



OHIO AUDITOR OF STATE  
**KEITH FABER**





**VILLAGE OF CRAIG BEACH  
MAHONING COUNTY**  
**TABLE OF CONTENTS**  
**DECEMBER 31, 2020 AND 2019**

<b>TITLE</b>	<b>PAGE</b>
Independent Auditor's Report .....	1
<b>Prepared by Management:</b>	
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Cash Basis) - All Governmental Fund Types FYE 12/31/20 .....	5
Notes to the Financial Statements FYE 12/31/20 .....	7
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Cash Basis) - All Governmental Fund Types FYE 12/31/19 .....	15
Notes to the Financial Statements FYE 12/31/19.....	17
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> .....	23
Schedule of Findings .....	25
<b>Prepared by Management:</b>	
Summary Schedule of Prior Audit Findings .....	29

**This page intentionally left blank.**



**INDEPENDENT AUDITOR'S REPORT**

Village of Craig Beach  
Mahoning County  
2538 Grandview Road  
Lake Milton, Ohio 44429

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 fund type, as of and for the years ended December 31, 2020 and 2019, and related notes of the Village of Craig Beach, Mahoning County, Ohio (the Village).

***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(D) 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(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably 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(D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

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

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village, as of December 31, 2020 and 2019, and the respective changes in financial position thereof for the year then ended.

***Basis for Adverse Opinion on Regulatory Basis of Accounting – General and Special Revenue***

Ohio Revised Code § 5705.10 requires that all revenue derived from a special levy shall be credited to a special fund for the purpose for which the levy was made. During 2005, 2006 and 2007, the Village posted homestead and rollback monies into the General Fund rather than the Street Levy, Fire Levy and Fire Apparatus Funds. The adjustment required to record these monies in the Street Levy, Fire Levy and Fire Apparatus Funds follows:

Fund	Misstatement as of December 31, 2018 through December 31, 2020
General Fund	(\$13,912)
Special Revenue Funds:	
Street Levy Fund	6,956
Fire Levy Fund	3,478
Fire Apparatus Fund	3,478
Total Special Revenue Funds	\$13,912

Management has declined to record these adjustments from 2005, 2006 and 2007 in their accounting records and the accompanying financial statements do not reflect them.

***Adverse Opinion on Regulatory Basis of Accounting – General and Special Revenue***

In our opinion, except for the effects of the failure to record the prior adjustment as discussed in the *Basis for Adverse Opinion on Regulatory Basis of Accounting – General and Special Revenue*, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements by fund type, and related notes of the Village of Craig Beach, Mahoning County as of December 31, 2020, and 2019, for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 2.

***Emphasis of Matter***

As discussed in Note 13 to the 2020 financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Village. We did not modify our opinion regarding this matter.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated February 17, 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.



Keith Faber  
Auditor of State  
Columbus, Ohio

February 17, 2022

**This page intentionally left blank.**



**Village of Craig Beach, Ohio**  
*Mahoning 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*

	General	Special Revenue	Totals (Memorandum Only)
<b>Cash Receipts</b>			
Property and Other Local Taxes	\$38,641	\$137,905	\$176,546
Intergovernmental	15,683	151,646	167,329
Charges for Services		438	438
Fines, Licenses and Permits	23,100	8,665	31,765
Earnings on Investments	865	136	1,001
Miscellaneous	190	1,200	1,390
<i>Total Cash Receipts</i>	<u>78,479</u>	<u>299,990</u>	<u>378,469</u>
<b>Cash Disbursements</b>			
Current:			
Security of Persons and Property		74,733	74,733
Public Health Services	5,848		5,848
Community Environment	10,040	16,537	26,577
Basic Utility Services	7,011		7,011
Transportation		72,819	72,819
General Government	38,282	32,838	71,120
<i>Total Cash Disbursements</i>	<u>61,181</u>	<u>196,927</u>	<u>258,108</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>17,298</u>	<u>103,063</u>	<u>120,361</u>
<b>Other Financing Receipts (Disbursements)</b>			
Transfers In		4,000	4,000
Transfers Out	(4,000)		(4,000)
Other Financing Sources	314		314
Other Financing Uses	(16,902)	(16,828)	(33,730)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(20,588)</u>	<u>(12,828)</u>	<u>(33,416)</u>
<i>Net Change in Fund Cash Balances</i>	(3,290)	90,235	86,945
<i>Fund Cash Balances, January 1</i>	<u>29,034</u>	<u>335,356</u>	<u>364,390</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$25,744</u></u>	<u><u>\$425,591</u></u>	<u><u>\$451,335</u></u>

See accompanying notes to the basic financial statements

**This page intentionally left blank.**

**Village of Craig Beach, Ohio**  
*Mahoning County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

---

**Note 1 – Reporting Entity**

The Village of Craig Beach (the Village), Mahoning County, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly-elected six-member Council directs the Village. The Village provides park operations, and police services. The Village contracts with the Craig Beach Volunteer Fire Department to receive fire protection services. The Village appropriates Fire Levy Fund and Fire Apparatus Levy Fund money to support a volunteer fire department.

