



Mary Taylor, CPA  
Auditor of State



VILLAGE OF CRAIG BEACH  
MAHONING COUNTY

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**Mary Taylor, CPA**  
Auditor of State

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

To the Village Council:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to an interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. Our Report includes an adverse opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

A handwritten signature in cursive script that reads "Mary Taylor".

**Mary Taylor, CPA**  
Auditor of State

November 28, 2008

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# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

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

To the Village Council:

We have audited the accompanying financial statements of Village of Craig Beach, Mahoning County, (the Village) as of and for the years ended December 31, 2006 and 2005. 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 the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure 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. The Village processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Village because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. We believe our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the Village has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Instead of the combined funds the accompanying financial statements present, GAAP require presenting entity wide statements and also presenting the Village's larger (i.e. major) funds separately. While the Village does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require Villages to reformat their statements. The Village has elected not to follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2006 and 2005 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2006 and 2005, or its changes in financial position for the years then ended.

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 and 2006, 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:

<b>Fund</b>	<b>2006 Receipts &amp; Fund Balance</b>	<b>2005 Receipts &amp; Fund Balance</b>	<b>Total</b>
General	(\$9,773)	(\$10,251)	(\$20,024)
Street Levy	4,887	5,125	10,012
Fire Levy	2,443	2,563	5,006
Fire Apparatus	2,443	2,563	5,006

Also, in our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to above do not present fairly, the combined fund cash balances and reserves for encumbrances of the Village of Craig Beach, Mahoning County, as of December 31, 2006 and 2005, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The Village has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 28, 2008, 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. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.



**Mary Taylor, CPA**  
 Auditor of State

November 28, 2008



**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, 2006**

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Property and Local Taxes	\$36,123	\$78,923	\$115,046
Intergovernmental	29,138	63,916	93,054
Fines, Licenses and Permits	13,624	135	13,759
Earnings on Investments	288	41	329
Miscellaneous	15	1,500	1,515
	<u>79,188</u>	<u>144,515</u>	<u>223,703</u>
<b>Total Cash Receipts</b>			
<b>Cash Disbursements:</b>			
Current:			
Security of Persons and Property	20,438	37,436	57,874
Public Health Services	7,265		7,265
Leisure Time Activities		2,643	2,643
Community Environment	1,182		1,182
Basic Utility Service	8,993		8,993
Transportation		50,070	50,070
General Government	24,823	7,858	32,681
Capital Outlay		69,159	69,159
	<u>62,701</u>	<u>167,166</u>	<u>229,867</u>
<b>Total Cash Disbursements</b>			
<b>Total Receipts Over/(Under) Disbursements</b>	<u>16,487</u>	<u>(22,651)</u>	<u>(6,164)</u>
<b>Other Financing Receipts / (Disbursements):</b>			
Advances-In	7,000	7,000	14,000
Advances-Out	(7,000)	(7,000)	(14,000)
	<u>0</u>	<u>0</u>	<u>0</u>
<b>Total Other Financing Receipts / (Disbursements)</b>			
<b>Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements</b>	<u>16,487</u>	<u>(22,651)</u>	<u>(6,164)</u>
<b>Fund Cash Balances, January 1</b>	<u>3,741</u>	<u>138,459</u>	<u>142,200</u>
<b>Fund Cash Balances, December 31</b>	<u><u>\$20,228</u></u>	<u><u>\$115,808</u></u>	<u><u>\$136,036</u></u>
<b>Reserve for Encumbrances, December 31</b>	<u><u>\$99</u></u>	<u><u>\$56</u></u>	<u><u>\$155</u></u>

*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 FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2006

	<u>Fiduciary Fund Type</u>
	<u>Agency</u>
Fund Cash Balances, January 1	499
<b>Fund Cash Balances, December 31</b>	<b><u>\$499</u></b>
Reserve for Encumbrances, December 31	<u>\$0</u>

