



OHIO AUDITOR OF STATE  
**KEITH FABER**





# OHIO AUDITOR OF STATE KEITH FABER



101 Central Plaza South  
700 Chase Tower  
Canton, Ohio 44702-1509  
(330) 438-0617 or (800) 443-9272  
EastRegion@ohioauditor.gov

September 1, 2020

Beach City Community Improvement Corporation  
Stark County  
PO Box 277  
Beach City, Ohio 44608

We have completed certain procedures in accordance with Ohio Rev. Code Section 117.01(G) to the accounting records and related documents of the Beach City Community Improvement Corporation, Stark County, (the Corporation) for the years ended December 31, 2019 and 2018.

Our procedures were designed solely to satisfy the audit requirements of Ohio Rev. Code Section 117.11(A). Because our procedures were not designed to opine on the Corporation's financial statements, we did not follow *generally accepted auditing standards*. We do not provide any assurance on the Corporation's financial statements, transactions or balances for the years ended December 31, 2019 and 2018.

The Corporation's management is responsible for preparing and maintaining its accounting records and related documents. Our responsibility under Ohio Rev. Code Section 117.11(A) is to examine, analyze and inspect these records and documents.

Based on the results of our procedures, we found the following significant compliance or accounting issues to report.

## Current Year Observations

1. Ohio Revised Code § 1724.05 requires each community improvement corporation to file its financial report with the Auditor of State within 120 days following the last day of the corporation's fiscal year. The Auditor of State may extend the deadline for filing a financial report. The Corporation filed their fiscal year 2019 financial reports with the Auditor of State on July 9, 2020; however, the fiscal year 2019 financial report was required to be filed with the Auditor of State on May 29, 2020.

The Corporation should implement controls to help ensure the timely filing of financial reports with the Auditor of State.

2. Segregation of duties provides two significant benefits: (1) a deliberate fraud is more difficult because it requires collusion of two or more persons and (2) it is more likely an error will be detected. Proper segregation of duties is not possible when only one or two people handle all four aspects of the internal control cycle (record keeping, authorization, custody and reconciliation). We identified weakness with receipts because the same person receiving cash also deposits the cash and records it. In addition, a duplicate receipt book is not used.

Due to the size of the Corporation, segregating every function may not be financially feasible; however, careful consideration of which functions need to be separated should be completed.

3. Sound accounting practices require that when designing the public office's system of internal control and the specific control activities, management should ensure adequate security of assets and records, and verify the existence and valuation of assets and liabilities and periodically reconcile them to the accounting records. The reconciliation of cash (bank) balances to accounting system records (book) to the accounting system is the most basic and primary control process performed. Lack of completing an accurate and timely reconciliation may allow for accounting errors, theft and fraud to occur without timely detection. The Treasurer is responsible for reconciling the book (fund) balance to the total bank balance on a monthly basis, and the Governing Board is responsible for reviewing the reconciliations and related support. The December 2019 and June 2020 bank to book reconciliations included a \$250 dollar unsupported adjustment that was not recorded in the check register until July 7, 2020. Failure to reconcile monthly increases the possibility that the Corporation will not be able to identify, assemble, analyze, classify, and record its transactions correctly or to document compliance with finance related legal and contractual requirements. Further, the lack of accurate monthly reconciliations increases the risk of theft/fraud over the cash cycle and could lead to inaccurate reporting in the annual financial statements.

The Treasurer should prepare monthly bank to book cash reconciliations. Variances should be investigated, documented and corrected. In addition, the Governing Board should review the monthly cash reconciliations including the related support (such as reconciling items) and document the reviews.

#### **Current Status of Matters Reported in our Prior Engagement**

4. Our prior audit for the years ended December 31, 2017 and 2016 included a matter of a deposit for \$69 that did not appear on the deposit ledger or the financial statements. A similar matter was not identified during the current engagement.



Keith Faber  
Auditor of State

Columbus, Ohio

September 1, 2020

# OHIO AUDITOR OF STATE KEITH FABER



**BEACH CITY COMMUNITY IMPROVEMENT CORPORATION**

**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 9/15/2020**

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

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