for capacity from AMPGS ("*AMPGS Participants*") voted to cease development of AMPGS as a coal fired project. The Village is one of the 81 AMPGS Participants.

In August 2016, AMP and Bechtel engaged in court-ordered mediation to resolve disputes raised in litigation relating to the cancellation of the AMPGS Project. Following the mediation, AMP and Bechtel reached a comprehensive settlement which resolved all claims. The terms of such settlement are confidential.

As of December 31, 2018, the Village's allocated share of the stranded costs recoverable from the AMPGS Participants is \$99,034.

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Charles E. Harris & Associates, Inc.
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Village of Beach City
Stark County
P.O. Box 695
Beach City, Ohio 44608

To the Village Council:

We have audited, in accordance with auditing standards generally accepted in the United States of America and standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the cash balances, receipts and disbursements by fund type of the Village of Beach City, Stark County (the Village) as of and for the years ended December 31, 2019 and 2018, and the related notes to the financial statements and have issued our report thereon dated May 29, 2020, wherein we noted the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. We also noted the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Village.

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) to determine the audit procedures 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.

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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify a certain deficiency in internal control, described in the accompanying Schedule of Findings that we consider a material weakness. We consider finding 2019-001 to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village's financial statements are free of 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 determination of financial statement amounts. 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.


We also noted certain matters not requiring inclusion in this report that we reported to the Village's management in a separate letter dated May 29, 2020.

Village's Response to Finding

The Village's response to the finding identified in our audit is described in the accompanying Corrective Action Plan. We did not audit the Village's response and, accordingly, we express no opinion on it.

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.



Charles E. Harris and Associates, Inc.
May 29, 2020

**VILLAGE OF BEACH CITY
STARK COUNTY**

**SCHEDULE OF FINDINGS
December 31, 2019 and 2018**

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

Finding Number 2019-001 - Material Weakness

Recording of transactions:

The Village classified several transactions incorrectly during 2019 and 2018. The more significant adjustments are as follows:

- In 2018, the Village recorded the receipt of loans as Intergovernmental Receipts instead of Loans Issued.
- In 2018 and 2019, the Village recorded KWH Taxes as Charges for Services and Sale of Fixed Assets instead of Property and Other Local Taxes.
- In 2018 and 2019, the Village included an enterprise fund as a special revenue fund, and reported a spendable endowment fund as a permanent fund.
- In 2018 and 2019, the Village recorded General Fund Balance for subsequent year appropriations as Unassigned Fund Balance instead of Assigned Fund Balance.
- During 2018 and 2019, changes were necessary to correct various items in the footnotes.

Adjustments were made in the financial statements and Village records to reflect the proper presentation.

Sound financial reporting is the responsibility of the Village and is essential to ensure the information provided to the readers of the financial statements is complete and accurate. We recommend the Village adopt policies and procedures to identify and correct errors and omissions in a timely manner. Management can use Governmental Accounting Standards Board (GASB) Statement No. 54, Auditor of State Bulletin 2011-004, the Village Officer's Handbook, and other Auditor of State guidance to aid in properly identifying account classifications and preparing annual financial statements.

Management's Response:

See Corrective Action Plan.

Village of Beach City
Stark County
Schedule of Prior Audit Findings (Prepared by Management)
December 31, 2019 and 2018

| Finding Number | Finding Summary | Status | Additional Information |
|-----------------------|------------------------------------|---------------|-------------------------------|
| 2017-001 | Posting Receipts and Fund Balances | Not Corrected | |

Village of Beach City
Stark County
 Corrective Action Plan (Prepared by Management)
 December 31, 2019 and 2018

| Finding Number | Planned Corrective Action | Anticipated Completion Date | Responsible Contact Person |
|-----------------------|--|---|-----------------------------------|
| 2019-001 | The Material Weakness/recording of transactions need to be explained to the Clerk-Treasurer. To correct these errors she must know the detail of the error of which items were incorrect, then corrections can be completed. | Following detailed explanation of findings. | Debra Rentsch |

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OHIO AUDITOR OF STATE KEITH FABER



VILLAGE OF BEACH CITY

STARK 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 8/20/2020

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