*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, 2005**

	<u>Governmental Fund Types</u>		<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Property and Local Taxes	\$26,949	\$76,812	\$103,761
Intergovernmental	25,811	76,023	101,834
Fines, Licenses and Permits	12,334	515	12,849
Earnings on Investments	253	127	380
Miscellaneous	75	130	205
	<hr/>		
Total Cash Receipts	65,422	153,607	219,029
<hr/>			
<b>Cash Disbursements:</b>			
Current:			
Security of Persons and Property	23,832	38,001	61,833
Public Health Services	6,485		6,485
Community Environment	8,760		8,760
Basic Utility Service	8,170		8,170
Transportation		51,935	51,935
General Government	30,586	8,098	38,684
Capital Outlay		93,845	93,845
	<hr/>		
Total Cash Disbursements	77,833	191,879	269,712
<hr/>			
Total Receipts Over/(Under) Disbursements	(12,411)	(38,272)	(50,683)
<hr/>			
<b>Other Financing Receipts / (Disbursements):</b>			
Sale of Fixed Assets	300		300
Transfers-In		1,504	1,504
Transfers-Out		(1,504)	(1,504)
Advances-In	6,236	11,959	18,195
Advances-Out		(18,195)	(18,195)
	<hr/>		
Total Other Financing Receipts / (Disbursements)	6,536	(6,236)	300
<hr/>			
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(5,875)	(44,508)	(50,383)
<hr/>			
Fund Cash Balances, January 1	9,065	182,967	192,032
<hr/>			
<b>Fund Cash Balances, December 31</b>	<b>\$3,190</b>	<b>\$138,459</b>	<b>\$141,649</b>
<hr/>			
Reserve for Encumbrances, December 31	\$99	\$56	\$155
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*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 FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2005

	<u>Fiduciary Fund Type</u>
	<u>Agency</u>
Fund Cash Balances, January 1	499
<b>Fund Cash Balances, December 31</b>	<b><u>\$499</u></b>
Reserve for Encumbrances, December 31	<u>\$0</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, 2006 AND 2005**

**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 contracts with Craig Beach Volunteer Fire Department to receive fire protection services.

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 the Auditor of State prescribes or permits. 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 Auditor of State prescribes or permits.

**C. Cash 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 reports all financial resources except those required to be accounted for in another fund.

**2. Special Revenue Funds**

These funds account for proceeds from specific sources (other than from private-purpose 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 fire and emergency medical services.

**VILLAGE OF CRAIG BEACH  
MAHONING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2006 AND 2005  
(Continued)**

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

**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 object level of control, and appropriations may not exceed estimated resources. The Village 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 unencumbered 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 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 2006 and 2005 budgetary activity appears in Note 3.

**F. 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.

**G. 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 CASH AND INVESTMENTS**

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

	<u>2006</u>	<u>2005</u>
Demand deposits	\$136,535	\$142,148

**Deposits:** Deposits are insured by the Federal Depository Insurance Corporation or collateralized by securities specifically pledged by the financial institution to the Village.

**VILLAGE OF CRAIG BEACH  
MAHONING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2006 AND 2005  
(Continued)**

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2006 and 2005 follows:

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$48,463	\$79,188	\$30,725
Special Revenue	138,507	144,515	6,008
Total	<u>\$186,970</u>	<u>\$223,703</u>	<u>\$36,733</u>

2006 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$99,919	\$62,800	\$37,119
Special Revenue	246,228	167,222	79,006
Total	<u>\$346,147</u>	<u>\$230,022</u>	<u>\$116,125</u>

2005 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$49,771	\$65,422	\$15,651
Special Revenue	142,234	155,111	12,877
Total	<u>\$192,005</u>	<u>\$220,833</u>	<u>\$28,828</u>

2005 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$113,425	\$77,932	\$35,493
Special Revenue	232,279	193,439	38,840
Total	<u>\$345,704</u>	<u>\$271,371</u>	<u>\$74,333</u>

Budgetary Compliance –Contrary to Ohio Revised Code Section 5705.39, in 2006 and 2005, the General Fund had appropriations in excess of the amount certified as available by the budget commission.

