



**VILLAGE OF CRAIG BEACH  
MAHONING COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 2000-1999**



**JIM PETRO**  
**AUDITOR OF STATE**  

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**STATE OF OHIO**



VILLAGE OF CRAIG BEACH  
MAHONING COUNTY

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## REPORT OF INDEPENDENT ACCOUNTANTS

Village of Craig Beach  
Mahoning County  
2538 Grandview Road  
P.O. Box 99  
Lake Milton, Ohio 44429

To the Village Council:

We have audited the accompanying financial statements of the Village of Craig Beach, Mahoning County, Ohio, (the Village) as of and for the years ended December 31, 2000 and December 31, 1999. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the Village prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Village as of December 31, 2000 and December 31, 1999, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 18, 2001 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 grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

This report is intended solely for the information and use of management, and Village Council and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

**Jim Petro**  
Auditor of State

June 18, 2001

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**VILLAGE OF CRAIG BEACH  
MAHONING COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2000**

	<u>Governmental Fund Types</u>			<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>				
Property Tax and Other Local Taxes	\$35,760	\$35,681		\$71,441
Intergovernmental Receipts	11,033	33,459		44,492
Charges for Services	90	34		124
Fines, Licenses, and Permits	4,933	3,042		7,975
Earnings on Investments	1,138	167		1,305
Miscellaneous	8,908			8,908
				<hr/>
Total Cash Receipts	61,862	72,383		134,245
<b>Cash Disbursements:</b>				
Current:				
Security of Persons and Property	11,111	10,529		21,640
Basic Utility Services	8,000			8,000
Transportation		13,815		13,815
General Government	24,582			24,582
Debt Service:				
Principal Payments		6,329		6,329
Interest Payments		224		224
Capital Outlay		18,216		18,216
				<hr/>
Total Disbursements	43,693	49,113		92,806
				<hr/>
Total Receipts Over/(Under) Disbursements	18,169	23,270		41,439
				<hr/>
Fund Cash Balances January 1	23,838	33,952	588	58,378
				<hr/>
<b>Fund Cash Balances, December 31</b>	<b>\$42,007</b>	<b>\$57,222</b>	<b>\$588</b>	<b>\$99,817</b>

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

**VILLAGE OF CRAIG BEACH  
MAHONING COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 1999**

	<u>Governmental Fund Types</u>			<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>				
Property Tax and Other Local Taxes	\$90,783	\$37,827		\$128,610
Intergovernmental Receipts	60,082	32,818		92,900
Charges for Services	6,390	4,014		10,404
Fines, Licenses, and Permits	3,559	3,561		7,120
Earnings on Investments	1,008	147		1,155
Miscellaneous	1,188	783		1,971
	<u>163,010</u>	<u>79,150</u>		<u>242,160</u>
<b>Cash Disbursements:</b>				
Current:				
Security of Persons and Property	52,330	11,650		63,980
Community Environment	5,632			5,632
Basic Utility Services	10,394			10,394
Transportation	19,350	49,080		68,430
General Government	102,902			102,902
Debt Service:				
Principal Payments		6,112		6,112
Interest Payments		441		441
Capital Outlay		33,863		33,863
	<u>190,608</u>	<u>101,146</u>		<u>291,754</u>
Total Receipts Over/(Under) Disbursements	<u>(27,598)</u>	<u>(21,996)</u>		<u>(49,594)</u>
<b>Other Financing Receipts/(Disbursements):</b>				
Sale of Notes		13,596		13,596
Transfers-In		5,000		5,000
Advances-In	5,000			5,000
Transfers-Out	(5,000)			(5,000)
Advances-Out		(5,000)		(5,000)
Contingencies	(6,957)			(6,957)
	<u>(6,957)</u>	<u>13,596</u>		<u>6,639</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>(34,555)</u>	<u>(8,400)</u>		<u>(42,955)</u>
Fund Cash Balances January 1	<u>58,393</u>	<u>42,352</u>	<u>588</u>	<u>101,333</u>
<b>Fund Cash Balances, December 31</b>	<b><u>\$23,838</u></b>	<b><u>\$33,952</u></b>	<b><u>\$588</u></b>	<b><u>\$58,378</u></b>

*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, 2000 AND 1999**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The Village of Craig Beach, Mahoning County, (the Village) is a body corporate and politic 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 park operations (leisure time activities), and police services.

