

***VILLAGE OF BEACH CITY***

***STARK COUNTY***

Regular Audit

For the Years Ended December 31, 2021 and 2020







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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, 2020 through December 31, 2021. 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.

Keith Faber  
Auditor of State  
Columbus, Ohio

August 30, 2022

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***Village of Beach City***  
***Stark County***  
For the Years Ended December 31, 2021 and 2020

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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 Audit of the Financial Statements***

***Unmodified and Adverse Opinions***

We have audited the financial statements of the Village of Beach City, Stark County, Ohio (the Village), which comprises the cash balances, receipts and disbursements for each governmental and proprietary fund type as of and for the year ended December 31, 2021, 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 as of and for the year ended December 31, 2021, and the related notes to the financial statements, in accordance with the financial reporting provisions which Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit, described in Note 2.

***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* section of our report, the accompanying financial statements do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2021, or the changes in financial position or, where applicable, cash flows thereof for the year then ended.

***Basis for Opinions***

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

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

As described in Note 2 of the financial statements, the financial statements are prepared by Village on the basis of the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 2 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

***Emphasis of Matter***

As discussed in Note 14 to the financial statements, the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Village. We did not modify our opinions regarding 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 July 7, 2022, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. 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 E. Harris & Associates, Inc.*  
July 7, 2022

**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, 2021*

	Governmental Fund Types			Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	
<b>Cash Receipts</b>				
Property and Other Local Taxes	\$ 47,547	\$ 88,434	\$ -	\$ 135,981
Municipal Income Tax	81,192	32,260	15,644	129,096
Intergovernmental	34,247	273,497	-	307,744
Charges for Services	35	136,426	-	136,461
Fines, Licenses and Permits	14,293	-	-	14,293
Earnings on Investments	1,335	4,204	-	5,539
Miscellaneous	13,631	3,931	-	17,562
<i>Total Cash Receipts</i>	192,280	538,752	15,644	746,676
<b>Cash Disbursements</b>				
Current:				
Security of Persons and Property	89,950	159,154	-	249,104
Public Health Services	-	9,939	-	9,939
Leisure Time Activities	5,304	-	-	5,304
Transportation	1,583	99,280	-	100,863
General Government	88,807	1,442	-	90,249
Capital Outlay	1,557	149,096	10,017	160,670
Debt Service:				
Principal Retirement	5,068	42,619	2,231	49,918
Interest and Fiscal Charges	1,086	5,973	540	7,599
<i>Total Cash Disbursements</i>	193,355	467,503	12,788	673,646
<i>Excess of Receipts Over (Under) Disbursements</i>	(1,075)	71,249	2,856	73,030
<b>Other Financing Receipts (Disbursements)</b>				
Sale of Fixed Assets	-	5,250	-	5,250
Other Financing Sources	-	7,293	-	7,293
Other Financing Uses	(10,224)	(3,038)	-	(13,262)
<i>Total Other Financing Receipts (Disbursements)</i>	(10,224)	9,505	-	(719)
<i>Net Change in Fund Cash Balances</i>	(11,299)	80,754	2,856	72,311
<i>Fund Cash Balances, January 1</i>	32,578	169,816	16,857	219,251
<i>Fund Cash Balances, December 31</i>	\$ 21,279	\$ 250,570	\$ 19,713	\$ 291,562

*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, 2021*

	Proprietary Fund Type
	Enterprise
<b>Operating Cash Receipts</b>	
Charges for Services	\$ 2,265,528
<i>Total Operating Cash Receipts</i>	2,265,528
<b>Operating Cash Disbursements</b>	
Personal Services	532,609
Transportation	351
Contractual Services	1,233,166
Supplies and Materials	177,057
<i>Total Operating Cash Disbursements</i>	1,943,183
<i>Operating Income (Loss)</i>	322,345
<b>Non-Operating Receipts (Disbursements)</b>	
Capital Outlay	(166,823)
Intergovernmental	5,712
Earnings on Investments	106,328
Sale of Fixed Assets	29,375
Miscellaneous Receipts	42,890
Principal Retirement	(67,099)
Interest and Other Fiscal Charges	(52,019)
Other Financing Sources	44,251
Other Financing Uses	(12,846)
<i>Total Non-Operating Receipts (Disbursements)</i>	(70,231)
<i>Net Change in Fund Cash Balances</i>	252,114
<i>Fund Cash Balances, January 1</i>	1,492,605
<i>Fund Cash Balances, December 31</i>	\$ 1,744,719

*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, 2021**

**Note 1 – Reporting 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.

The Village's management believes these financial statements present all activities for which the Village is financially accountable.

The Village is associated with certain organizations which are defined as Joint Ventures and Jointly Governed Organizations under Governmental Accounting Standards Board (GASB) Statement No. 14, Reporting Entity. These organizations include:

**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)

**Note 2 – Summary of Significant Accounting Policies**

***Basis of Presentation***

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

***Fund Accounting***

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

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

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

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

**Village of Beach City  
Stark County  
Notes To The Financial Statements  
For The Year Ended December 31, 2021**

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

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

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

**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 Fund:

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

**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. 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 (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 function or object level of control, and appropriations may not exceed estimated resources. The Village Council must annually approve appropriation measures and subsequent amendments. Appropriations lapse at year end

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

**Encumbrances** Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year. Contrary to ORC Section 5705.41 (D), the Village had purchase orders dated after invoices in 16% of the tested transactions.

