



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
P.O. Box 99
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.

Mary Taylor

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Auditor of State

March 11, 2010

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Village of Craig Beach
Mahoning County
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, (the Village) as of and for the years ended December 31, 2008 and 2007. 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.

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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, 2008 and 2007 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, 2008 and 2007, 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, 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	Restated Balances 1/1/2007	To Correct 2007 Receipts	Restated Fund Balances at 12/31/2007	Cumulative Misstatement 12/31/2008
General Fund	\$234	(\$9,888)	\$17,029	(\$29,912)
Special Revenue Funds:				
Street Levy Fund	19,212	4,944	59,848	14,956
Fire Levy Fund	4,806	2,472	7,478	7,478
Fire Apparatus Fund	5,406	2,472	17,382	7,478
Total Special Revenue Funds	\$135,802	\$9,888	\$178,711	\$29,912

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

Also, in our opinion, because of the effects of the matter discussed in the table and two preceding paragraphs, 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, 2008 and 2007, 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 March 11, 2010, 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

March 11, 2010

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, 2008**

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Property and Local Taxes	\$41,272	\$75,588	\$116,860
Intergovernmental	12,196	139,753	151,949
Charges for Services	1,851		1,851
Fines, Licenses and Permits	31,724	7,526	39,250
Earnings on Investments	466		466
Miscellaneous	16,704	1,073	17,777
	<u>104,213</u>	<u>223,940</u>	<u>328,153</u>
Total Cash Receipts			
	104,213	223,940	328,153
Cash Disbursements:			
Current:			
Security of Persons and Property	47,064	19,127	66,191
Public Health Services	15,416	6,615	22,031
Leisure Time Activities		93,339	93,339
Community Environment	14		14
Basic Utility Service	9,215	2,500	11,715
Transportation		47,828	47,828
General Government	42,645	6,955	49,600
	<u>114,354</u>	<u>176,364</u>	<u>290,718</u>
Total Cash Disbursements			
	114,354	176,364	290,718
Total Receipts Over/(Under) Disbursements	<u>(10,141)</u>	<u>47,576</u>	<u>37,435</u>
	(10,141)	47,576	37,435
Other Financing Receipts / (Disbursements):			
Transfers-In		2,700	2,700
Transfers-Out		(2,700)	(2,700)
	<u>0</u>	<u>0</u>	<u>0</u>
Total Other Financing Receipts / (Disbursements)			
	0	0	0
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>(10,141)</u>	<u>47,576</u>	<u>37,435</u>
	(10,141)	47,576	37,435
Fund Cash Balances, January 1	<u>46,942</u>	<u>148,799</u>	<u>195,741</u>
	46,942	148,799	195,741
Fund Cash Balances, December 31	<u>\$36,801</u>	<u>\$196,375</u>	<u>\$233,176</u>
	\$36,801	\$196,375	\$233,176
Reserve for Encumbrances, December 31	<u>\$1,558</u>	<u>\$23,035</u>	<u>\$24,593</u>
	\$1,558	\$23,035	\$24,593

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

VILLAGE OF CRAIG BEACH
MAHONING COUNTY

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2008

	<u>Fiduciary Fund Types</u>
	<u>Agency</u>
Fund Cash Balances, January 1 (See Note 7)	<u>\$853</u>
Fund Cash Balances, December 31	<u><u>\$853</u></u>
Reserve for Encumbrances, December 31	<u><u>\$0</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 GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2007**

