

VILLAGE OF BEACH CITY

STARK COUNTY

Regular Audit

For the Years Ended December 31, 2023 and 2022





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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, 2022 through December 31, 2023. 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

July 31, 2024

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Village of Beach City
Stark County
For the Years Ended December 31, 2023 and 2022

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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 comprise the cash balances, receipts and disbursements for each governmental and proprietary fund type as of and for the years ended December 31, 2023 and 2022, and the related notes to the financial statements.

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 years ended December 31, 2023 and 2022, and the related notes to the financial statements, in accordance with the financial reporting provisions which Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit, described in Note 2.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* section of our report, the accompanying financial statements do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2023 and 2022, or the changes in financial position or its cash flows, thereof for the years then ended.

Basis for Opinions

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

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

As described in Note 2 of the financial statements, the financial statements are prepared by 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.

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 May 10, 2024 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.
May 10, 2024

**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, 2023**

	Governmental Fund Types			Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	
Cash Receipts				
Property and Other Local Taxes	\$ 62,422	\$ 80,262	\$ -	\$ 142,684
Municipal Income Tax	98,701	39,327	24,873	162,901
Intergovernmental	40,032	124,418	-	164,450
Special Assessments	82	-	-	82
Charges for Services	20	121,798	-	121,818
Fines, Licenses and Permits	9,779	-	-	9,779
Earnings on Investments	5,264	3,504	-	8,768
Miscellaneous	20,209	2,856	-	23,065
<i>Total Cash Receipts</i>	<u>236,509</u>	<u>372,165</u>	<u>24,873</u>	<u>633,547</u>
Cash Disbursements				
Current:				
Security of Persons & Property	145,717	149,341	-	295,058
Public Health Services	1,345	25,034	-	26,379
Leisure Time Activities	20,776	-	-	20,776
Transportation	15,223	151,517	-	166,740
General Government	112,932	-	-	112,932
Capital Outlay	2,434	50,778	24,243	77,455
Debt Service:				
Principal Retirement	300	60,586	1,183	62,069
Interest & Fiscal Charges	110	1,879	202	2,191
<i>Total Cash Disbursements</i>	<u>298,837</u>	<u>439,135</u>	<u>25,628</u>	<u>763,600</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	(62,328)	(66,970)	(755)	(130,053)
Other Financing Receipts (Disbursements)				
Sale of Fixed Assets	37,860	12,677	-	50,537
Other Financing Sources	189	-	-	189
Other Financing Uses	(21,181)	(17,823)	-	(39,004)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>16,868</u>	<u>(5,146)</u>	<u>-</u>	<u>11,722</u>
<i>Net Change in Fund Cash Balances</i>	(45,460)	(72,116)	(755)	(118,331)
<i>Fund Cash Balances, January 1</i>	<u>60,831</u>	<u>273,524</u>	<u>32,941</u>	<u>367,296</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 15,371</u>	<u>\$ 201,408</u>	<u>\$ 32,186</u>	<u>\$ 248,965</u>

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

**Village of Beach City
Stark County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances - Regulatory Cash Basis
Proprietary Fund Type
For the Year Ended December 31, 2023**

	Proprietary Fund Type
	Enterprise
Operating Cash Receipts	
Charges for Services	\$ 2,164,957
Miscellaneous	2,380
	<u>2,167,337</u>
<i>Total Operating Cash Receipts</i>	<i>2,167,337</i>
Operating Cash Disbursements	
Personal Services	574,684
Transportation	77
Contractual Services	1,122,829
Supplies and Materials	180,666
	<u>1,878,256</u>
<i>Total Operating Cash Disbursements</i>	<i>1,878,256</i>
<i>Operating Income (Loss)</i>	<i>289,081</i>
Non-Operating Receipts (Disbursements)	
Capital Outlay	(114,096)
Intergovernmental	13,680
Earnings on Investments	2,729
Sale of Fixed Assets	15,520
Miscellaneous Receipts	46,177
Other Debt Proceeds	22,585
Other Financing Sources	9,747
Other Financing Uses	(23,845)
Principal Retirement	(84,710)
Interest and Other Fiscal Charges	(10,343)
	<u>(122,556)</u>
<i>Total Non-Operating Receipts (Disbursements)</i>	<i>(122,556)</i>
<i>Net Change in Fund Cash Balance</i>	<i>166,525</i>
<i>Fund Cash Balances, January 1</i>	<i>1,902,054</i>
	<u>1,902,054</u>
<i>Fund Cash Balances, December 31</i>	<i>\$ 2,068,579</i>
	<u>\$ 2,068,579</u>

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, 2023

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.

