



Dave Yost • Auditor of State



VILLAGE OF CRAIG BEACH  
MAHONING COUNTY

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# Dave Yost • Auditor of State

## 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 and related notes of the Village of Craig Beach, Mahoning County, (the Village) as of and for the years ended December 31, 2014 and 2013.

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

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably 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, 2014 and 2013, or changes in financial position thereof for the years 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, 2012 through December 31, 2014
General Fund	(\$29,912)
Special Revenue Funds:	
Street Levy Fund	14,956
Fire Levy Fund	7,478
Fire Apparatus Fund	7,478
Total Special Revenue Funds	\$29,912

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 General and Special Revenue combined cash balances of Village of Craig Beach, Mahoning County, as of December 31, 2014 and 2013, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 1.

***Unmodified Opinion on Regulatory Basis of Accounting - Fiduciary Funds***

In our opinion, the financial statements referred to above present fairly, in all material respects, the Fiduciary Fund type combined cash balances of Village of Craig Beach, Mahoning County, as of December 31, 2014 and 2013, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 1.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 14, 2015, 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.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

**Dave Yost**  
Auditor of State  
Columbus, Ohio

December 14, 2015

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**VILLAGE OF CRAIG BEACH  
MAHONING COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2014**

	<b>General</b>	<b>Special Revenue</b>	<b>Capital Projects</b>	<b>Totals (Memorandum Only)</b>
<b>Cash Receipts</b>				
Property and Other Local Taxes	\$34,233	\$73,781		\$108,014
Intergovernmental	12,445	71,658	\$22,430	106,533
Fines, Licenses and Permits	24,522	1,715		26,237
Earnings on Investments	70	30		100
Miscellaneous	1,483			1,483
<i>Total Cash Receipts</i>	<u>72,753</u>	<u>147,184</u>	<u>22,430</u>	<u>242,367</u>
<b>Cash Disbursements</b>				
Current:				
Security of Persons and Property	23,960	19,000		42,960
Public Health Services	5,518			5,518
Community Environment	2,439			2,439
Basic Utility Services	7,708			7,708
Transportation		70,485		70,485
General Government	34,034	14,384		48,418
Capital Outlay			13,220	13,220
<i>Total Cash Disbursements</i>	<u>73,659</u>	<u>103,869</u>	<u>13,220</u>	<u>190,748</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(906)</u>	<u>43,315</u>	<u>9,210</u>	<u>51,619</u>
<b>Other Financing Receipts (Disbursements)</b>				
Sale of Capital Assets		510		510
Other Financing Uses	(19,000)			(19,000)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(19,000)</u>	<u>510</u>	<u>0</u>	<u>(18,490)</u>
<i>Net Change in Fund Cash Balances</i>	(19,906)	43,825	9,210	33,129
<i>Fund Cash Balances, January 1</i>	<u>27,347</u>	<u>442,072</u>		<u>469,419</u>
<b>Fund Cash Balances, December 31</b>				
Restricted	0	485,897	9,210	495,107
Unassigned (Deficit)	7,441	0	0	7,441
<i>Fund Cash Balances, December 31</i>	<u>\$7,441</u>	<u>\$485,897</u>	<u>\$9,210</u>	<u>\$502,548</u>

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

VILLAGE OF CRAIG BEACH  
MAHONING COUNTY

COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (CASH BASIS)  
ALL PROPRIETARY AND FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2014

	<u>Fiduciary Fund Types</u>
	<u>Agency</u>
<i>Fund Cash Balances, January 1</i>	<u>\$392</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$392</u></u>

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

**VILLAGE OF CRAIG BEACH  
MAHONING COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2013**

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
<b>Cash Receipts</b>				
Property and Other Local Taxes	\$35,543	\$77,335		\$112,878
Intergovernmental	12,134	73,281	\$11,925	97,340
Fines, Licenses and Permits	42,295	1,655		43,950
Earnings on Investments	61	30		91
Miscellaneous	111			111
<i>Total Cash Receipts</i>	<u>90,144</u>	<u>152,301</u>	<u>11,925</u>	<u>254,370</u>
<b>Cash Disbursements</b>				
Current:				
Security of Persons and Property	46,296	21,187		67,483
Public Health Services	5,457			5,457
Community Environment	3,070			3,070
Basic Utility Services	7,621			7,621
Transportation		40,646		40,646
General Government	58,191	9,914		68,105
Capital Outlay			11,925	11,925
<i>Total Cash Disbursements</i>	<u>120,635</u>	<u>71,747</u>	<u>11,925</u>	<u>204,307</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(30,491)</u>	<u>80,554</u>	<u>0</u>	<u>50,063</u>
<b>Other Financing Receipts (Disbursements)</b>				
Sale of Capital Assets	135			135
<i>Total Other Financing Receipts (Disbursements)</i>	<u>135</u>	<u>0</u>	<u>0</u>	<u>135</u>
Special Item	1,419			1,419
<i>Net Change in Fund Cash Balances</i>	<u>(28,937)</u>	<u>80,554</u>	<u>0</u>	<u>51,617</u>
<i>Fund Cash Balances, January 1</i>	<u>56,284</u>	<u>361,518</u>		<u>417,802</u>
<b>Fund Cash Balances, December 31</b>				
Restricted	0	442,072	0	442,072
Unassigned (Deficit)	27,347	0	0	27,347
<i>Fund Cash Balances, December 31</i>	<u>\$27,347</u>	<u>\$442,072</u>	<u>\$0</u>	<u>\$469,419</u>