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Property and Local Taxes	\$51,579	\$76,604	\$128,183
Intergovernmental	12,869	168,733	181,602
Fines, Licenses and Permits	13,248	1,130	14,378
Earnings on Investments	398		398
Miscellaneous	4,808	53,400	58,208
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	82,902	299,867	382,769
Cash Disbursements:			
Current:			
Security of Persons and Property	24,324	18,669	42,993
Public Health Services	6,070	11,342	17,412
Leisure Time Activities		189,253	189,253
Community Environment	389		389
Basic Utility Service	7,196		7,196
Transportation		41,603	41,603
General Government	18,239	5,979	24,218
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	56,218	266,846	323,064
Total Receipts Over/(Under) Disbursements	<hr/>	<hr/>	<hr/>
	26,684	33,021	59,705
Fund Cash Balances, January 1 (See Note 7)	<hr/>	<hr/>	<hr/>
	20,258	115,778	136,036
Fund Cash Balances, December 31	<hr/> \$46,942 <hr/>	<hr/> \$148,799 <hr/>	<hr/> \$195,741 <hr/>
Reserve for Encumbrances, December 31	<hr/> \$99 <hr/>	<hr/> \$7,051 <hr/>	<hr/> \$7,150 <hr/>

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

VILLAGE OF CRAIG BEACH
MAHONING COUNTY

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2007

	<u>Fiduciary Fund Types</u>
	<u>Agency</u>
Fund Cash Balances, January 1	<u>\$499</u>
Fund Cash Balances, December 31	<u>\$499</u>
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, 2008 AND 2007**

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 the Craig Beach Volunteer Fire Department during 2007 and then Milton Township during 2008 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. 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 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, 2008 AND 2007
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

3. 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. The Village had no private purpose trust funds.

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 owed to individuals who cannot be found.

E. Budgetary Process

The Ohio Revised Code requires that each fund (except certain agency funds) 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. 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. Management has included audit adjustments in the accompanying budgetary presentations for material items that should have been encumbered.

A summary of 2008 and 2007 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.

**VILLAGE OF CRAIG BEACH
MAHONING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

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 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:

	2008	2007
Demand deposits	\$234,029	\$196,240

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

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2008 and 2007 follows:

2008 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$113,548	\$104,213	(\$9,335)
Special Revenue	161,411	226,640	65,229
Total	\$274,959	\$330,853	\$55,894

2008 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$119,233	\$115,912	\$3,321
Special Revenue	266,948	202,099	64,849
Total	\$386,181	\$318,011	\$68,170

2007 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$0	\$82,902	\$82,902
Special Revenue	0	299,867	299,867
Total	\$0	\$382,769	\$382,769

**VILLAGE OF CRAIG BEACH
MAHONING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(Continued)**

3. BUDGETARY ACTIVITY – (Continued)

2007 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$88,108	\$56,317	\$31,791
Special Revenue	259,718	273,897	(14,179)
Total	\$347,826	\$330,214	\$17,612

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

The Ohio Revised Code also prescribes contribution rates. For 2008 and 2007, OPERS members contributed 10 and 9.5%, respectively, of their gross salaries and the Village contributed an amount equaling 13.85 and 14%, respectively, of participants' gross salaries. The Village has paid all contributions required through December 31, 2008.

6. RISK MANAGEMENT

Risk Pool Membership

The Village belongs to 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

**VILLAGE OF CRAIG BEACH
MAHONING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(Continued)**

6. RISK MANAGEMENT – (Continued)

State of Ohio. These coverage programs, referred to as Ohio Plan Risk management (“OPRM”), 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 retain 15% of the premium and losses on the first \$250,000 casualty treaty and 10% of the first \$1,000,000 property treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had over 650 members as of December 31, 2008. The Village participates in this coverage.

In August, 2007, OGRMP formed the Ohio Plan Healthcare Consortium (“OPHC”), as authorized by Section 9.833 of the Ohio Revised Code. The OPHC was established to provide cost effective employee benefit programs for Ohio political sub-divisions and is a self-funded, group purchasing consortium that offers medical, dental, vision and prescription drug coverage as well as life insurance for its members. The OPHC is sold through seventeen appointed independent agents in the State of Ohio. Coverage programs are developed specific to each member’s healthcare needs and the related premiums for coverage are determined through the application of uniform underwriting criteria. Variable plan options are available to members. These plans vary primarily by deductibles, coinsurance levels, office visit co-pays and out-of pocket maximums. OPHC had 40 members as of December 31, 2008. The Village does not participate in this coverage.

