



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, 2012 and 2011.

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 of 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 opinion.

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, to satisfy requirements.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

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, 2012 and 2011, or changes in financial position thereof for the year then ended.

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

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

Fund	Misstatement as of December 31, 2010 through December 31, 2012
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, 2012 and 2011, 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, 2012 and 2011, 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.

Emphasis of Matter

As discussed in Note 1 to the financial statements, during 2011 the Village of Craig Beach adopted new accounting guidance in Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. Our opinion is not modified with respect to this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 31, 2014, 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.



Dave Yost
Auditor of State

Columbus, Ohio

January 31, 2014

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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, 2012**

	<u>General</u>	<u>Special Revenue</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts			
Property and Other Local Taxes	\$32,838	\$71,562	\$104,400
Intergovernmental	13,512	75,008	88,520
Fines, Licenses and Permits	66,649	1,066	67,715
Earnings on Investments	68	32	100
Miscellaneous	548		548
<i>Total Cash Receipts</i>	<u>113,615</u>	<u>147,668</u>	<u>261,283</u>
Cash Disbursements			
Current:			
Security of Persons and Property	54,131	27,797	81,928
Public Health Services	5,438		5,438
Leisure Time Activities		32,100	32,100
Community Environment	3,128		3,128
Basic Utility Services	6,843		6,843
Transportation		18,510	18,510
General Government	51,714	5,145	56,859
<i>Total Cash Disbursements</i>	<u>121,254</u>	<u>83,552</u>	<u>204,806</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(7,639)</u>	<u>64,116</u>	<u>56,477</u>
Other Financing Receipts (Disbursements)			
Sale of Capital Assets	540		540
Transfers In	499		499
<i>Total Other Financing Receipts (Disbursements)</i>	<u>1,039</u>	<u>0</u>	<u>1,039</u>
Special Item	100		100
<i>Net Change in Fund Cash Balances</i>	(6,500)	64,116	57,616
<i>Fund Cash Balances, January 1</i>	<u>62,784</u>	<u>297,402</u>	<u>360,186</u>
Fund Cash Balances, December 31			
Restricted		361,418	361,418
Committed		100	100
Unassigned (Deficit)	56,284		56,284
<i>Fund Cash Balances, December 31</i>	<u>\$56,284</u>	<u>\$361,518</u>	<u>\$417,802</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)
FIDUCIARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2012**

	<u>Fiduciary Fund Type</u>
	<u>Agency</u>
Operating Cash Receipts	
<i>Total Operating Cash Receipts</i>	0
Operating Cash Disbursements	
<i>Total Operating Cash Disbursements</i>	0
<i>Operating Income (Loss)</i>	0
Non-Operating Receipts (Disbursements)	
<i>Total Non-Operating Receipts (Disbursements)</i>	0
<i>Income (Loss) before Capital Contributions, Special Item, Extraordinary Item, Transfers and Advances</i>	0
Transfers Out	(\$499)
<i>Net Change in Fund Cash Balances</i>	(499)
<i>Fund Cash Balances, January 1, Restated (See Note 2)</i>	891
<i>Fund Cash Balances, December 31</i>	\$392

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, 2011**

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Property and Other Local Taxes	\$34,551	\$74,931	\$109,482
Intergovernmental	45,802	176,999	222,801
Fines, Licenses and Permits	59,747	138	59,885
Earnings on Investments	94	41	135
Miscellaneous	513		513
<i>Total Cash Receipts</i>	<u>140,707</u>	<u>252,109</u>	<u>392,816</u>
Cash Disbursements			
Current:			
Security of Persons and Property	51,017	30,927	81,944
Public Health Services	5,498		5,498
Leisure Time Activities		79,304	79,304
Community Environment	1,955		1,955
Basic Utility Services	7,425	2,000	9,425
Transportation		40,310	40,310
General Government	60,087	10,527	70,614
Capital Outlay		42,535	42,535
<i>Total Cash Disbursements</i>	<u>125,982</u>	<u>205,603</u>	<u>331,585</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>14,725</u>	<u>46,506</u>	<u>61,231</u>
Other Financing Receipts (Disbursements)			
Sale of Capital Assets	313	2,808	3,121
Other Financing Sources	450		450
<i>Total Other Financing Receipts (Disbursements)</i>	<u>763</u>	<u>2,808</u>	<u>3,571</u>
<i>Net Change in Fund Cash Balances</i>	15,488	49,314	64,802
<i>Fund Cash Balances, January 1</i>	<u>47,296</u>	<u>248,088</u>	<u>295,384</u>
Fund Cash Balances, December 31			
Restricted		284,684	284,684
Committed		12,718	12,718
Unassigned (Deficit)	62,784		62,784
<i>Fund Cash Balances, December 31</i>	<u>\$62,784</u>	<u>\$297,402</u>	<u>\$360,186</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)
FIDUCIARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2011

	<u>Fiduciary Fund Type</u>
	<u>Agency</u>
<i>Fund Cash Balances, January 1</i>	<u>\$853</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$853</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, 2012 AND 2011**

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 7 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 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 accounts for and reports all financial resources not accounted for and reported in another fund.

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.

**VILLAGE OF CRAIG BEACH
MAHONING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

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. 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 (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. 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 individual commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year.

A summary of 2012 and 2011 budgetary activity appears in Note 4.

**VILLAGE OF CRAIG BEACH
MAHONING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

F. Fund Balance

Beginning in 2011, 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.

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.

**VILLAGE OF CRAIG BEACH
MAHONING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

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. Prior Period Adjustment

In fiscal year 2012 the Village voided checks which were written in prior periods by recording the following adjustments to cash fund balances:

2012 Prior Period Adjustment			
	12/31/11 Fund		01/01/12 Fund
Fund Type	Cash Balances	Adjustments	Cash Balances
Agency	\$ 853	\$ 38	\$ 891

3. 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:

Demand deposits	\$418,194	\$361,039
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Deposits: Deposits are insured by the Federal Depository Insurance Corporation or collateralized by the financial institution's public entity deposit pool.