Contrary to Ohio Revised Code Section 5705.41(D), in 2006 and 2005, the Village had invoice dates that preceded the purchase order dates.

Contrary to Ohio Revised Code Section 5705.10(H) the general fund had a negative fund balance in 2006 and 2005.

**VILLAGE OF CRAIG BEACH  
MAHONING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2006 AND 2005  
(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.

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

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. RETIREMENT SYSTEMS**

The Village's full-time employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2006 and 2005, OPERS members contributed 9 and 8.5%, respectively, of their gross salaries and the Village contributed an amount equaling 13.7 and 13.55%, respectively, of participants' gross salaries. The Village has paid all contributions required through December 31, 2006.

**6. RISK MANAGEMENT**

**Commercial Insurance**

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles; and
- Errors and omissions.

**7. FUND BALANCE ADJUSTMENT**

The year ended December 31, 2005 audited fund balances did not agree to the beginning January 1, 2006 system fund balances due to the following adjustments which were made by the Village on the Village's records to correct for a long standing reconciling item.

<u>Fund Type</u>	<u>12/31/05 Fund Cash Balances</u>	<u>Adjustment</u>	<u>01/01/06 Fund Cash Balances</u>
General Fund	(\$3,190)	\$551	(\$3,741)



**VILLAGE OF CRAIG BEACH  
MAHONING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2006 AND 2005  
(Continued)**

**8. SUBSEQUENT EVENT**

The Village instituted a Mayor's Court in July 2008.

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# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' 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 the financial statements of the Village of Craig Beach, Mahoning County, (the Village) as of and for the years ended December 31, 2006 and December 31, 2005, and have issued our report thereon dated November 28, 2008, wherein we noted the Village followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We issued an adverse opinion because the Village posted homestead and rollback monies into the General Fund rather than the Street Levy, Fire Levy and Fire Apparatus Funds, contrary to Ohio Revised Code Section 5705.10. We also noted the Village uses the Auditor of State's Uniform Accounting Network (UAN) to process its financial transactions. *Government Auditing Standards* considers this service to impair the Auditor of State's independence to audit the Village. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. 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 the Comptroller General of the United States' *Government Auditing Standards*.

### Internal Control over Financial Reporting

In planning and performing our audit, we considered the Village's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinion on the financial statements, but not to opine on the effectiveness of the Village's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Village's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a certain deficiency in internal control over financial reporting that we consider a significant deficiency.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Village's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the Village's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

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We consider the following deficiency described in the accompanying schedule of findings to be a significant deficiency in internal control over financial reporting: 2006-003.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Village's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and accordingly, would not necessarily disclose all significant deficiencies that are also material weaknesses. However, we believe the significant deficiency described above, finding number 2006-003 is also a material weakness.

We also noted a certain matter that we reported to the Village's management in a separate letter dated November 28, 2008.

#### **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, providing an opinion 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 that we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2006-001, 2006-002 and 2006-003.

We also noted a certain noncompliance or other matter not requiring inclusion in this report that we reported to the Village's management in a separate letter dated November 28, 2008.

We intend this report solely for the information and use of the management and Village Council. We intend it for no one other than these specified parties.



**Mary Taylor, CPA**  
Auditor of State

November 28, 2008

**VILLAGE OF CRAIG BEACH  
MAHONING COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2006 AND 2005**

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

**FINDING NUMBER 2006-001**

\*-Indicates a repeat citation from the prior audit

**Noncompliance Citation\***

Ohio Revised Code § 5705.39 provides that the total appropriation from each fund should not exceed the total estimated revenue as certified by the county budget commission.

Appropriations exceeded the amount certified as available by the budget commission in the General Fund by the following amounts:

	Appropriations	Estimated Receipts	Variance
2005	\$113,326	\$58,836	\$38,490
2006	\$99,820	\$51,652	\$48,168

We recommend the Village more closely monitor the budget and make the necessary amendments when necessary.