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.

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 retained earnings at December 31: 2008 and 2007:

	<u>2008</u>	<u>2007</u>
Assets	\$10,471,114	\$11,136,455
Liabilities	<u>(5,286,781)</u>	<u>(4,273,553)</u>
Members’ Equity	<u>\$5,184,333</u>	<u>\$6,862,902</u>

You can read the complete audited financial statements for The Ohio Government Risk Management Plan at the Plan’s website, www.ohioplan.org.

**VILLAGE OF CRAIG BEACH
MAHONING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(Continued)**

7. PRIOR PERIOD ADJUSTMENT

During 2007 the Village Fiscal Officer made a fund balance adjustment for a stop payment on a check which cost \$30. This related expense belonged in the Fire Levy Fund as opposed to the General Fund where it was initially posted. The Fiscal Officer posted the amount after December 31, 2006 so it had no effect on the December 31, 2006 fund balances.

	General Fund	Special Revenue Funds
December 31, 2006 Fund Balances	\$20,228	115,808
Fund Balance Adjustment	30	(30)
January 1, 2007 Fund Balance	20,258	115,778

Also, during 2008 there were adjustments made in the General Fund and the Fire Apparatus Fund to account for unclaimed monies. The amount adjusted the beginning fund balance in the Unclaimed Monies Fund by increasing the fund balance from \$499 by the amount of \$354 to \$853.



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
P.O. Box 99
Lake Milton, Ohio 44429

To the Village Council:

We have audited the financial statements of Village of Craig Beach, Mahoning County, (the Village) as of and for the year ended December 31, 2008 and 2007, and have issued our report thereon dated March 11, 2010, wherein we noted the Village prepared its financial statements using accounting practices the Auditor of State prescribes or permits rather than accounting principles generally accepted in the United States of America. We issued an adverse opinion on the Village's regulatory basis statements 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 because the Auditor of State designed, developed, implemented, and, as requested, operates UAN. 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.

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.

We consider the following deficiency described in the accompanying schedule of findings to be a significant deficiency in internal control over financial reporting: 2008-001.

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 internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all internal control deficiencies that might be significant deficiencies or material weaknesses. However, we believe the significant deficiency described above, finding number 2008-001 is also a material weakness.

We noted certain matters that we reported to the Village's management in a separate letter dated March 11, 2010.

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 an instance of noncompliance that we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as items 2008-001.

We did note certain noncompliance or other matters that we reported to the Village's management in a separate letter dated March 11, 2010.

The Village's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not audit the Village's response and, accordingly, we express no opinion on it.

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

March 11, 2010

VILLAGE OF CRAIG BEACH
MAHONING COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2008 AND 2007

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

FINDING NUMBER 2008-001

Noncompliance Citation / Significant Deficiency / Material Weakness

Finding for Adjustment

Ohio Revised Code § 5705.10(C) 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.

Officials' Response:

The Clerk was not aware that this was incorrect at the time it was done. Once advised of the error, the Clerk adjusted the 2008 Homestead and Rollback monies from the General Fund to the Levy Funds. In 2009, and since, the Village has, and will continue to, disburse the Homestead and Rollback monies correctly.

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**VILLAGE OF CRAIG BEACH
MAHONING COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2008 AND 2007**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2006-001	Ohio Revised Code § 5705.39 appropriation exceeding estimated revenue	No	Repeated in Management Letter
2006-002	Ohio Revised Code §5705.41(D) – Shall not make any contract or order unless certificate of fiscal officer is attached.	No	Repeated in Management Letter
2006-003	Ohio Revised Code §5705.10 – Finding for Adjustment	No	Repeated as 2008-001



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
APRIL 6, 2010**