Joint Ventures, Jointly Governed Organizations and Public Entity Risk Pool

The Village participates in joint ventures, jointly governed organizations, and a public entity risk pool. Notes 6, 11, and 12 to the financial statements provides additional information for these entities which 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)

Public Entity Risk Pool:

Ohio Plan Risk Management, Inc.(OPRM)

The Village’s management believes these financial statements present all activities for which the Village is financially accountable, except the financial statements do not include debt service funds external custodians maintain. Note 14 to the financial statements describes these assets.

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

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.

Village of Beach City
Stark County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 2 – Summary of Significant Accounting Policies (Continued)

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 The street construction maintenance and repair fund accounts for and reports that portion of the State gasoline tax and motor vehicle license registration fees restricted for the purpose of construction, maintenance, and repair of streets within the Village.

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:

Fire Levy Fund The fire levy fund accounts for monies derived from the fire levy to provide fire services for 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 The electric operating fund accounts for the provision of electric services to the residents and commercial users located within the Village.

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (C). This basis is similar to the cash receipts and disbursements accounting basis. 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.

Village of Beach City
Stark County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 2 – Summary of Significant Accounting Policies (Continued)

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 The Ohio Revised Code requires the Village to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year.

A summary of 2023 budgetary activity appears in Note 3.

Deposits and Investments

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.

The Village values U.S. Treasury Notes at cost. 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.

SBITAs

The Village has entered into noncancelable Subscription-Based Information Technology Arrangements (SBITA) contracts (as defined by GASB 96) for several types of software including contracts related to financial systems and various other software. Subscription disbursements are recognized when they are paid.

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.

Village of Beach City
Stark County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 2 – Summary of Significant Accounting Policies (Continued)

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.

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 13.

Note 3 – Budgetary Activity

Budgetary activity for the year ending December 31, 2023 follows:

2023 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 174,984	\$ 274,558	\$ 99,574
Special Revenue	434,625	384,842	(49,782)
Capital Projects	24,000	24,873	873
Enterprise	2,390,872	2,277,775	(113,097)

2023 Budgeted vs. Actual Budgetary Basis Disbursements			
Fund Type	Appropriation Authority	Budgetary Disbursements	Variance
General	\$ 237,554	\$ 320,018	\$ (82,464)
Special Revenue	710,493	456,958	253,535
Capital Projects	52,862	25,628	27,234
Enterprise	4,292,925	2,111,250	2,177,045

Village of Beach City
Stark County
Notes to the Financial Statements
For the Year Ended December 31, 2023

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:

	<u>2023</u>
Demand deposits	\$ 2,307,844
Petty Cash	<u>600</u>
Total deposits	2,308,444
STAR Ohio	<u>9,100</u>
Total investments	<u>9,100</u>
Total deposits and investments	<u>\$ 2,317,544</u>

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, 2023, the Village did not have any unremitted employee payroll withholdings.

Deposits

Deposits are insured by the Federal Depository Insurance Corporation, or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

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.

Village of Beach City
Stark County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 5 – Taxes (continued)

Local 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.

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.

Effective November 1, 2016, the OPRM elected to participate in a property loss corridor deductible. The property corridor includes losses paid between 70% and 75%. In 2018, the casualty loss corridor was eliminated and the property corridor was adjusted to losses paid between 65% and 70%. Effective November 1, 2019, the property loss corridor was adjusted to losses between 60% and 67.5% and has remain unchanged. OPRM had 773 members as of December 31, 2022.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2022. (latest information available)

Assets	\$21,662,291
Liabilities	<u>(18,158,351)</u>
Members' Equity	<u>\$ 3,503,940</u>

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

Note 7 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

Most of the Village's 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 healthcare and survivor and disability benefits.

