

**VILLAGE OF CROWN CITY  
GALLIA COUNTY  
Regular Audit  
December 31, 2007 and 2006**





# Mary Taylor, CPA

Auditor of State

Village Council  
Village of Crown City  
156 Charles Street  
Crown City, Ohio 45623

We have reviewed the *Independent Accountants' Report* of the Village of Crown City, Gallia County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period January 1, 2006 through December 31, 2007. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

The financial statements in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Auditor of State. Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Independent Accountants' Report* on your financial statements. While the Auditor of State 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. The attached report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the statements are misstated under the non-GAAP regulatory basis. The *Independent Accountants' Report* also includes an opinion on the financial statements using the regulatory format the Auditor of State permits.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Village of Crown City is responsible for compliance with these laws and regulations.

*Mary Taylor*

Mary Taylor, CPA  
Auditor of State

October 24, 2008

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VILLAGE OF CROWN CITY  
GALLIA COUNTY

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**INDEPENDENT ACCOUNTANTS' REPORT**

September 24, 2008

Village of Crown City  
Gallia County  
P.O. Box 316  
Crown City, OH 45623

To the Honorable Mayor and Members of Village Council:

We were engaged to audit the financial statements of the **Village of Crown City, Gallia County, Ohio**, (the Village) as of and for the years ended December 31, 2007 and 2006. 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. 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. 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, 2007 and 2006 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, 2007 and 2006 or their changes in financial position for the year then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserve for encumbrances of the Village of Crown City, Gallia County, as of December 31, 2007 and 2006, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The aforementioned revision to generally accepted accounting principles also requires the Village to include Management's Discussion and Analysis for the years ended December 31, 2007 and 2006. The Government 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 September 24, 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.

Respectfully Submitted,



**Perry and Associates**  
Certified Public Accountants, A.C.

**VILLAGE OF CROWN CITY  
GALLIA 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>			<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>				
Local Taxes	\$ 3,560	\$ 6,336	\$ -	\$ 9,896
Intergovernmental	65,608	27,397	-	93,005
Fines, Licenses, and Permits	1,690	-	-	1,690
Earnings on Investments	177	264	-	441
Miscellaneous	3,847	8,022	-	11,869
	<u>74,882</u>	<u>42,019</u>	<u>-</u>	<u>116,901</u>
Total Cash Receipts				
<b>Cash Disbursements:</b>				
Current:				
General Government	41,146	-	-	41,146
Public Health Services	-	4,160	-	4,160
Transportation	-	26,301	-	26,301
Security of Persons and Property	29,762	3,329	-	33,091
Leisure Time Activities	-	135	-	135
Debt Service:				
Redemption of Principal	5,591	1,500	-	7,091
Interest and Fiscal Charges	2,805	-	-	2,805
Capital Outlay	-	46,674	-	46,674
	<u>79,304</u>	<u>82,099</u>	<u>-</u>	<u>161,403</u>
Total Cash Disbursements				
Total Cash Receipts Over/(Under) Disbursements	<u>(4,422)</u>	<u>(40,080)</u>	<u>-</u>	<u>(44,502)</u>
Fund Cash Balances, January 1	<u>13,411</u>	<u>140,520</u>	<u>6,865</u>	<u>160,796</u>
<b>Fund Cash Balances, December 31</b>	<b><u>\$ 8,989</u></b>	<b><u>\$ 100,440</u></b>	<b><u>\$ 6,865</u></b>	<b><u>\$ 116,294</u></b>
Reserve For Encumbrances, December 31	<u>\$ 204</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 204</u>