**Officials' Response:**

We did not receive a response from Officials to the findings reported above.

**FINDING NUMBER 2006-002**

**Noncompliance Citation\***

Ohio Revised Code § 5705.41(D) states that no subdivision or taxing unit shall make any contract or order involving the expenditure of money unless the certificate of the fiscal officer is attached. The fiscal officer must certify that the amount required to meet such a commitment has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrance. The amount so certified shall be recorded against the applicable appropriation account.

There are several exceptions to the standard requirement stated above that a fiscal officer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are: "then and now" certificates, blanket certificates, and super blanket certificates, which are provided for in sections 5705.41(D)(1) and 5705.41(D)(3), respectively, of the Ohio Revised Code.

1. **Then and Now Certificate** – If no certificate is furnished as required, upon request of the fiscal officer's certificate that a sufficient sum was, both at the time of the contract or order and at the time of the certificate, appropriated and free of any previous encumbrances, the Village may authorize the issuance of a warrant in payment of the amount due upon such contract or order by resolution within 30 days from the receipt of such certificate.
2. **Blanket Certificate** – Fiscal officers may prepare "blanket" certificates for a certain sum of money not in excess of an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority against any specific line item account over a period not running beyond the end of the current fiscal year.

**FINDING NUMBER 2006-002  
 (Continued)**

The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.

- 3. Super Blanket Certificate** – The Village may also make expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonable predictable operating expenses. This certification is not to extend beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any line item appropriation.

The substantive test of non-payroll disbursements in 2005 and 2006 revealed that in 20 out of 60 (33%) vouchers tested, purchase orders were dated after the dates of the invoices. Therefore, the Village did not certify the funds prior to incurring the obligation. In addition, the Village did not utilize the certification exceptions described above for those expenditures lacking prior certification.

We recommend the Clerk certify the availability of funds prior to expenditures being made. When prior certification is not feasible, we encourage the Clerk to utilize “Then and Now” certificates to ensure that purchases are certified upon entering into a contract or order involving the expenditure of the Village’s money as per the requirements set forth in Ohio Rev. Code Section 5705.41 (D).

**Officials’ Response:**

The Clerk uses “Then and Now” certificates as of October 2008. She was not trained on how to use them prior to this.

**FINDING NUMBER 2006-003**

**Non-Compliance Citation - Finding for Adjustment**

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 and 2006, 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:

<b>Fund</b>	<b>2006 Receipts &amp; Fund Balance</b>	<b>2005 Receipts &amp; Fund Balance</b>	<b>Total</b>
General	(\$9,773)	(\$10,251)	(\$20,024)
Street Levy	4,887	5,125	10,012
Fire Levy	2,443	2,563	5,006
Fire Apparatus	2,443	2,563	5,006

In accordance with the foregoing facts, we hereby issue a finding for adjustment against the General Fund in the amount of \$20,024 and in favor of the Street Levy Fund in the amount of \$10,012, the Fire Levy Fund in the amount of \$5,006, and the Fire Apparatus Fund in the amount of \$5,006.

**Officials’ Response:**

The Clerk was not aware that this was incorrect at the time it was done. The Village disburses the homestead and rollback monies correctly as of 2009.

**VILLAGE OF CRAIG BEACH  
MAHONING COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2006 AND 2005**

<b>Finding Number</b>	<b>Finding Summary</b>	<b>Fully Corrected?</b>	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i><b>Explain</b></i>
2004-001	Ohio Revised Code § 5705.36 requires the fiscal officer to certify to the county auditor the total amount from all sources	Yes	
2004-002	Ohio Revised Code §5705.39 – Appropriations exceeded estimated resources in all funds.	No	Repeated as finding 2006-001.
2004-003	Ohio Revised Code §5705.41(D) – Shall not make any contract or order unless certificate of fiscal officer is attached.	No	Repeated as finding 2006-002.







Mary Taylor, CPA  
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  
MAY 7, 2009**