Village of Beach City
Stark County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 7 – Defined Benefit Pension Plans (Continued)

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10% of their gross salaries and the Village contributed an amount equaling 14% of participants' gross salaries. The Village has paid all contributions required through December 31, 2023.

Ohio Police and Fire Retirement System

The Village's full-time Police Officers belong to the Ohio Police and Fire Retirement System (OP&F). OP&F is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement 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. The Village has paid all contributions required through December 31, 2023.

Social Security

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

Employees contributed 6.2% of their gross salaries. The Village contributed an amount equal to 6.2% of participants' gross salaries. The Village has paid all contributions required through December 31, 2023.

Note 8 – Postemployment Benefits

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans. OPERS offers a health reimbursement arrangement (HRA) allowance to benefit recipients meeting certain age and service credit requirements. The HRA is an account funded by OPERS that provides tax-free reimbursement for qualified medical expenses such as monthly post-tax insurance premiums, deductibles, co-insurance, and co-pays incurred by eligible benefit recipients and their dependents. OP&F uses a stipend-based health care model. A stipend funded by OP&F is placed in individual Health Reimbursement Accounts that retirees use to be reimbursed for health care expenses. For calendar year 2023, the portion of OPERS employer contributions allocated to health care was 0% for members in the traditional pension plan and 2% for members in the combined plan. For 2023, the portion of employer contributions OPERS allocated to health care for members in the member-directed plan was 4%; however, a portion of the health care rate was funded with reserves. OP&F contributes 0.5% to fund these benefits.

Village of Beach City
Stark County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 9 – Debt

Debt outstanding at December 31, 2023, was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
OWDA 7887	\$ 30,521	0.59%
OWDA 9784	1,084,556	0.50%
OWDA 9998	21,799	3.66%
OPWC CS01S	165,228	0.00%
Stryker Fire	39,545	0.00%
Apple Creek Bank - Ambulance	4,517	4.10%
Apple Creek Bank - Tanker	6,311	4.13%
John Deere - Backhoe	46,294	3.95%
Apple Creek Bank - Police Car	8,854	3.90%
	<u>\$ 1,407,625</u>	

The Sewer System Mortgage Revenue Bonds, were refinanced through OWDA (#9784) at the interest rate of .5% over a period of 19 years. This amount was obtained to reduce interest costs and pay for water and wastewater plant expansion projects that were mandated by the Ohio Environmental Protection Agency. 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.

The OWDA loan #9998 accruing interest at 3.66% annually, was obtained to pay for waste treatment plant improvements. The loan term starts January 2024 and will be repaid by July 2028.

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.

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 11) 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.

The Village is leasing to own Equipment though Stryker with a 0% interest rate and quarterly payments of \$3,295.45 started in 2023.

Village of Beach City
Stark County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 9 – Debt (Continued)

Amortization

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

Year Ending December 31:	OWDA	OPWC	Leases	Stryker
2024	\$ 69,183	\$ 11,395	\$ 42,569	\$ 13,182
2025	69,183	11,395	19,705	13,182
2026	69,183	11,395	16,628	13,182
2027	65,317	11,395	-	-
2028	61,451	11,395	-	-
2028-2032	307,255	56,975	-	-
2033-2037	307,255	51,278	-	-
2038-2042	215,079	-	-	-
Total	<u>\$ 1,163,906</u>	<u>\$ 165,228</u>	<u>\$ 78,902</u>	<u>\$ 39,545</u>

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 2023 totaling \$12,000, leaving a net impaired cost estimate of \$65,588 at December 31, 2023.