**Public Entity Risk Pools**

The Village participates in the Ohio Plan Risk Management, Inc., a public entity risk pool. Note 6 to the financial statements provides additional information for this entity.

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

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

**Basis of Presentation**

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

**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 Funds:

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

**Street Levy Fund** – This fund receives tax money from a special levy approved by the electors for constructing, maintaining, and repairing Village streets.

**Fire Levy Fund** – This fund receives tax money from a special levy approved by the electors for fire and emergency medical services which are contracted out to a private Fire Department.

**Corona Virus Relief Fund** – This fund received CARES Act funding through Mahoning County.

**Village of Craig Beach, Ohio**  
*Mahoning County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

---

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

**Fire Apparatus and Equipment Levy Fund** – This fund receives tax money from a special levy approved by the electors for purchasing of equipment for the Fire Department that holds the Fire Contract at the time. A list of needed equipment, repairs and/or protective clothing needed, along with the cost, must be presented to Village Council for approval.

**Police Levy Fund** – This fund receives tax money from a special levy approved by the electors to provide police protection for the Village residents.

***Basis of Accounting***

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D). This basis is similar to the cash receipts and disbursements accounting basis. The Village recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit.

***Budgetary Process***

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

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

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

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

A summary of 2020 budgetary activity appears in Note 4.

***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.

***Capital Assets***

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

**Village of Craig Beach, Ohio**  
*Mahoning County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

---

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

***Accumulated Leave***

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

***Fund Balance***

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

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

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

***Committed*** Council can *commit* amounts via formal action (resolution). The Village must adhere to these commitments unless the Council amends the 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*.

***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 10.

**Note 3 – Compliance**

Contrary to Ohio Rev. Code § 5705.39, at December 31, 2020 the Village's appropriations exceeded the amount certified as available by the budget commission in the General Fund, Street Construction and Maintenance Fund, Fire Levy Fund, Fire Apparatus and Equipment Levy Fund and the Police Levy Fund funds by \$24,905, \$12,958, \$1,815, \$6,929 and \$19,510, respectively.

**Village of Craig Beach, Ohio**  
*Mahoning County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

**Note 4 – 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	\$65,448	\$78,793	\$13,345
Special Revenue	223,296	303,990	80,694
Total	\$288,744	\$382,783	\$94,039

2020 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$95,557	\$82,472	\$13,085
Special Revenue	555,389	214,002	341,387
Total	\$650,946	\$296,474	\$354,472

**Note 5 – 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:

	2020
<b>Cash Management Pool:</b>	
Demand deposits	\$451,335
Total deposits	451,335

**Deposits**

Deposits are insured by the Federal Deposit 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.

**Note 6 – 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 Craig Beach, Ohio**  
*Mahoning County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

---

**Note 7 – Risk Management**

**Public Entity Risk Pool**

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	<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 8 – Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

Other than the six Members of Council, all other 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.

**Village of Craig Beach, Ohio**  
*Mahoning County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

---

**Social Security**

The Six Council Members contributed to social Security. This plan provides retirement benefits, including survivor and disability benefits to participants. Village employees 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 9 – Postemployment Benefits**

Both 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 10 – Contingent Liabilities**

At December 31, 2020 there were no contingent liabilities, including no pending litigation.

**Note 11 – Fund Balances**

Included in fund balance are amounts the Village cannot spend, including the balance of unclaimed monies which cannot be spent for five years and the unexpendable corpus of the permanent funds. Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end the balances of these amounts were as follows:

Fund Balances	General	Special Revenue	Total
Outstanding Encumbrances	\$389	\$247	\$636
<i>Total</i>	\$389	\$247	\$636

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

**Note 12 – 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, adding a separate Combined Statement of Additions, Deductions and Changes in Fund Balances (Regulatory Cash Basis) -- All Fiduciary Fund Types, 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.



**Village of Craig Beach, Ohio**  
*Mahoning County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

---

As a result of the Village having no Fiduciary Funds this implementation had no effect on the beginning fund balances of the Special Revenue Fund types, nor was there an effect on the Fiduciary Fund Types as there was a zero balance as no Fiduciary Fund Types existed during 2020 or 2019 year. Therefore, there was no restatement necessary *due to the implementation of GASB 84* for the Village.