4. Budgetary Activity

Budgetary activity for the years ending December 31, 2012 and 2011 follows:

2012 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$103,580	\$114,754	\$11,174
Special Revenue	148,378	147,668	(710)
Total	\$251,958	\$262,422	\$10,464

2012 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$153,544	\$121,254	\$32,290
Special Revenue	270,006	83,552	186,454
Total	\$423,550	\$204,806	\$218,744

**VILLAGE OF CRAIG BEACH
MAHONING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011
(Continued)**

4. Budgetary Activity (Continued)

2011 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$135,104	\$141,470	\$6,366
Special Revenue	243,252	254,917	11,665
Total	\$378,356	\$396,387	\$18,031

2011 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$134,290	\$125,982	\$8,308
Special Revenue	339,483	205,603	133,880
Total	\$473,773	\$331,585	\$142,188

5. 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.

6. 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 2012 and 2011, 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, 2012.

7. Risk Management

The Village belongs to the Ohio Plan Risk Management, Inc. (OPRM) - formerly known as the Ohio 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.

**VILLAGE OF CRAIG BEACH
MAHONING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011
(Continued)**

7. Risk Management (Continued)

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 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 767 and 765 members as of December 31, 2012 and 2011 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.

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, 2012 and 2011.

	<u>2012</u>	<u>2011</u>
Assets	\$13,100,381	\$12,501,280
Liabilities	(6,687,193)	(5,328,761)
Members' Equity	<u>\$6,413,188</u>	<u>\$7,172,519</u>

You can read the complete audited financial statements for OPRM at the Plan's website, www.ohioplan.org.

8. Contingent Liabilities

The Village is defendant in a lawsuit. Although management cannot presently determine the outcome of this suit, management believes there is a possibility that the resolution of this matter may adversely affect the Village's financial condition.



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, Mahoning County, (the Village) as of and for the years ended December 31, 2012 and 2011, and have issued our report thereon dated January 31, 2014, wherein we noted the Village followed accounting financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit, described in Note 1 and noted the Village adopted new accounting guidance in Governmental Accounting Standards Board Statement No. 54 in 2011. 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 opinion 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 findings 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 Government'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 2012-01 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 items 2012-01 through 2012-03.

Entity's Response to Findings

The Village's responses to the findings identified in our audit are described in the accompanying schedule of findings. We did not audit the Village'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

January 31, 2014

**VILLAGE OF CRAIG BEACH
MAHONING COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2012 AND 2011**

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

FINDING NUMBER 2012-01

Noncompliance Citation / 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 properly 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 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 record the Homestead and Rollback monies correctly.

FINDING NUMBER 2012-02

Noncompliance Citation

Ohio Rev. Code §1905.21 requires the mayor of a municipal corporation and a mayor's court magistrate to keep a docket. The mayor or mayor's court magistrate shall account for and dispose of all such fines, forfeitures, fees, and costs collected.

Ohio Rev. Code §733.40 requires all moneys collected shall be paid by the mayor into the municipality on the first Monday of each month. At the first regular meeting of the legislative authority each month, the mayor shall submit a full statement of all money received, from whom and for what purposes received, and when paid into the treasury.

**FINDING NUMBER 2012-02
(Continued)**

The Village keeps a cashbook detailing receipts by case received by the Mayor's Court. During our review we noted receipts which were properly recorded on the UAN system (and ergo the financial statements) and deposited, but not recorded in the cashbook as required. The 2011 cashbook did not contain a complete listing of receipts for the months of January, February, March, April, July, August and September. The 2012 cashbook did not contain a complete listing of receipts for the months of April, May, July, and August.

We recommend the Village maintain a monthly cashbook with a complete listing of receipts. The cashbook should document, at a minimum, the date, name, case number, and receipt amount. The cashbook should also document the allocation of Village and State fines and costs related to each receipt/case. The cashbook should be totaled for the month and reconciled to the monthly pay-in made to the UAN accounting system.

Official's Response:

The problems have been addressed with greater oversight of Mayors Court provided by both Mayor and Council Finance Committee, together with a well-trained and organized Clerk of Court, who was appointed in September 2012. Since October 2012 all deposits and reports have been made promptly and on a timely basis. Since October 2012 the Village has been complying with Ohio Revised Code Section 1905.21 and Section 733.40 and a report, as required by those Sections, delivered to Council at the monthly meetings.

FINDING NUMBER 2012-03

Noncompliance Citation

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. The Village is also responsible for remitting fines and costs in accordance with other applicable Ohio Revised Code sections.

During 2012 the Village did make the required Mayor's Court disbursements to the Treasurer of State, although the June, July, and August payments were not made until February and March of 2013.

We recommend the Village remit all monies owed to the state in accordance with the Ohio Revised Code Sections listed above.

Official's Response:

A new Clerk of Court was appointed in September 2012 and had the tedious job of reconciling what was an extreme high number of court cases that remained from the summer sessions left when the previous Clerk resigned. All court costs and fines due the State Treasurer, since October 2012, have been remitted to the State Treasurer within twenty days of the following month to comply with Ohio Revised Code 2743.70(A) and 2949.091(A).

**VILLAGE OF CRAIG BEACH
MAHONING COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2012 AND 2011**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2010-01	Noncompliance- ORC 5705.10(C) /Material Weakness/ Finding for Adjustment	No	Repeated at 2012-01
2010-02	Noncompliance ORC 5705.09(F) – Issue 2 projects	Yes	

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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
MARCH 13, 2014**