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

Note 10 – Contingent Liabilities

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

Village of Beach City
Stark County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 11 – Joint Ventures

LOGIC

The Village is a member of the Local Organized Governments in Cooperation (LOGIC) RED Center Operations, a statutorily created political subdivision of the State formed in 1986 to provide safety dispatching services. LOGIC is a joint venture among the Villages and Cities, with each participant providing one representative. Each representative has a membership share based on the percentage of contractual financial contributions to the total funding, and each participant is entitled to vote its percentage share. The Board has total authority over the operation of LOGIC, including budgeting, appropriating, contracting, and designating management. Continued existence of LOGIC is not dependent on the Village's continued participation. LOGIC does not provide specific financial benefits or impose specific financial burdens on the Village. During 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 12 – 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, 2023

Note 13 – 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 14 – 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 c-04-93-1541BC. 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:

	2023
Total Fund Cash Balance	\$ 1,649,855
Condensed Operating Information:	
Operating Receipts	
Charges for Services	1,446,902
Total Operating Receipts	3,096,757
Operating Expenses	
Personal Services	(215,839)
Employee Fringe Benefits	(77,525)
Contractual Services	(952,776)
Supplies and Materials	(32,266)
Other	(16,297)
Total Operating Expenses	(1,294,703)
Operating Income (Loss)	152,199
Nonoperating Receipts (Disbursements)	
Investment Income/Capital	(68,685)
Principal	(2,423)
Interest	(348)
Other Nonoperating Receipts	47,869
Transfers	(85,648)
Change in Fund Cash Balance	42,964
Beginning Fund Cash Balance	1,649,855
Ending Fund Cash Balance	\$ 1,692,819

**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, 2022**

	Governmental Fund Types			Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	
Cash Receipts				
Property and Other Local Taxes	\$ 59,578	\$ 98,219	\$ -	\$ 157,797
Municipal Income Tax	99,528	39,493	18,943	157,964
Intergovernmental	32,022	182,757	-	214,779
Charges for Services	10	138,684	-	138,694
Fines, Licenses and Permits	10,332	-	-	10,332
Earnings on Investments	2,315	5,932	-	8,247
Miscellaneous	26,289	5,569	-	31,858
<i>Total Cash Receipts</i>	<u>230,074</u>	<u>470,654</u>	<u>18,943</u>	<u>719,671</u>
Cash Disbursements				
Current:				
Security of Persons & Property	114,907	153,658	-	268,565
Public Health Services	602	15,055	-	15,657
Leisure Time Activities	2,845	-	-	2,845
Transportation	2,088	130,027	-	132,115
General Government	87,066	-	-	87,066
Capital Outlay	1,845	101,089	4,329	107,263
Debt Service:				
Principal Retirement	5,419	40,643	1,168	47,230
Interest & Fiscal Charges	734	2,995	218	3,947
<i>Total Cash Disbursements</i>	<u>215,506</u>	<u>443,467</u>	<u>5,715</u>	<u>664,688</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	14,568	27,187	13,228	54,983
Other Financing Receipts (Disbursements)				
Sale of Fixed Assets	33,600	-	-	33,600
Other Financing Sources	-	1,638	-	1,638
Other Financing Uses	(8,616)	(5,871)	-	(14,487)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>24,984</u>	<u>(4,233)</u>	<u>-</u>	<u>20,751</u>
<i>Net Change in Fund Cash Balances</i>	39,552	22,954	13,228	75,734
<i>Fund Cash Balances, January 1</i>	<u>21,279</u>	<u>250,570</u>	<u>19,713</u>	<u>291,562</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 60,831</u>	<u>\$ 273,524</u>	<u>\$ 32,941</u>	<u>\$ 367,296</u>

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

**Village of Beach City
Stark County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances - Regulatory Cash Basis
Proprietary Fund Type
For the Year Ended December 31, 2022**