**Note 13 – 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 may impact subsequent periods of the Village. The Village has no investments to be concerned about fluctuation with market conditions, and due to market volatility. 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.

During 2020, the Village received \$47,356 in CARES Act funding. Of the amount received, \$25,000 was returned to the granting agency. These amounts are reflected as general government expenditures in the Coronavirus Relief Special Revenue Fund on the accompanying financial statements.

**This page intentionally left blank.**

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

	General	Special Revenue	Totals (Memorandum Only)
<b>Cash Receipts</b>			
Property and Other Local Taxes	\$37,207	\$132,714	\$169,921
Intergovernmental	12,318	94,948	107,266
Fines, Licenses and Permits	17,971	1,835	19,806
Earnings on Investments	530	62	592
Miscellaneous	477	1,050	1,527
<i>Total Cash Receipts</i>	<u>68,503</u>	<u>230,609</u>	<u>299,112</u>
<b>Cash Disbursements</b>			
Current:			
Security of Persons and Property		74,308	74,308
Public Health Services	5,585		5,585
Community Environment	3,000		3,000
Basic Utility Services	7,694		7,694
Transportation		60,966	60,966
General Government	33,418	13,423	46,841
<i>Total Cash Disbursements</i>	<u>49,697</u>	<u>148,697</u>	<u>198,394</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>18,806</u>	<u>81,912</u>	<u>100,718</u>
<b>Other Financing Receipts (Disbursements)</b>			
Transfers In		16,500	16,500
Transfers Out	(6,000)	(10,500)	(16,500)
Other Financing Uses	(1,315)	(13,300)	(14,615)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(7,315)</u>	<u>(7,300)</u>	<u>(14,615)</u>
<i>Net Change in Fund Cash Balances</i>	11,491	74,612	86,103
<i>Fund Cash Balances, January 1</i>	<u>17,543</u>	<u>260,744</u>	<u>278,287</u>
<b>Fund Cash Balances, December 31</b>			
Restricted	0	335,356	335,356
Committed	0	0	0
Assigned	29,034	0	29,034
Unassigned (Deficit)	<u>0</u>	<u>0</u>	<u>0</u>
<i>Fund Cash Balances, December 31</i>	<u>\$29,034</u>	<u>\$335,356</u>	<u>\$364,390</u>

See accompanying notes to the basic financial statements

**This page intentionally left blank.**

**Village of Craig Beach, Ohio**  
*Mahoning County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

---

**Note 1 – Reporting Entity**

The Village of Craig Beach (the Village), Mahoning County, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly-elected six-member Council directs the Village. The Village provides park operations, and police services. The Village contracts with the Craig Beach Volunteer Fire Department to receive fire protection services. The Village appropriates Fire Levy Fund and Fire Apparatus Levy Fund money to support a volunteer fire department.

**Public Entity Risk Pools**

The Village participates in the Ohio Plan Risk Management, Inc., a public entity risk pool. Note 6 to the financial statements provides additional information for this entity.

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

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

**Basis of Presentation**

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

**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 Funds:

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

**Street Levy Fund** – This fund receives tax money from a special levy approved by the electors for constructing, maintaining, and repairing Village streets.

**Fire Levy Fund** – This fund receives tax money from a special levy approved by the electors for fire and emergency medical services which are contracted out to a private Fire Department.

**Fire Apparatus and Equipment Levy Fund** – This fund receives tax money from a special levy approved by the electors for purchasing of equipment for the Fire Department that holds the Fire Contract at the time. A list of needed equipment, repairs and/or protective clothing needed, along with the cost, must be presented to Village Council for approval.

**Police Levy Fund** – This fund receives tax money from a special levy approved by the electors to provide police protection for the Village residents.

**Village of Craig Beach, Ohio**  
*Mahoning County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

---

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

***Basis of Accounting***

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit.

***Budgetary Process***

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

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

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

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

A summary of 2019 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.

***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.

**Village of Craig Beach, Ohio**  
*Mahoning County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

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

**Fund Balance**

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

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

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

**Committed** Council can *commit* amounts via formal action (resolution). The Village must adhere to these commitments unless the Council amends the 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*.