A summary of 2021 budgetary activity appears in Note 3.

**Village of Beach City**  
**Stark County**  
**Notes To The Financial Statements**  
**For The Year Ended December 31, 2021**

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

***Deposits and Investments***

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

Money market mutual funds are recorded at share values the mutual funds report. 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.

***Capital Assets***

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

***Accumulated Leave***

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

***Fund Balance***

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

***Nonspendable*** The Village classifies assets as nonspendable when legally or contractually required to maintain the amounts intact. For regulatory purposes nonspendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the Village and the nonexpendable portion of the corpus in permanent funds.

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

***Committed*** Council can commit amounts via formal action (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. For regulatory purposes, assigned fund balance 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.

**Village of Beach City  
Stark County  
Notes To The Financial Statements  
For The Year Ended December 31, 2021**

**Note 2 – 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.

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

**Note 3 – Budgetary Activity**

Budgetary activity for the year ending December 31, 2021 follows:

2021 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$183,888	\$192,280	\$8,392
Special Revenue	438,842	551,295	112,453
Capital Projects	18,000	15,644	(2,356)
Enterprise	2,295,404	2,494,084	198,680

2021 Actual Budgetary Basis Disbursements			
Fund Type	Appropriation Authority	Budgetary Disbursements	Variance
General	\$216,466	\$203,579	\$12,887
Special Revenue	690,542	470,541	220,001
Capital Projects	34,857	12,788	22,070
Enterprise	3,788,009	2,241,970	1,546,039

**Note 4 – Deposits and Investments**

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 and investment accounts are as follows:

**Village of Beach City  
Stark County  
Notes To The Financial Statements  
For The Year Ended December 31, 2021**

**Note 4 – Deposits and Investments (Continued)**

	2021
Cash on Hand	\$600
Demand deposits	2,027,189
Total deposits	2,027,189
STAR Ohio	8,492
Total investments	8,492
Total carrying amount of deposits and investments held in the Pool (ties to FS)	\$2,036,281

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. At December 31, 2021, the Village is holding \$0 in unremitted employee payroll withholdings.

***Deposits***

Deposits are 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.

**Note 5 – Taxes**

***Property Taxes***

Real property taxes become a lien on January 1 preceding the October 1 date for which the Council adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

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

***Income Taxes***

The Village levies a municipal income tax of 1% 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.



**Village of Beach City  
Stark County  
Notes To The Financial Statements  
For The Year Ended December 31, 2021**

**Note 6 – Risk Management**

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

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

OPRM coverage programs are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss. Effective November 1, 2017, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. The OPRM is also participated in a property primary excess of loss treaty. This treaty reimbursed the OPRM 30% for losses between \$200,000 and \$1,000,000. The reimbursement is based on the amount of loss between \$200,000 and \$1,000,000. Effective November 1, 2018, the OPRM the property retention remained unchanged, however, the Plan assumed 100% of the first \$250,000 casualty treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. Effective November 1, 2019, the OPRM's property retention increased from 30% to 33%, while the casualty treaty remains unchanged and still assumes 100% of the first \$250,000 casualty treaty. Effective November 1, 2020, the OPRM's property retention increased from 33% to 55%, while the casualty treaty remains unchanged and still assumes 100% of the first \$250,000 casualty treaty. OPRM had 771 members as of December 31, 2020.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2020. (latest information available)

Assets	\$ 18,826,974
Liabilities	<u>( 13,530,267)</u>
Members' Equity	<u>\$ 5,296,707</u>

You can read the complete audited financial statements for OPRM at the Plan's website, [www.ohioplan.org](http://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, 2021.

**Village of Beach City**  
**Stark County**  
**Notes To The Financial Statements**  
**For The Year Ended December 31, 2021**

**Note 7 – Defined Benefit Pension Plans (Continued)**

***Ohio Police and Fire Retirement System***

The Village’s certified full-time Fire Fighter/Paramedics and full-time Police Officers belong to the Ohio Police and Fire Pension Fund (OP&F). OP&F is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan’s benefits, which include post-retirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25% of their wages. The Village contributed to OP&F an amount equal to 19.5% of full-time police members’ wages and 24% of full-time fire fighter/paramedics’ wages. The Village has paid all contributions required through December 31, 2021.

***Social Security***

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

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

**Note 8 – Postemployment Benefits**

Both OPERS and OP&F offer 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 OPERS members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2021. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2021. OP&F contributes 0.5 percent to fund these benefits.