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



**VILLAGE OF CROWN CITY  
GALLIA 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>			<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>				
Local Taxes	\$ 1,044	\$ 7,247	\$ -	\$ 8,291
Intergovernmental	65,616	26,943	6,837	99,396
Charges for Services	-	600	-	600
Fines, Licenses, and Permits	1,129	-	-	1,129
Earnings on Investments	258	295	-	553
Miscellaneous	2,859	7,413	-	10,272
<b>Total Cash Receipts</b>	<u>70,906</u>	<u>42,498</u>	<u>6,837</u>	<u>120,241</u>
<b>Cash Disbursements:</b>				
Current:				
General Government	43,546	-	-	43,546
Public Health Services	1,500	2,225	-	3,725
Transportation	-	16,730	-	16,730
Security of Persons and Property	28,050	3,482	-	31,532
Leisure Time Activities	-	273	-	273
Debt Service:				
Redemption of Principal	6,912	-	-	6,912
Interest and Fiscal Charges	2,984	-	-	2,984
<b>Total Cash Disbursements</b>	<u>82,992</u>	<u>22,710</u>	<u>-</u>	<u>105,702</u>
Total Cash Receipts Over/(Under) Disbursements	<u>(12,086)</u>	<u>19,788</u>	<u>6,837</u>	<u>14,539</u>
<b>Other Financing Receipts and (Disbursements):</b>				
Advances-In	7,500	-	-	7,500
Advances-Out	-	(7,500)	-	(7,500)
<b>Total Other Financing Receipts/(Disbursements)</b>	<u>7,500</u>	<u>(7,500)</u>	<u>-</u>	<u>-</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(4,586)	12,288	6,837	14,539
Fund Cash Balances, January 1	<u>17,997</u>	<u>128,232</u>	<u>28</u>	<u>146,257</u>
<b>Fund Cash Balances, December 31</b>	<u><b>\$ 13,411</b></u>	<u><b>\$ 140,520</b></u>	<u><b>\$ 6,865</b></u>	<u><b>\$ 160,796</b></u>
Reserve For Encumbrances, December 31	<u>\$ 204</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 204</u>

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

**VILLAGE OF CROWN CITY  
GALLIA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2007 AND 2006**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The Village of Crown City, Gallia County, (the Village) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village is directed by a publicly elected six-member Council. The Village provides general governmental services, park operations (leisure time activities), maintenance of streets, police and fire protection (security of persons and property), and general Village maintenance.

The Village's management believes these financial statements included in this report represent all of the funds of the Village over which the Village has the ability to exercise direct operating control.

**B. Basis of Accounting**

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved). These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

**C. Cash and Investments**

The Village's accounting basis includes investments as assets. This basis of accounting does not record disbursements for investments purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

The Village invests all available funds in a NOW checking account and certificates of deposit.

**D. Fund Accounting**

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

**1. General Fund**

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

**2. Special Revenue Funds**

These funds are used to account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. The Village has the following significant Special Revenue Funds:

**VILLAGE OF CROWN CITY  
GALLIA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2007 AND 2006  
(Continued)**

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

**D. Fund Accounting (Continued)**

**2. Special Revenue Funds (Continued)**

Street Construction, Maintenance and Repair Fund - This fund receives gasoline tax and motor vehicle tax money for constructing, maintaining and repairing Village streets.

Fire Department Fund – This fund receives tax monies assessed and levied on general assessed valuation of real and personal property taxes for the operation of the fire department

**3. Capital Projects**

Sewer Fund- This fund receives intergovernmental funding to support the wastewater sewer treatment plant construction project.

**E. Budgetary Process**

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

**1. Appropriations**

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function, and 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 cash as of January 1. The County Budget Commission must also approve estimated resources.

**3. Encumbrances**

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

A summary of 2007 and 2006 budgetary activity appears in Note 3.

**F. Property, Plant and Equipment**

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

**VILLAGE OF CROWN CITY  
GALLIA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2007 AND 2006  
(Continued)**

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

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

	2007	2006
Demand Deposits	\$ 102,234	\$ 146,737
Certificate of Deposit	14,060	14,060
Total Deposits	\$ 116,294	\$ 160,797

Deposits are either (1) insured by the Federal Deposit Insurance Corporation or (2) collateralized by securities specifically pledged by the financial institution to the Village, or (3) collateralized by the financial institution's public entity deposit pool.

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ended December 31, 2007 and 2006 follows:

2007 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 86,147	\$ 74,882	\$ (11,265)
Special Revenue	30,450	42,019	11,569
Total	\$ 116,597	\$ 116,901	\$ 304

2007 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 100,632	\$ 79,508	\$ 21,124
Special Revenue	127,205	82,099	45,106
Total	\$ 227,837	\$ 161,607	\$ 66,230

2006 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 79,090	\$ 70,906	\$ (8,184)
Special Revenue	33,620	42,498	8,878
Capital Projects	-	6,837	6,837
Total	\$ 112,710	\$ 120,241	\$ 7,531

**VILLAGE OF CROWN CITY  
GALLIA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2007 AND 2006  
(Continued)**

**3. BUDGETARY ACTIVITY (Continued)**

2006 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 117,066	\$ 83,196	\$ 33,870
Special Revenue	41,635	22,710	18,925
Total	\$ 158,701	\$ 105,906	\$ 52,795

Contrary to Ohio Rev. Code Section 5705.39, the appropriations exceeded estimated resources in 2007 and 2006 in the General Fund and the Parks & Recreation Fund.