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

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

**Note 3 – Budgetary Activity**

Budgetary activity for the year ending December 31, 2019 follows:

2019 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$65,024	\$68,503	\$3,479
Special Revenue	216,518	247,109	30,591
Total	\$281,542	\$315,612	\$34,070

2019 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$73,023	\$57,012	\$16,011
Special Revenue	474,953	172,497	302,456
Total	\$547,976	\$229,509	\$318,467

**Village of Craig Beach, Ohio**  
*Mahoning County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

---

**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>2019</u>
<b>Cash Management Pool:</b>	
Demand deposits	<u>\$364,390</u>
Total deposits	<u>364,390</u>

**Deposits**

Deposits are insured by the Federal Deposit 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.

**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.

**Note 6 – Risk Management**

**Public Entity Risk Pool**

The Government 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.



**Village of Craig Beach, Ohio**  
*Mahoning County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

---

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. OPRM had 776 members as of December 31, 2019.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2019.

Assets	\$ 15,920,504
Liabilities	<u>( 11,329,011)</u>
Members' Equity	<u>\$ 4,591,493</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***

Other than the six Members of Council, all other 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, 2019.

***Social Security***

The Six Council Members contributed to social Security. This plan provides retirement benefits, including survivor and disability benefits to participants. Village employees 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, 2019.

**Village of Craig Beach, Ohio**  
*Mahoning County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

---

**Note 8 – Postemployment Benefits**

Both 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 2019. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2019.

**Note 9 – Contingent Liabilities**

At December 31, 2019 there were no contingent liabilities, including no pending litigation.

**Note 10 – Subsequent Events**

The Village received \$47,356 from the County during calendar 2020 for the CARES Act, and was required to pay back \$25,000 to the County before the end of 2020 due to nonuse of the money.

# OHIO AUDITOR OF STATE KEITH FABER



88 East Broad Street  
Columbus, Ohio 43215  
ContactUs@ohioauditor.gov  
(800) 282-0370

## INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY GOVERNMENT AUDITING STANDARDS

Village of Craig Beach  
Mahoning County  
2538 Grandview Road  
Lake Milton, Ohio 44429

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 fund type as of and for the years ended December 31, 2020, and 2019 and the related notes of the Village of Craig Beach, Mahoning, (the Village) and have issued our report thereon dated February 17, 2022, wherein we issued an adverse opinion on the Village's financial statements because the Village did not follow accounting principles generally accepted in the United States of America as required by Ohio Administrative Code Section 117-2-03. We issued an adverse opinion on the General and Special Revenue fund types due to Village not properly recording prior period revenues in compliance with Ohio Revised Code § 5705.10. We also noted the financial impact of COVID-19 and the continuing emergency measures which may impact subsequent periods of the Village.

### ***Internal Control Over Financial Reporting***

As part of our financial statement audit, we considered the Village's internal control over financial reporting (internal control) as a basis for designing 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 certain deficiencies in internal control, described in the accompanying schedule of findings that we consider material weaknesses. We consider findings 2020-001 and 2020-002 to be material weaknesses.

***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 matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2020-001

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

The Village's responses to the findings identified in our audit are described in the accompanying schedule of findings. 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***

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Village's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Village's internal control and compliance. Accordingly, this report is not suitable for any other purpose.



Keith Faber  
Auditor of State  
Columbus, Ohio

February 17, 2022

**VILLAGE OF CRAIG BEACH  
MAHONING COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2020**

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

**1. Finding for Adjustment**

**FINDING NUMBER 2020-001**

NONCOMPLIANCE AND MATERIAL WEAKNESS

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

During 2005, 2006 and 2007, the Village posted homestead and rollback monies into the General Fund rather than the Street Levy, Fire Levy, and Fire Apparatus Funds. The adjustment required to record these monies in the Street Levy, Fire Levy, and Fire Apparatus Funds follows:

Fund	2007 Receipts & Fund Balance	2006 Receipts & Fund Balance	2005 Receipts & Fund Balance	Total
General Fund	(\$9,888)	(\$9,773)	(\$10,251)	(\$29,912)
Street Levy Fund	4,944	4,887	5,125	14,956
Fire Levy Fund	2,472	2,443	2,563	7,478
Fire Apparatus Fund	2,472	2,443	2,563	7,478

Management is working to pay back monies owed these respective funds. As the following schedule shows, Council repaid \$6,000 in 2016. During 2017 and 2018 the Village did not pay any of these funds back. During 2019 and 2020, the Village Council paid back \$6,000 and \$4,000, respectively, to the funds noted below.