**Village of Beach City  
Stark County  
Notes To The Financial Statements  
For The Year Ended December 31, 2021**

**Note 9 – Debt**

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

	<u>Principal</u>	<u>Interest</u>
Sewer System Mortgage Revenue Bonds	\$ 1,151,900	4.25%
OPWC Loans	192,553	0.00%
Apple Creek Bank - Fire Ambulance	29,984	4.10%
Apple Creek Bank - Police Charger	20,052	3.00%
Apple Creek Bank - Tanker Truck	29,320	4.13%
2017 Pickup Truck	2,548	4.00%
John Deere Backhoe	75,216	3.95%
Power Pro COT	25,787	0.00%
OWDA Sewer #7887	49,778	4.00%
OWDA Water #8241	<u>2,945</u>	0.00%
Total	<u><u>\$ 1,580,083</u></u>	

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, 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 \$3,076. Both loans are 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 loan was paid off in 2021.

OWDA Loans #7887/Sewer & #8241/Water: The sewer loan is to aid in the cost of replacing the Wilmot lift station and the water loan (0%) interest, was issued to cover the cost of the water assessment required by the EPA.

The Village is also a member of the OMEGA JV5 Joint Venture (Refer to Note 10) 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.

The Village is leasing to own a John Deere backhoe with an interest rate of 3.95% and monthly payments starting January 2021 of \$1,386.

**Village of Beach City**  
**Stark County**  
**Notes To The Financial Statements**  
**For The Year Ended December 31, 2021**

**Note 9 – Debt (Continued)**

The Village is leasing to own Equipment through Stryker with a 0% interest rate and annual payments of \$12,894 that started in 2020.

**Amortization**

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

Year Ending 12/31	Sewer System Bonds	John Deere Backhoe	OPWC Loans	OWDA #7887	OWDA #8241	Apple Creek Bank Loans	2017 Pickup Truck	Styker Equipment	Total
2022	\$ 77,556	\$ 16,632	\$ 21,917	\$ 7,772	\$ 1,528	\$ 32,733	\$ 2,750	\$ 12,894	\$ 173,782
2023	77,540	16,632	15,930	7,772	1,528	32,734		12,893	165,029
2024	77,376	16,632	15,930	7,772	764	18,314			136,788
2025	77,600	16,632	11,395	7,772		3,077			116,476
2026	77,600	16,632	11,395	7,772					113,399
2027-2031	387,500		56,975	11,658					456,133
2032-2036	387,500		56,975						444,475
2037-2041	387,500		2,036						389,536
2042-2046	309,900								309,900
<b>Total</b>	<b>\$ 1,860,072</b>	<b>\$ 83,160</b>	<b>\$ 192,553</b>	<b>\$ 50,518</b>	<b>\$ 3,820</b>	<b>\$ 86,858</b>	<b>\$ 2,750</b>	<b>\$ 25,787</b>	<b>\$ 2,305,518</b>

The Village is a member of American Municipal Power (AMP) and has participated in the AMP Generating Station (AMPGS) Project. This project 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 0.15 percent 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. In November 2009, the participants voted to terminate the AMPGS Project due to projected escalating costs. These costs were therefore deemed *impaired* and participants were obligated to pay costs already incurred. In prior years, the payment of these costs was not considered probable due to AMP’s pursuit of legal action to void them. As a result of a March 31, 2014, legal ruling, the AMP Board of Trustees on April 15, 2014, and the AMPGS participants on April 16, 2014, approved the collection of the impaired costs and provided the participants with an estimate of their liability. The Village’s estimated share at March 31, 2014, of the impaired costs is \$195,317. The Village received a credit of \$54,806 related to their participation in the AMP Fremont Energy Center (AFEC) Project, and another credit of \$50,923 related to the AMPGS costs deemed to have future benefit for the project participants, leaving a net impaired cost estimate of \$89,588. AMP financed these costs on its revolving line of credit. Any additional costs (including line-of-credit interest and legal fees) or amounts received related to the project will impact the Village’s payments. These amounts will be recorded as they become estimable. The Village made payments in 2021 totaling \$12,000, leaving a net impaired cost estimate of \$55,588 at December 31, 2021.

The Village intends to recover these costs and repay AMP over the next 7 years through a power cost adjustment.

**Village of Beach City**  
**Stark County**  
**Notes To The Financial Statements**  
**For The Year Ended December 31, 2021**

**Note 10 – 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 2015, the Village made contributions of \$24,492, 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 3V5). Financing Participants own undivided interests, as tenants in common, without right of partition in the OMEGA 3V5 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-Ohio.

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.

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. Complete financial statements may be obtained from AMP-Inc.

**Note 11 – Public Entity Risk Pool**

The Village participates in the Ohio Municipal League Group Rating Plan (GRP) for worker's compensation. The pool's business and affairs are conducted by a twenty-six member Board of Trustees consisting of fifteen mayors, two council members, three administrators, three finance directors, and three law directors which are voted on by the members for staggered two-year terms. The Executive Director of the Ohio Municipal League serves as the coordinator of the Program. Each year the participants pay an enrollment fee to the program to cover the costs of administering the program.

**Village of Beach City**  
**Stark County**  
**Notes To The Financial Statements**  
**For The Year Ended December 31, 2021**

**Note 12 – Fund Balances**

Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end, there were no encumbrances.