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

**B. Basis of Accounting**

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized 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 prescribed or permitted by the Auditor of State.

**C. Cash and Investments**

The Village maintained a general operating account, and had no investments.

**D. Fund Accounting**

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

**1. General Fund**

The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

**2. Special Revenue Funds**

These funds are used to account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. 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.

*Fire Levy Fund* - This fund receives tax money from a special levy passed by the electors for the Volunteer Fire Department.

*Street Levy Fund* - This fund receives tax money from a special levy passed by the electors for the repair and maintenance of Village roads.

**VILLAGE OF CRAIG BEACH  
MAHONING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000 AND 1999  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

**3. Capital Project Funds**

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through enterprise or trust funds). The Village had the following significant capital project fund:

*Veterans Memorial Fund* - This fund receives monies from an outside source to maintain the memorial.

**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 Council must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year end.

**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 also approve estimated resources.

**3. Encumbrances**

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

A summary of 2000 and 1999 budgetary activity appears in Note 3.

**F. Property, Plant and Equipment**

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

**G. Unpaid Vacation and Sick Leave**

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the cash basis of accounting used by the Village.

**VILLAGE OF CRAIG BEACH  
MAHONING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000 AND 1999  
(Continued)**

**2. EQUITY IN POOLED CASH AND INVESTMENTS**

The Village maintains a cash pool used by all funds. The Ohio Revised Code prescribes allowable deposits. The carrying amount of cash at December 31 was as follows:

	<u>2000</u>	<u>1999</u>
Demand deposits	\$ <u>99,817</u>	\$ <u>58,378</u>

**Deposits:** Deposits are either (1) insured by the Federal Depository Insurance Corporation, or (2) collateralized by securities specifically pledged by the financial institution to the Village.

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2000 and December 31, 1999 follows:

2000 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 50,307	\$ 61,862	\$ 11,555
Special Revenue	73,348	72,383	(965)
Capital Projects	0	0	0
Total	\$ 123,655	\$ 134,245	\$ 10,590

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 74,145	\$ 43,693	\$ 30,452
Special Revenue	107,301	49,113	58,188
Capital Projects	588	0	588
Total	\$ 182,034	\$ 92,806	\$ 89,228

**VILLAGE OF CRAIG BEACH  
MAHONING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000 AND 1999  
(Continued)**

**3. BUDGETARY ACTIVITY - (Continued)**

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 196,946	\$ 163,010	\$ (33,936)
Special Revenue	88,926	97,746	8,820
Debt Service	13,596	0	(13,596)
Capital Projects	0	0	0
Total	\$ 299,468	\$ 260,756	\$ (38,712)

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 255,340	\$ 202,565	\$ 52,775
Special Revenue	133,849	101,146	32,703
Debt Service	13,596	0	13,596
Capital Projects	588	0	588
Total	\$ 403,373	\$ 303,711	\$ 99,662

Budgetary Compliance - Contrary to Ohio Revised Code Section 5705.39 the Street Construction Maintenance and Repair Fund, (a Special Revenue Fund), had current year appropriations in excess of the amended certificate of estimated resources, in 1999.

**4. PROPERTY TAX**

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by Village Council. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to make semiannual payment, the first half is due December 31. The second half payment is due the following June 20.

Public utilities are also taxed on personal and real property located within the Village.

**VILLAGE OF CRAIG BEACH  
MAHONING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000 AND 1999  
(Continued)**

**4. PROPERTY TAX - (Continued)**

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

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

**5. DEBT**

Debt outstanding at December 31, 2000 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
General Obligation Note	\$ 1,185	4.90%

The General Obligation Note is for a dump truck, and is a direct obligation of the City for which its full faith, credit and resources are pledged, and is payable from revenues in the Street Construction Maintenance and Repair Fund.

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

<u>Year ending December 31:</u>	<u>General Obligation Note</u>
2001	\$1,192

**6. RETIREMENT SYSTEMS**

The Village's employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2000 and 1999, PERS members contributed 8.5% of their gross salaries. The Village contributed an amount equal to 10.84% in 2000 and 13.55% in 1999 of participants' gross salaries. The Village has paid all contributions required through December 31, 2000.