	Enterprise
Operating Cash Receipts	
Charges for Services	\$ 2,237,304
Miscellaneous	474
	2,237,778
<i>Total Operating Cash Receipts</i>	<i>2,237,778</i>
Operating Cash Disbursements	
Personal Services	611,292
Transportation	1,394
Contractual Services	1,225,011
Supplies and Materials	191,677
	2,029,374
<i>Total Operating Cash Disbursements</i>	<i>2,029,374</i>
<i>Operating Income (Loss)</i>	<i>208,404</i>
Non-Operating Receipts (Disbursements)	
Earnings on Investments	5,394
Loans Issued	1,138,388
Sale of Notes	549
Other Financing Sources	13,031
Sale of Fixed Assets	61,108
Miscellaneous Receipts	22,441
Capital Outlay	(30,001)
Principal Retirement	(1,190,572)
Interest and Other Fiscal Charges	(66,267)
Other Financing Uses	(5,140)
	(51,069)
<i>Total Non-Operating Receipts (Disbursements)</i>	<i>(51,069)</i>
<i>Net Change in Fund Cash Balance</i>	<i>157,335</i>
<i>Fund Cash Balances, January 1</i>	<i>1,744,719</i>
<i>Fund Cash Balances, December 31</i>	<i>\$ 1,902,054</i>

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, 2022

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.

Joint Ventures, Jointly Governed Organizations and Public Entity Risk Pool

The Village participates in joint ventures, jointly governed organizations, and a public entity risk pool. Notes 6, 11, and 12 to the financial statements provides additional information for these entities which 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)

Public Entity Risk Pool:

Ohio Plan Risk Management, Inc.(OPRM)

The Village’s management believes these financial statements present all activities for which the Village is financially accountable, except the financial statements do not include debt service funds external custodians maintain. Note 14 to the financial statements describes these assets.

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

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.

Village of Beach City
Stark County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 2 – Summary of Significant Accounting Policies (Continued)

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

Street Construction Maintenance and Repair The street construction maintenance and repair fund accounts for and reports that portion of the State gasoline tax and motor vehicle license registration fees restricted for the purpose of construction, maintenance, and repair of streets within the Village.

Police Levy Fund The police levy fund accounts for monies derived from the police levy to provide police services to the Village.

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:

Fire Levy Fund The fire levy fund accounts for monies derived from the fire levy to provide fire services for 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 funds:

Electric Fund The electric operating fund accounts for the provision of electric services to the residents and commercial users located within the Village.

Sewer Operating Fund The sewer operating fund accounts for the provision of sanitary sewer services to the residents and commercial users located within the Village.

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (C). This basis is similar to the cash receipts and disbursements accounting basis. 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.

Village of Beach City
Stark County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 2 – Summary of Significant Accounting Policies (Continued)

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 The Ohio Revised Code requires the Village to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year.

A summary of 2022 budgetary activity appears in Note 3.

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.

Village of Beach City
Stark County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 2 – Summary of Significant Accounting Policies (Continued)

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.

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 13.

Note 3 – Budgetary Activity

Budgetary activity for the year ending December 31, 2022 follows:

2022 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 237,726	\$ 263,674	\$ 25,948
Special Revenue	536,444	472,292	(64,151)
Capital Projects	-	18,943	18,943
Enterprise	2,438,500	3,478,689	1,040,189

2022 Budgeted vs. Actual Budgetary Basis Disbursements			
Fund Type	Appropriation Authority	Budgetary Disbursements	Variance
General	\$ 260,084	\$ 224,122	\$ 35,962
Special Revenue	841,601	449,338	392,263
Capital Projects	15,634	5,715	9,919
Enterprise	4,183,219	3,321,354	861,865

Village of Beach City
Stark County
Notes to the Financial Statements
For the Year Ended December 31, 2022

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:

	<u>2022</u>
Demand deposits	\$ 2,010,113
Certificates of deposit	250,000
Petty Cash	<u>600</u>
Total deposits	2,260,713
STAR Ohio	<u>8,637</u>
Total investments	<u>8,637</u>
Total deposits and investments	<u><u>\$ 2,269,350</u></u>

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, 2022, the Village is holding \$0 in unremitted employee payroll withholdings.

Deposits

Deposits are insured by the Federal Depository Insurance Corporation, or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

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.

Village of Beach City
Stark County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 5 – Taxes (continued)

Local 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.

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.

Effective November 1, 2016, the OPRM elected to participate in a property loss corridor deductible. The property corridor includes losses paid between 70% and 75%. In 2018, the casualty loss corridor was eliminated and the property corridor was adjusted to losses paid between 65% and 70%. Effective November 1, 2019, the property loss corridor was adjusted to losses between 60% and 67.5% and has remain unchanged. OPRM had 773 members as of December 31, 2022.