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

**Note 13 – AMP Revenue Coverage**

To provide electric service to the citizens, the Village is a member of Ohio Municipal Electric Generation Agency (OMEGA) Joint Ventures as described in Note 10. The Village is liable for debt related to the financing of the OMEGA joint ventures. The activity is accounted for in the Village’s Electric Fund, which is reported as part of the combined Enterprise Fund Type in the financial statements. Summary financial information for the Electric Fund is presented below:

	2021
Total Fund Cash Balance	\$1,196,790
Total Long-Term Debt	\$0
 <b>Condensed Operating Information:</b>	
Operating Receipts	
Charges for Services	\$1,686,276
Total Operating Receipts	1,686,276
Operating Expenses	
Personal Services	(170,135)
Employee Fringe Benefits	(85,267)
Contractual Services	(9,782)
Supplies and Materials	(11,299)
Other	(36,081)
Total Operating Expenses	(312,564)
Operating Income (Loss)	1,373,712
Nonoperating Receipts (Disbursements)	
Investment Income/Capital Outlay	(115,534)
Other Nonoperating Receipts (Disbursements)	(1,000,639)
Change in Fund Cash Balance	257,539
Beginning Fund Cash Balance	1,196,790
Ending Fund Cash Balance	\$1,454,329

**Village of Beach City**  
**Stark County**  
**Notes To The Financial Statements**  
**For The Year Ended December 31, 2021**

**Note 14 – COVID-19**

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June, 2021 while the national state of emergency continues. During 2021, the Village received COVID-19 funding. The financial impact of COVID-19 and the continuing emergency measures will 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.

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***Charles E. Harris & Associates, Inc.***

*Certified Public Accountants*

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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
REQUIRED BY 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 the standards applicable to financial audits contained in *Government Auditing Standards*, issued the Comptroller General of the United States, the financial statements of the cash balances, receipts, and disbursements for each governmental and proprietary fund type as of and for the year ended December 31, 2021 and the related notes to the financial statements of the Village of Beach City, Stark County, (the Village) and have issued our report thereon dated July 7, 2022, wherein we noted the Village followed financial reporting provisions Ohio Rev. Code § 117.38 and Ohio Admin. Code 117-2-03(C) permit. We also noted the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Village.

***Report on Internal Control Over Financial Reporting***

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

*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 internal control deficiencies 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 2021-001 to be a material weakness.



***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*, which is described in the accompanying schedule of findings as item 2021-002.


We also noted certain matters not requiring inclusion in this report that we reported to the Village's management in a separate letter dated July 7, 2022.

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

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

***Purpose of This Report***

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



***Charles E. Harris & Associates, Inc.***  
July 7, 2022

**INDEPENDENT AUDITORS' 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 for each governmental and proprietary fund type and related notes of the Village of Beach City, Stark County, Ohio (the Village) as of and for the year ended December 31, 2020.

***Management's Responsibility for the Financial Statements***

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

***Auditor's Responsibility***

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Village's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Village's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

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

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

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

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

***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2020, and changes in financial position or its cash flows thereof for the year 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 for each governmental and proprietary fund type, and related notes of the Village of Beach City, Stark County, Ohio, as of December 31, 2020 and for the year then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit, described in Note 2.

***Emphasis of Matter***

As discussed in Note 15 to the financial statements, the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Village. As discussed in Note 14 to the financial statements, the Village made several changes to its reporting model. We did not modify our opinions regarding these matters.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated July 7, 2022, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.



*Charles E. Harris & Associates, Inc.*  
July 7, 2022

**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, 2020*

	Governmental Fund Types			Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	
<b>Cash Receipts</b>				
Property and Other Local Taxes	\$ 49,314	\$ 88,016	\$ -	\$ 137,330
Municipal Income Tax	77,497	30,753	14,761	123,011
Intergovernmental	34,048	214,796	-	248,844
Charges for Services	15	118,828	-	118,843
Fines, Licenses and Permits	14,038	-	-	14,038
Earnings on Investments	784	4,107	-	4,891
Miscellaneous	15,994	18,358	-	34,352
<i>Total Cash Receipts</i>	191,690	474,858	14,761	681,309
<b>Cash Disbursements</b>				
Current:				
Security of Persons and Property	88,644	137,779	-	226,423
Public Health Services	882	11,460	-	12,342
Leisure Time Activities	4,280	-	-	4,280
Transportation	105	90,923	-	91,028
General Government	70,175	56	-	70,231
Capital Outlay	2,863	125,743	47,554	176,160
Debt Service:				
Principal Retirement	-	40,425	-	40,425
Interest and Fiscal Charges	518	4,292	-	4,810
<i>Total Cash Disbursements</i>	167,467	410,678	47,554	625,699
<i>Excess of Receipts Over (Under) Disbursements</i>	24,223	64,180	(32,793)	55,610
<b>Other Financing Receipts (Disbursements)</b>				
Other Debt Proceeds	-	-	27,689	27,689
Other Financing Sources	-	6,929	-	6,929
Other Financing Uses	(5,732)	(838)	(2,748)	(9,318)
<i>Total Other Financing Receipts (Disbursements)</i>	(5,732)	6,091	24,941	25,300
<i>Net Change in Fund Cash Balances</i>	18,491	70,271	(7,852)	80,910
<i>Fund Cash Balances, January 1, restated</i>	14,087	99,545	24,709	138,341
<i>Fund Cash Balances, December 31</i>	\$ 32,578	\$ 169,816	\$ 16,857	\$ 219,251