Fund	2007 Total Carried Forward	2016 Transfers Out & Transfers In	2019 Transfers Out & Transfers In	2020 Transfers Out & Transfers In	Total Remaining to be paid back
General Fund	(\$29,912)	(\$6,000)	(\$6,000)	(\$4,000)	(\$13,912)
Street Levy Fund	14,956	3,000	3,000	2,000	6,956
Fire Levy Fund	7,478	1,500	1,500	1,000	3,478
Fire Apparatus Fund	7,478	1,500	1,500	1,000	3,478

In accordance with the foregoing facts, we hereby issue a finding for adjustment against the General Fund in the amount of \$13,912 and in favor of the Street Levy Fund in the amount of \$6,956, the Fire Levy Fund in the amount of \$3,478, and the Fire Apparatus Fund in the amount of \$3,478.

**Official's Response:**

In 2019 and 2020 we were able to pay back \$6,000 and \$4,000, respectively, to the appropriate funds, leaving an unpaid balance of \$13,912. We paid back \$4,000 during 2021 and intend to pay \$6,000 during 2022.

## 2. Reclassifications and Adjustments

### FINDING NUMBER 2020-002

#### MATERIAL WEAKNESS

In our audit engagement letter, as required by AU-C Section 210, *Terms of Engagement*, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error as discussed in AU-C Section 210 paragraphs .A14 & .A16.

Additionally, GASB 54 ¶ 16 and Implementation Guide Z.54.13 requires assigned balances include year-end general fund balances appropriated in the next fiscal year for 2019.

The Village had the following errors:

#### **2020**

- In the Special Revenue Funds, \$294 of local government funds were classified as intergovernmental in the special revenue funds, but should have been classified as intergovernmental revenue in the general fund.
- In the Special Revenue Funds (Covid Fund) \$25,000 returned to the County was reported as a Community Environment disbursement but should have been reported as a General Government Expenditure.
- In the notes to the financial statements deposits and investments were shown as \$728,625 but should have been \$451,335.
- The amounts in the budgetary schedules were incorrect in the notes to the financial statements.
- The disclosure for *Fund Balances* and *Covid 19* were not included in the notes to the financial statements as required.

#### **2019**

- In the General Fund, \$3,138 of homestead and rollback monies were classified as property taxes, but should have been classified as intergovernmental revenue.
- In the General Fund, \$477 in revenue was classified as a Special Item, but it should have been classified as miscellaneous revenue.
- In the General Fund \$54 in earnings on investments was classified as Property Tax, but should have been classified as earnings on investments.
- In the General Fund, \$29,034 of the unassigned fund balance should have been classified as assigned fund balance.
- In the Special Revenue Funds, \$5,548 was classified as Property Tax and should have been classified as intergovernmental revenue.
- In the Special Revenue Funds, \$2,000 was classified as intergovernmental revenue but should have been classified as property tax.
- In the notes to the financial statements deposits and investments were shown as \$218,365 but should have been \$364,390.
- The amounts in the budgetary schedules were incorrect in the notes to the financial statements.

The Village had no management oversight procedures or policies in place to ensure receipts and fund balances were properly classified.

The Village's financial statements reflect all the reclassifications noted above.

To help ensure complete and accurate financial reporting, the Fiscal Officer should closely monitor all receipts to ensure amounts are posted to the proper accounts. In addition, the Fiscal Officer should refer to the Village Officer's Handbook to help ensure proper accounts are being used.

The Fiscal Officer should also review the report and financial statement shells included on the AOS Internet when preparing the Village's financial reports to ensure the most current versions are being used.

**Official's Response:**

Management understands the errors that were made during 2019 and 2020 and management has taken steps going forward to ensure these errors do not take place again.

**This page intentionally left blank.**



# **CRAIG BEACH VILLAGE**

**2538 Grandview Rd.**

**P.O. Box 99**

**Lake Milton, Oh. 44429-0099**

**330-654-2107 Fax 330-557-1187**

## **SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**

**DECEMBER 31, 2020 AND 2019**

<b>Finding Number</b>	<b>Finding Summary</b>	<b>Status</b>	<b>Additional Information</b>
2018-001	Noncompliance – ORC 5705.10(C) / Material Weakness / Finding for Adjustment	Partially Corrected	In 2019 and 2020 the Village was able to pay back a total of \$10,000 to the appropriate funds, leaving an unpaid balance of \$13,912, and will continue to repay the funds until the entire amount is repaid. The Village paid back \$4,000 during 2021 and intends to pay \$6,000 during 2022. Repeated as 2020-001
2018-002	Reclassifications, Material Weakness	Not Corrected	Management has taken steps going forward to ensure these errors do not take place again. Repeated as 2020-002.

**This page intentionally left blank.**

# OHIO AUDITOR OF STATE KEITH FABER



**VILLAGE OF CRAIG BEACH**

**MAHONING COUNTY**

**AUDITOR OF STATE OF OHIO CERTIFICATION**

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



**Certified for Release 3/15/2022**

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)