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

Assets	\$21,662,291
Liabilities	<u>(18,158,351)</u>
Members' Equity	<u>\$ 3,503,940</u>

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

Note 7 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

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.

Village of Beach City
Stark County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 7 – Defined Benefit Pension Plans (continued)

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10% of their gross salaries and the Village contributed an amount equaling 14% of participants' gross salaries. The Village has paid all contributions required through December 31, 2022.

Ohio Police and Fire Retirement System

The Village's full-time Police Officers belong to the Ohio Police and Fire Retirement System (OP&F). OP&F is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement 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. The Village has paid all contributions required through December 31, 2022.

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% of their gross salaries. The Village contributed an amount equal to 6.2% of participants' gross salaries. The Village has paid all contributions required through December 31, 2022.

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% during calendar year 2022. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4% during calendar year 2022. OP&F contributes 0.5% to fund these benefits.

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

Village of Beach City
Stark County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 9 – Debt

Debt outstanding at December 31, 2022, was as follows:

	Principal	Interest Rate
OWDA 7887	\$ 38,040	0.59%
OWDA 8241	653	0.00%
OWDA 9784	1,138,388	0.50%
OPWC CS01S	176,623	0.00%
Stryker Cot	12,893	0.00%
Apple Creek Bank - Ambulance	17,495	4.10%
Apple Creek Bank - Tanker	18,612	4.13%
John Deere - Backhoe	61,430	3.95%
Apple Creek Bank - Police Car	14,483	3.90%
	<u>\$ 1,478,617</u>	

Debt was understated by \$509 compared to 2021.

The Sewer System Mortgage Revenue Bonds, were refinanced through OWDA (#9784) at the interest rate of .5% over a period of 19 years. This amount was obtained to reduce interest costs and pay for water and wastewater plant expansion projects that were mandated by the Ohio Environmental Protection Agency. 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.

The OWDA loan #9998 accruing interest at 3.66% annually, was obtained to pay for waste treatment plant improvements. The loan term starts January 2024 and will be repaid by July 2028.

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.

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 11) 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 2022 of \$1,386.

Village of Beach City
Stark County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 9 – Debt (continued)

Amortization

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

Year Ending December 31:	OWDA	OPWC	Leases
2023	\$ 35,245	\$ 11,395	\$ 42,863
2024	69,183	11,395	42,569
2025	69,183	11,395	19,705
2026	69,183	11,395	16,628
2027	69,183	11,395	-
2028-2032	307,255	56,975	-
2033-2037	307,255	56,975	-
2038-2042	276,530	5,698	-
Total	<u>\$1,203,017</u>	<u>\$ 176,623</u>	<u>\$ 121,765</u>

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 2022 totaling \$12,000, leaving a net impaired cost estimate of \$65,588 at December 31, 2022.

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, 2022

Note 10 – Contingent Liabilities

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

Note 11 – Joint Ventures

LOGIC

The Village is a member of the Local Organized Governments in Cooperation (LOGIC) RED Center Operations, a statutorily created political subdivision of the State formed in 1986 to provide safety dispatching services. LOGIC is a joint venture among the Villages and Cities, with each participant providing one representative. Each representative has a membership share based on the percentage of contractual financial contributions to the total funding, and each participant is entitled to vote its percentage share. The Board has total authority over the operation of LOGIC, including budgeting, appropriating, contracting, and designating management. Continued existence of LOGIC is not dependent on the Village's continued participation. LOGIC does not provide specific financial benefits or impose specific financial burdens on the Village. During 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, 2022

Note 12 – 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 13 – 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.