*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, 2020*

	Proprietary Fund Type
	Enterprise
<b>Operating Cash Receipts</b>	
Charges for Services	\$ 2,113,774
<i>Total Operating Cash Receipts</i>	2,113,774
<b>Operating Cash Disbursements</b>	
Personal Services	530,539
Transportation	21
Contractual Services	1,236,694
Supplies and Materials	158,065
<i>Total Operating Cash Disbursements</i>	1,925,319
<i>Operating Income (Loss)</i>	188,455
<b>Non-Operating Receipts (Disbursements)</b>	
Earnings on Investments	3,958
Sale of Fixed Assets	17,833
Miscellaneous Receipts	97,987
Capital Outlay	(253,922)
Principal Retirement	(48,744)
Interest and Other Fiscal Charges	(51,597)
Other Financing Sources	12,857
Other Financing Uses	(8,228)
<i>Total Non-Operating Receipts (Disbursements)</i>	(229,856)
<i>Net Change in Fund Cash Balances</i>	(41,401)
<i>Fund Cash Balances, January 1, restated</i>	1,534,006
<i>Fund Cash Balances, December 31</i>	\$ 1,492,605

*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, 2020**

**Note 1 – Reporting 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.

The Village's management believes these financial statements present all activities for which the Village is financially accountable.

The Village is associated with certain organizations which are defined as Joint Ventures and Jointly Governed Organizations under Governmental Accounting Standards Board (GASB) Statement No. 14, Reporting Entity. These organizations include:

**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)

**Note 2 – Summary of Significant Accounting Policies**

***Basis of Presentation***

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

***Fund Accounting***

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

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

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

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

**Village of Beach City**  
**Stark County**  
**Notes To The Financial Statements**  
**For The Year Ended December 31, 2020**

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

**Capital Project Funds** These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Village had the following significant Capital Project Fund:

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

**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 Fund:

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

**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. 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 (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 function or object level of control, and appropriations may not exceed estimated resources. The Village Council must annually approve appropriation measures and subsequent amendments. Appropriations lapse at year end

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

**Encumbrances** Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year. Contrary to ORC Section 5705.41 (D), the Village had purchase orders dated after invoices in 21% of the tested transactions.

A summary of 2020 budgetary activity appears in Note 3.



**Village of Beach City**  
**Stark County**  
**Notes To The Financial Statements**  
**For The Year Ended December 31, 2020**

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

***Deposits and Investments***

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

Money market mutual funds are recorded at share values the mutual funds report. 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.

***Capital Assets***

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

***Accumulated Leave***

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

***Fund Balance***

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

***Nonspendable*** The Village classifies assets as nonspendable when legally or contractually required to maintain the amounts intact. For regulatory purposes nonspendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the Village and the nonexpendable portion of the corpus in permanent funds.

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

***Committed*** Council can commit amounts via formal action (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. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end.

**Village of Beach City**  
**Stark County**  
**Notes To The Financial Statements**  
**For The Year Ended December 31, 2020**

**Note 2 – 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.

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

**Note 3 – Budgetary Activity**

Budgetary activity for the year ending December 31, 2020 follows:

2020 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$186,930	\$191,690	\$4,760
Special Revenue	428,086	481,786	53,700
Capital Projects	45,689	42,450	(3,239)
Enterprise	2,475,495	2,246,409	(229,086)

2020 Budgeted vs. Actual Budgetary Basis Disbursements			
Fund Type	Appropriation Authority	Budgetary Disbursements	Variance
General	\$201,017	\$173,199	\$27,818
Special Revenue	527,614	411,516	116,098
Capital Projects	70,398	50,302	20,097
Enterprise	4,009,499	2,287,810	1,721,689

**Note 4 – Deposits and Investments**

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 and investment accounts are as follows:

**Village of Beach City  
Stark County  
Notes To The Financial Statements  
For The Year Ended December 31, 2020**

**Note 4 – Deposits and Investments (Continued)**

	2020
Cash on Hand	\$600
Demand deposits	1,647,368
Other time deposits (savings and NOW accounts)	55,402
Total deposits	1,702,770
STAR Ohio	8,486
Total investments	8,486
Total carrying amount of deposits and investments held in the Pool (ties to FS)	\$1,711,856

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. At December 31, 2020, the Village is holding \$0 in unremitted employee payroll withholdings.

***Deposits***

Deposits are 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.

**Note 5 – Taxes**

***Property Taxes***

Real property taxes become a lien on January 1 preceding the October 1 date for which the Council adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

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

***Income Taxes***

The Village levies a municipal income tax of 1% 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.