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

VILLAGE OF CRAIG BEACH  
MAHONING COUNTY

COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (CASH BASIS)  
ALL PROPRIETARY AND FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2013

	<u>Fiduciary Fund Types</u>
	<u>Agency</u>
<i>Fund Cash Balances, January 1</i>	<u>\$392</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$392</u></u>

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

**VILLAGE OF CRAIG BEACH  
MAHONING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2014 AND 2013**

**1. Summary of Significant Accounting Policies**

**A. Description of the Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of Craig Beach, Mahoning County, (the Village) as a body corporate and politic. A publicly-elected six-member Council directs the Village. The Village provides general governmental services, park operations, and police services. The Village contracted with Milton Township to receive fire protection services.

The Village participates in the Ohio Plan Risk Management, Inc., 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.

**B. Accounting Basis**

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.

**C. 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.

**D. Fund Accounting**

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

**1. General Fund**

The General Fund accounts for and reports all financial resources not accounted for and reported in another fund.

**VILLAGE OF CRAIG BEACH  
MAHONING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2014 AND 2013  
(Continued)**

**1. Summary of Significant Accounting Policies (Continued)**

**2. 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 Fund - This fund receives gasoline tax and motor vehicle tax money for constructing, maintaining, and repairing Village streets.

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.

**3. 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:

ODNR Nature Works Grant Fund – This fund receives a grant through the Ohio Department of Natural Resources for the purpose of awarding the grant monies to the local Nature Arts Council for upgrading the State Park area.

**4. Fiduciary Funds**

Fiduciary funds include private purpose trust funds and agency funds. Trust funds account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Village's own programs.

Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Village disburses these funds as directed by the individual, organization or other government. The Village's agency fund accounts for unclaimed monies.

**E. Budgetary Process**

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

**1. Appropriations**

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

VILLAGE OF CRAIG BEACH  
MAHONING COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2014 AND 2013  
(Continued)

1. **Summary of Significant Accounting Policies (Continued)**

2. **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.

3. **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. The Village did not encumber all commitments required by Ohio law.

A summary of 2014 and 2013 budgetary activity appears in Note 3.

F. **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:

1. **Nonspendable**

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

2. **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.

3. **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.

4. **Assigned**

Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Village Council or a Village official delegated that authority by resolution, or by State Statute.

**VILLAGE OF CRAIG BEACH  
MAHONING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2014 AND 2013  
(Continued)**

**1. Summary of Significant Accounting Policies (Continued)**

**5. 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.

**G. Property, Plant, and Equipment**

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

**H. 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.

**2. Equity in Pooled Deposits and Investments**

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

	<u>2014</u>	<u>2013</u>
Demand deposits	\$502,940	\$469,811

**Deposits:** Deposits are insured by the Federal Depository Insurance Corporation or collateralized by the financial institution's public entity deposit pool.



**VILLAGE OF CRAIG BEACH  
MAHONING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2014 AND 2013  
(Continued)**

**3. Budgetary Activity**

Budgetary activity for the years ending December 31, 2014 and 2013 follows:

2014 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$90,144	\$72,753	(\$17,391)
Special Revenue	150,487	147,694	(2,793)
Capital Projects	24,007	22,430	(1,577)
Fiduciary	0	0	0
Total	\$264,638	\$242,877	(\$21,761)

2014 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$116,574	\$92,659	\$23,915
Special Revenue	247,895	103,869	144,026
Capital Projects	24,007	13,220	10,787
Fiduciary	392	0	392
Total	\$388,868	\$209,748	\$179,120

2013 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$93,613	\$91,698	(\$1,915)
Special Revenue	150,645	152,301	1,656
Capital Projects	0	11,925	11,925
Fiduciary	0	0	0
Total	\$244,258	\$255,924	\$11,666

2013 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$142,900	\$120,635	\$22,265
Special Revenue	158,888	71,747	87,141
Capital Projects	35,932	11,925	24,007
Fiduciary	0	0	0
Total	\$337,720	\$204,307	\$133,413

**VILLAGE OF CRAIG BEACH  
MAHONING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2014 AND 2013  
(Continued)**

**4. Property Tax**

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 homestead and rollback deductions. The financial statements include homestead and rollback 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.