Village of Beach City
Stark County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 14 – 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 c-04-93-1541BC. 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:

	2022
Total Fund Cash Balance	\$ 1,454,329
Condensed Operating Information:	
Operating Receipts	
Charges for Services	1,514,852
Total Operating Receipts	2,969,181
Operating Expenses	
Personal Services	(192,784)
Employee Fringe Benefits	(93,152)
Contractual Services	(1,026,581)
Supplies and Materials	(24,314)
Other	(1,074)
Total Operating Expenses	(1,337,905)
Operating Income (Loss)	176,947
Nonoperating Receipts (Disbursements)	
Investment Income/Capital	(20,013)
Principal	
Interest	
Other Nonoperating Receipts	38,592
Transfers	
Change in Fund Cash Balance	195,525
Beginning Fund Cash Balance	1,454,329
Ending Fund Cash Balance	\$ 1,649,854

. 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. Ohio’s state of emergency ended in June, 2021 while the national state of emergency ended in April 2023. During 2022, the Village received COVID-19 funding. The financial impact of COVID-19 and the continuing emergency measures 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.

**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 by 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 years ended December 31, 2023 and 2022 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 May 10, 2024, wherein we noted the Village followed financial reporting provisions Ohio Rev. Code § 117.38 and Ohio Admin. Code 117-2-03(C) permit.

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 deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify a certain deficiency in internal control, described in the accompanying Schedule of Findings that we consider a material weakness. We consider finding 2023-001 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We also noted a certain other matter not requiring inclusion in this report that we reported to the Village's management in a separate letter dated May 10, 2024.

Village's Response to Finding

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

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.
May 10, 2024

Village of Beach City
Stark County
Schedule of Findings
December 31, 2023 and 2022

Findings Related to the Financial Statements Required to be Reported in Accordance with GAGAS
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Finding Number 2023-001 - Material Weakness

Audit Adjustments and Reclassifications

During 2023 and 2022, errors were noted in the Village’s financial statements that required audit adjustments and reclassifications, the most significant of which are as follows:

- In 2022, the Village recorded Principal payments of \$87 as Interest and Fiscal Charges in General Fund.
- In 2022, the Village recorded Interest payments of \$431 as Principal payments in General Fund.
- In 2022, the Village recorded Charges for services of \$1,000 in the Permanent Fund rather than in the Special Revenue Fund.
- In 2022, the Village recorded Earnings on Investments of \$2,436 in Permanent Fund rather than in the Special Revenue Fund.
- In 2022, the Village recorded Principal payments of \$7,964 as Capital Outlay in Enterprise Fund.
- In 2023, direct vendor payments of \$22,585 by OWDA were not recorded as Other Debt Proceeds and Capital Outlay.
- In 2023, the Village recorded Principal payments of \$13,182 as Security of Persons & Property in Special Revenue Fund.
- In 2022, Refinanced USDA bond of \$1,138,388 by OWDA was not recorded as Other Debt Proceeds and Principal retirement.
- During 2023 and 2022, changes were necessary to correct various items in the footnotes.
- Prior audit adjustments cited in the prior audit of \$42,902 from the Permanent Fund to the Special Revenue Fund and \$4,080 from General Fund to the Capital Project Fund were not posted to the Village’s records.

Adjustments were made in the audited financial statements to reflect the proper presentation.

Sound financial reporting is the responsibility of the Village and is essential to ensure the information provided to the readers of the financial statements is complete and accurate. We recommend the Village adopt policies and procedures to identify and correct errors and omissions in a timely manner. Management can use the Village Officer’s Handbook, the Uniform Accounting Network Manual and other Auditor of State (AOS) guidance to aid in properly identifying account classifications and preparing annual financial statements. Also, the Village should use the footnote template on the AOS website at ohioauditor.gov.

Management’s Response:

See Corrective Action Plan.

Village of Beach City
Stark County
Schedule of Prior Audit Findings (Prepared by Management)
December 31, 2023 and 2022

Finding Number	Finding Summary	Status	Additional Information
2021-001	Recording of Transactions	Not corrected	
2021-002	Certification of Expenditures	Partially corrected	

Village of Beach City
Stark County
Corrective Action Plan (Prepared by Management)
December 31, 2023 and 2022

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2023-001	I will work on being more detailed with the recording of the Village's transactions.	Immediately	Kaylee Geiser, Fiscal Officer

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OHIO AUDITOR OF STATE KEITH FABER



VILLAGE OF BEACH CITY

STARK COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 8/13/2024

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

This report is a matter of public record and is available online at
www.ohioauditor.gov