**Village of Beach City**  
**Stark County**  
**Notes To The Financial Statements**  
**For The Year Ended December 31, 2020**

**Note 5 – Taxes (Continued)**

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**

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

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

OPRM coverage programs are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss. Effective November 1, 2017, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. The OPRM is also participated in a property primary excess of loss treaty. This treaty reimbursed the OPRM 30% for losses between \$200,000 and \$1,000,000. The reimbursement is based on the amount of loss between \$200,000 and \$1,000,000. Effective November 1, 2018, the OPRM the property retention remained unchanged, however, the Plan assumed 100% of the first \$250,000 casualty treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. Effective November 1, 2019, the OPRM's property retention increased from 30% to 33%, while the casualty treaty remains unchanged and still assumes 100% of the first \$250,000 casualty treaty. Effective November 1, 2020, the OPRM's property retention increased from 33% to 55%, while the casualty treaty remains unchanged and still assumes 100% of the first \$250,000 casualty treaty. OPRM had 771 members as of December 31, 2020.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2020.

Assets	\$ 18,826,974
Liabilities	( 13,530,267)
Members' Equity	<u>\$ 5,296,707</u>

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

**Village of Beach City**  
**Stark County**  
**Notes To The Financial Statements**  
**For The Year Ended December 31, 2020**

**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, 2020.

***Social Security***

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

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

**Note 8 – Postemployment Benefits**

OPERS offer 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 OPERS members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2020. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2020.

**Note 9 – Debt**

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

**Village of Beach City  
Stark County  
Notes To The Financial Statements  
For The Year Ended December 31, 2020**

**Note 9 – Debt (Continued)**

	<u>Principal</u>	<u>Interest</u>
Sewer System Mortgage Revenue Bonds	\$ 1,179,300	4.25%
OPWC Loans	216,447	0.00%
Apple Creek Bank - Fire Ambulance	41,954	4.10%
Apple Creek Bank - Police Charger	25,120	3.00%
Apple Creek Bank - Tanker Truck	40,510	4.13%
2017 Pickup Truck	5,299	4.00%
John Deere Backhoe	88,673	3.95%
Power Pro COT	38,681	0.00%
OWDA Sewer	56,644	4.00%
OWDA Water	4,472	0.00%
Total	<u>\$ 1,697,100</u>	

Debt was understated by \$10,608 compared to 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, CS03A, 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. Both loans are 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.

OWDA Loans #7887/Sewer & #8241/Water: The sewer loan is to aid in the cost of replacing the Wilmot lift station and the water loan (0%) interest, was issued to cover the cost of the water assessment required by the EPA.

The Village is also a member of the OMEGA JV5 Joint Venture (Refer to Note 10) 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.

The Village is leasing to own a John Deere backhoe with an interest rate of 3.95% and monthly payments starting January 2021 of \$1,386.

**Village of Beach City**  
**Stark County**  
**Notes To The Financial Statements**  
**For The Year Ended December 31, 2020**

**Note 9 – Debt (Continued)**

The Village is leasing to own Equipment through Stryker with a 0% interest rate and annual payments of \$12,894 that started in 2020.

**Amortization**

Amortization of the above debt, including interest, is scheduled as follows: The OWDA #8241 has not provided to us the amortization schedules for their loans, they are not included below:

Year Ending 12/31	Sewer System Bonds	John Deere Backhoe	OPWC Loans	OWDA #7887	OWDA #8241	Apple Creek Bank Loans	2017 Pickup Truck	Stryker Equipment	Total
2021	\$ 77,520	\$ 16,632	\$ 21,917	\$ 7,772	\$ 1,528	\$ 32,733	\$ 5,500	\$ 12,894	\$ 176,496
2022	77,556	16,632	15,930	7,772	1,528	32,734		12,894	165,046
2023	77,540	16,632	15,930	7,772	1,528	32,734		12,893	165,029
2024	77,376	16,632	11,395	7,772	764	18,314			132,253
2025	77,600	16,632	11,395	7,772		3,077			116,476
2026-2030	387,500	16,628	56,975	19,430					480,533
2031-2035	387,500		56,975						444,475
2036-2040	387,500		25,930						413,430
2041-2045	387,500								387,500
<b>Total</b>	<b>\$ 1,937,592</b>	<b>\$ 99,788</b>	<b>\$ 216,447</b>	<b>\$ 58,290</b>	<b>\$ 5,348</b>	<b>\$ 119,592</b>	<b>\$ 5,500</b>	<b>\$ 38,681</b>	<b>\$ 2,481,238</b>

The Village is a member of American Municipal Power (AMP) and has participated in the AMP Generating Station (AMPGS) Project. This project 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 0.15 percent 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. In November 2009, the participants voted to terminate the AMPGS Project due to projected escalating costs. These costs were therefore deemed impaired and participants were obligated to pay costs already incurred. In prior years, the payment of these costs was not considered probable due to AMP’s pursuit of legal action to void them. As a result of a March 31, 2014, legal ruling, the AMP Board of Trustees on April 15, 2014, and the AMPGS participants on April 16, 2014, approved the collection of the impaired costs and provided the participants with an estimate of their liability. The Village’s estimated share at March 31, 2014, of the impaired costs is \$195,317. The Village received a credit of \$54,806 related to their participation in the AMP Fremont Energy Center (AFEC) Project, and another credit of \$50,923 related to the AMPGS costs deemed to have future benefit for the project participants, leaving a net impaired cost estimate of \$89,588. AMP financed these costs on its revolving line of credit. Any additional costs (including line-of-credit interest and legal fees) or amounts received related to the project will impact the Village’s payments. These amounts will be recorded as they become estimable. The Village made payments in 2020 totaling \$12,000, leaving a net impaired cost estimate of \$77,588 at December 31, 2020.