**7. RISK MANAGEMENT**

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Vehicles

**VILLAGE OF CRAIG BEACH  
MAHONING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000 AND 1999  
(Continued)**

**8. LOCAL INCOME TAX**

This is a locally levied tax of one percent (1%) applied to gross salaries, wages and other personal service compensation earned by residents both in and out of the Village of Craig Beach and to earnings of non-residents (except certain transients) earned in the government. It also applies to net income to business organizations conducted within the Village. Tax receipts are credited to the Village's General Fund and amounted to \$4,901 in 2000 and \$71,161 in 1999. (NOTE: The 1% Municipal Income Tax is levied, as the result of the passage on June 6, 1977, of Ordinance No. 1068. This tax was repealed by the voters of the Village in the November 1998 general election).

**9. SUBSEQUENT EVENT**

On May 31, 2001, an ordinance was passed by the Council of the Village of Craig Beach to impose an annual one percent income tax, to begin on July 1, 2001.



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JIM PETRO, AUDITOR OF STATE

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## REPORT ON COMPLIANCE AND ON INTERNAL CONTROL REQUIRED BY GOVERNMENT AUDITING STANDARDS

Village of Craig Beach  
Mahoning County  
2538 Grandview Road  
P.O. Box 99  
Lake Milton, Ohio 44429

To the Village Council:

We have audited the financial statements of the Village of Craig Beach as of and for the years ended December 31, 2000 and December 31, 1999, and have issued our report thereon dated June 18, 2001. We conducted our audit 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.

### Compliance

As part of obtaining reasonable assurance about whether the Village of Craig Beach's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. 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 one instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2000-31150-001.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village of Craig Beach's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted one matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. A reportable condition involves a matter coming to our attention relating to a significant deficiency in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Village of Craig Beach's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. A reportable condition is described in the accompanying schedule of findings as item 2000-31150-002.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe the reportable condition described above to be a material weakness.

We also noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Village of Craig Beach in a separate letter dated June 18, 2001.

This report is intended for the information and use of Village Council and management, and is not intended to be and should not be used by anyone other than these specified parties.

**Jim Petro**  
Auditor of State

June 18, 2001



**VILLAGE OF CRAIG BEACH  
MAHONING COUNTY  
1/1/99 THROUGH 12/31/00**

**SCHEDULE OF FINDINGS**

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

<b>Finding Number</b>	<b>2000-31150-001</b>
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**Noncompliance Citation**

Ohio Revised Code Section 5705.39 prohibits current year appropriations to exceed the amended certificate of estimated resources.

In 1999 the Street Construction Maintenance and Repair Fund, ( a special revenue fund), had current year appropriations in excess of the amended certificate of estimated resources, as follows:

	<u>Total Estimated Receipts</u>	<u>Current Year Appropriations</u>	<u>Variance</u>
Street Construction Maintenance and Repair Fund	\$72,387	\$86,967	\$(14,580)

The Village could not have gotten an amended certificate of estimated resources to equal or exceed the current year appropriations, which is based upon the variance of actual receipts exceeding estimated receipts.

We recommend the Village comply with Ohio Revised Code Section 5705.39.

**\* - Indicates a repeat recommendation from prior audit.**

<b>Finding Number</b>	<b>2000-31150-002</b>
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**Reportable Condition\***

The General Fund in 1999 had estimated receipts greater than actual receipts, as follows:

	<u>Actual Receipts</u>	<u>Estimated Receipts</u>	<u>Variance</u>
General Fund	\$163,010	\$196,946	\$(33,936)

The effect of this condition could result in a deficit fund cash balance, which is a violation of Ohio Revised Code Section 5705.10.

The Village should obtain a reduced certificate of estimated resources from the county auditor when it is known that estimated receipts will exceed actual receipts. The Village should also review corresponding appropriations to insure that they do not exceed resources.





STATE OF OHIO  
OFFICE OF THE AUDITOR  

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JIM PETRO, AUDITOR OF STATE

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**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  
NOVEMBER 8, 2001**