**5. Retirement Systems**

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 plans' benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2014 and 2013, 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, 2014.

**6. Risk Management**

The Village belongs to the Ohio Plan Risk Management, Inc. (OPRM) - formerly known as the Ohio Government Risk Management Plan, (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, except OPRM retains 41.5% (effective November 1, 2011) of the premium and losses on the first \$250,000 casualty treaty and 10% of the first \$1,000,000 property treaty. Effective November 1, 2012 (and through October 2014) the plan increased its retention to 50% of the first \$250,000 casualty treaty. The Plan's property retention remained unchanged from prior years. This change was made to balance the reinsurance market conditions. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 774 and 783 members as of December 31, 2013 and 2014 respectively.

Plan members are responsible to notify the Plan of their intent to renew coverage by their renewal date. If a member chooses not to renew with the Plan, they have no other financial obligation to the Plan, but still need to promptly notify the Plan of any potential claims occurring during their membership period. The former member's covered claims, which occurred during their membership period, remain the responsibility of the Plan.

**VILLAGE OF CRAIG BEACH  
MAHONING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2014 AND 2013  
(Continued)**

**6. Risk Management – (Continued)**

Settlement amounts did not exceed insurance coverage for the past three fiscal years.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2013 and 2014.

	<u>2013</u>	<u>2014</u>
Assets	\$13,774,304	\$14,830,185
Liabilities	<u>(7,968,395)</u>	<u>(8,942,504)</u>
Members' Equity	<u>\$5,805,909</u>	<u>\$5,887,681</u>

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

**7. Contingent Liabilities**

The Village was defendant in several lawsuits. The effects of those lawsuits are reflected in the financial statements.

**8. Subsequent Events**

The Village did place an operating levy on the ballot during the November 3, 2015 election. The operating levy did not pass.

The Village signed a contract with the Craig Beach Volunteer Fire Department to provide fire protection services beginning in January 1, 2016.

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# Dave Yost • Auditor of State

## 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 Village of Craig Beach (the Village) as of and for the years ended December 31, 2014 and 2013, and the related notes to the financial statements, and have issued our report thereon dated December 14, 2015, wherein we noted the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 1. We qualified our 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.

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

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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. However, as described in the accompanying schedule of we identified a certain deficiency in internal control over financial reporting, that we consider a material weakness.

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 a 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. We consider finding 2014-001 described in the accompanying schedule of findings to be a material weakness.

***Compliance and Other Matters***

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as item 2014-001.

***Entity's Response to Findings***

The Entity's responses to the findings identified in our audit are described in the accompanying schedule of findings. We did not audit the Entity's responses 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 communication is not suitable for any other purpose.



**Dave Yost**  
Auditor of State  
Columbus, Ohio

December 14, 2015

**VILLAGE OF CRAIG BEACH  
MAHONING COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2014 AND 2013**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2014-001**

**1. Finding For Adjustment**

<i>Finding Number</i>	2014-001
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**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

In accordance with the foregoing facts, we hereby issue a finding for adjustment against the General Fund in the amount of \$29,912 and in favor of the Street Levy Fund in the amount of \$14,956, the Fire Levy Fund in the amount of \$7,478, and the Fire Apparatus Fund in the amount of \$7,478.

Management has declined to record this adjustment, and the accompanying financial statements do not reflect these adjustments

**Official's Response:**

The Craig Beach Village Finance Committee met on December 21st to discuss the 2016 budget. At that time we developed a tentative repayment plan of Rollback/Homestead Taxes from 2005-2007 which was put entirely into the General Fund and not dispersed to the Street Fund, Fire & EMS Fund and the Fire Apparatus Fund. We will ask council to approve this plan at the January meeting.

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**VILLAGE OF CRAIG BEACH  
MAHONING COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2014 AND 2013**

<b>Finding Number</b>	<b>Finding Summary</b>	<b>Fully Corrected?</b>	<b>Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i></b>
2012-01	Noncompliance- <b>ORC 5705.10(C)</b> /Material Weakness/ Finding for Adjustment	No	Not Corrected – Repeated as 2014-01
2012-02	Ohio Rev. Code §1905.21 requires the mayor of a municipal corporation and a mayor's court magistrate to keep a docket	Yes	
2012-03	Ohio Revised Code Sections 2743.70(A) and 2949.091(A) require that all moneys collected during a month and owed to the state shall be transmitted on or before the twentieth day of the following month by the clerk of the court to the treasurer of the state	No	Partially Corrected - Repeated in Management Letter. Mayor's Court no longer functioning in the Village.

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# Dave Yost • Auditor of State

**VILLAGE OF CRAIG BEACH**

**MAHONING COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
JANUARY 12, 2016**