The Village intends to recover these costs and repay AMP over the next 7 years through a power cost adjustment.

**Village of Beach City**  
**Stark County**  
**Notes To The Financial Statements**  
**For The Year Ended December 31, 2020**

**Note 10 – 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 2015, the Village made contributions of \$24,492, 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 3V5). Financing Participants own undivided interests, as tenants in common, without right of partition in the OMEGA 3V5 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-Ohio.

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.

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. Complete financial statements may be obtained from AMP-Inc.



**Village of Beach City**  
**Stark County**  
**Notes To The Financial Statements**  
**For The Year Ended December 31, 2020**

**Note 11 – Public Entity Risk Pool**

The Village participates in the Ohio Municipal League Group Rating Plan (GRP) for worker's compensation. The pool's business and affairs are conducted by a twenty-six member Board of Trustees consisting of fifteen mayors, two council members, three administrators, three finance directors, and three law directors which are voted on by the members for staggered two-year terms. The Executive Director of the Ohio Municipal League serves as the coordinator of the Program. Each year the participants pay an enrollment fee to the program to cover the costs of administering the program.

**Note 12 – Fund Balances**

Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end, there were no encumbrances.

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

**Note 13 – AMP Revenue Coverage**

To provide electric service to the citizens, the Village is a member of Ohio Municipal Electric Generation Agency (OMEGA) Joint Ventures as described in Note 10. The Village is liable for debt related to the financing of the OMEGA joint ventures. The activity is accounted for in the Village's Electric Fund, which is reported as part of the combined Enterprise Fund Type in the financial statements. Summary financial information for the Electric Fund is presented below:

**Village of Beach City**  
**Stark County**  
**Notes To The Financial Statements**  
**For The Year Ended December 31, 2020**

**Note 13 – AMP Revenue Coverage (Continued)**

	2020
Total Fund Cash Balance	\$1,257,469
Total Long-Term Debt	\$0
 <b>Condensed Operating Information:</b>	
Operating Receipts	
Charges for Services	1,508,901
Total Operating Receipts	1,508,901
 Operating Expenses	
Personal Services	(188,183)
Employee Fringe Benefits	(97,641)
Contractual Services	(47,411)
Supplies and Materials	(2,075)
Other	(46,956)
Total Operating Expenses	(376,266)
 Operating Income (Loss)	 1,885,167
 Nonoperating Receipts (Disbursements)	
Investment Income/Capital Outlay	(186,554)
Other Nonoperating Receipts (Disbursements)	(1,006,760)
Change in Fund Cash Balance	(60,679)
Beginning Fund Cash Balance	1,257,469
Ending Fund Cash Balance	\$1,196,790

**Note 14 – Change in Accounting Principles**

For 2020, the Village has made changes to their cash basis reporting model. These changes include modifications to the definition of fiduciary funds, and removing the fund balance classifications from the Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis) – All Governmental Fund Types.

**Note 15 – 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. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Village. The Village’s investment portfolio fluctuates with market conditions, and due to market volatility, the amount of gains or losses that will be realized in subsequent periods, if any, cannot be determined. In addition, the impact on the Village’s future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

**Village of Beach City**  
**Stark County**  
**Notes To The Financial Statements**  
**For The Year Ended December 31, 2020**

**Note 16 – Prior Year Adjustments**

Beginning fund balance for the Special Revenue fund increased by \$29,863 and the Enterprise beginning fund balance decreased by \$29,863, due to Cemetery Fund being moved from an Enterprise fund to a Special Revenue fund.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
REQUIRED BY *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 and 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 of the Village of Beach City, Stark County, Ohio (the Village) as of and for the year ended December 31, 2020, and the related notes to the financial statements and have issued our report thereon dated July 7, 2022, wherein we noted the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit. We also noted the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Village and several changes to its reporting model.

***Internal Control Over Financial Reporting***

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings that we consider a material weakness. We consider finding 2021-001 to be a material weakness.

***Compliance and Other Matters***

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards*, which is described in the accompanying schedule of findings as item 2021-002.

We also noted certain matters not requiring inclusion in this report that we reported to the Village's management in a separate letter dated July 7, 2022.

***Village's Responses to Findings***

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

***Purpose of this Report***

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 & Associates, Inc.***  
July 7, 2022

VILLAGE OF BEACH CITY  
STARK COUNTY

SCHEDULE OF FINDINGS  
December 31, 2021 and 2020

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

**Finding Number: 2021-001 – Material Weakness**

**Audit Adjustments and Reclassifications:**

The Fiscal Officer erroneously recorded several transactions during 2021 and 2020. The more significant adjustments are as follow:

- Recorded homestead and rollbacks of \$17,190 as property and other local taxes instead of intergovernmental receipts in the General fund, Police fund, and Fire Levy fund in 2021.
- In 2020, the Village recorded an OWDA loan payment of \$3,665 incorrectly between principal and interest.
- In 2020, the Village recorded an OWDA loan payment of \$764 as utilities instead of principal.
- In 2021, the Village recorded an OWDA sewer payment of \$3,866 incorrectly between principal and interest as well as recording it in the Water fund instead of the Sewer fund.
- In 2021, the Village recorded a Police Charger principal and interest payment of \$3,077 in the Fire Levy fund instead of the Police Levy fund.
- In 2021 and 2020, the Village recorded \$14,234 and \$13,994 respectively, worth of cable franchise fees as miscellaneous in the General fund when it should be Fines, License, and Permits.
- During 2021 and 2020, changes were necessary to correct various items in the footnotes.
- In 2021 and 2020, the Village reported a spendable endowment fund as a permanent fund rather than a Special Revenue fund.

Various other immaterial posting errors were also noted and brought to the attention of management. The accompanying financial statements and the Village's records have been adjusted to properly reflect these transactions.

Failure to report transactions correctly results in the financial statements not being accurately presented. We recommend that the Fiscal Officer follow the Village Officer's handbook and other Auditor of State guidance to properly classify its transactions. In addition, we recommend the Fiscal Officer review all financial reports to ensure their accuracy.

**Management Response:**

See Corrective Action Plan.

**VILLAGE OF BEACH CITY  
STARK COUNTY**

**SCHEDULE OF FINDINGS - continued  
December 31, 2021 and 2020**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS - continued</b>
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**Finding Number 2021-002 - Ohio Revised Code Non-Compliance**

**Certification of Expenditures**

Ohio Rev. Code Section 5705.41 (D) (1) prohibits a subdivision or taxing entity from making a contract or ordering any expenditure of money unless a certificate signed by a fiscal officer is attached thereto. The fiscal officer must certify that the amount required to meet any such contract or expenditure has been lawfully appropriated and is in the treasury, or is in the process of collection to the credit of an appropriate fund free from any previous encumbrance.

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

1. "Then and Now Certificates" – If the fiscal officer can certify that both at the time that contract or order was made ("then") and at the time that the fiscal officer was completing the certification ("now"), that sufficient funds were available or in the process of collection, to credit of a proper fund, properly appropriated and free from any previous encumbrance, the Village can authorize the drawing of a warrant for payment of the amount due. The Village has thirty days from the receipt of the "then and now" certificate to approve payment by resolution or ordinance.

Amounts of less than \$3,000 may be paid by the fiscal officer without a resolution or ordinance upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the Village.

2. Blanket Certificates - Fiscal officers may prepare "blanket" certificates for a certain sum of money not in excess of an amount established by resolution or ordinance adopted by a majority of members of the legislative authority against any specific line item amount over a period not running beyond the end of the current fiscal year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.
3. Super Blanket Certificates – The Village may also make expenditures and contracts for any amount for a specific line-item appropriation account in a specified fund upon certification of the fiscal officer for most profession services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification is not to extend beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any line item appropriation.

VILLAGE OF BEACH CITY  
STARK COUNTY

SCHEDULE OF FINDINGS - continued  
December 31, 2021 and 2020

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS - continued
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**Finding Number 2021-002 - Ohio Revised Code Non-Compliance** (continued)

**Certification of Expenditures** (continued)

During 2021 and 2020, 16% and 21%, respectively of purchase orders tested were not certified by the Village Fiscal Officer prior to incurring the obligation respectively. The transactions had no evidence of the above mentioned exceptions. Failure to properly certify the availability of funds can result in overspending funds and negative cash fund balance.

Unless the exceptions noted above are used, prior certification is not only required by statute but is a key control in the disbursement process to assure that purchase commitments receive prior approval. To improve controls over disbursements and to help reduce the possibility of the Village's expenditures exceeding budgetary spending limitations, we recommend that the Village certify expenditures prior to incurring the liability.

**Management Response:**

See Corrective Action Plan.



***Village of Beach City***  
***Stark County***  
 Corrective Action Plan (Prepared by Management)  
 December 31, 2021 and 2020

<b>Finding Number</b>	<b>Planned Corrective Action</b>	<b>Anticipated Completion Date</b>	<b>Responsible Contact Person</b>
2021-001	I will work on being more detailed with the recording of the Village's transactions.	ASAP	Debra Rentsch, Treasurer
2021-002	I will focus on certifying expenditures before making a purchase. I will use then and now's when absolutely needed.	ASAP	Debra Rentsch, Treasurer

**Village of Beach City**  
*Stark County*  
*Schedule of Prior Audit Findings (Prepared by Management)*  
*December 31, 2021 and 2020*

<b>Finding Number</b>	<b>Finding Summary</b>	<b>Status</b>	<b>Additional Information</b>
2019-001	Material Weakness Recording of Transactions	Not Corrected	

# 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 9/13/2022**

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

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