Contrary to Ohio Rev. Code Section 5705.41 (D), the Village did not obtain the fiscal officer's certificate for several expenditures during 2007 or 2006.

**4. PROPERTY TAX**

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

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

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 elected officials and employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multi-employer plan. This plan provides retirement benefits, including post retirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2007 and 2006, members of PERS contributed 9.5% (2007) and 9% (2006) of their gross salaries. The Village contributed an amount equal to 13.85% (2007) and 13.7% (2006) of participants' gross salaries. The Village had paid all contributions required through December 31, 2007.

**VILLAGE OF CROWN CITY  
GALLIA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2007 AND 2006  
(Continued)**

**6. DEBT**

Debt outstanding at December 31, 2007 was as follows:

<u>Description:</u>	<u>Principal</u>	<u>Interest Rate</u>
Building Acquisition Bond	\$ 64,589	4.00%
OWDA #3372	10,000	0.00%
Total	<u>\$ 74,589</u>	

The Building Acquisition Bond relates to the building purchased for the Fire Department. A bond agreement was signed with the Ohio Valley Bank for \$100,000 at 4% interest due in annual installments for twenty years. The first payment was made November 1, 1999. The Building Acquisition Bond is collateralized by the Village's taxing authority.

The Ohio Water Development Authority Loan relates to the installation of a new sewer system for the Village. The loan was signed with the Ohio Water Development Authority for \$25,000 at 0% interest due in annual installments. The first payment was made January 2, 2002. The OWDA loan is collateralized by the Village's taxing authority.

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

December 31:	Building	OWDA
2008	\$ 7,396	\$ 2,500
2009	7,396	2,500
2010	7,396	2,500
2011	7,396	2,500
2012	7,396	-
Thereafter	44,376	-
Total	<u>\$ 81,356</u>	<u>\$ 10,000</u>

**7. RISK MANAGEMENT**

**Risk Pool Membership**

The Village belongs to the Ohio Municipal Joint Self-Insurance Pool (the "Pool"), an unincorporated non-profit association available to municipal corporations and their instrumentalities. The Pool is a separate legal entity per Section 2744 of the Ohio Revised Code.

The Pool provides property and casualty insurance for its members. The Pool pays judgments, settlements, and other expenses resulting for covered claims that exceed the member's deductibles.

The Pool cedes certain premiums to re-insurers or excess re-insurers. The Pool is contingently liable should any re-insurer be unable to meet its re-insurance obligations.

Members may withdraw at the end of any coverage period upon 60 days' prior notice to the Pool. A withdrawing member not providing the required notification remains responsible for its unpaid claims, and also remains liable for additional assessments (if any) for years during which they were members.

**VILLAGE OF CROWN CITY  
GALLIA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2007 AND 2006  
(Continued)**

**7. RISK MANAGEMENT (Continued)**

**Risk Pool Membership (Continued)**

The Pool's financial statements (audited by other auditors) conform with generally accepted accounting principals and reported the following assets, liabilities, and retained deficit at December 31, 2007 and 2006:

	<b>2007</b>	<b>2006</b>
Assets	\$ 2,405,834	\$ 2,331,284
Liabilities	(2,877,385)	(3,130,475)
Total	\$ (471,551)	\$ (799,191)

**8. ADVANCE IN AND OUT**

During 2007 the following advance was made from the Special Revenue Fund:

Advance from the Parks and Recreation Fund to:	
General Fund	\$7,500
Total Transfers from the Parks and Recreation Fund	\$7,500

The advance from the Parks and Recreation Fund to the General Fund was for purposes of repayment of for an advance made by the Village in 2005 from the General fund to the Parks and recreation Fund.

Advance to the above mentioned General Fund was determined to be in compliance.

***Perry & Associates***  
Certified Public Accountants, A.C.

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**INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
REQUIRED BY GOVERNMENT AUDITING STANDARDS**

September 24, 2008

Village of Crown City  
Gallia County  
P.O. Box 316  
Crown City, OH 45623

To the Board of Trustees:

We have audited the financial statements of **Village of Crown City, Gallia County, Ohio** (the Village) as of and for the years ended December 31, 2007 and 2006, and have issued our report thereon dated September 24, 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 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 opinions 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 the 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 considered significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

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.



### **Internal Control Over Financial Reporting (Continued)**

We consider the following deficiencies described in the accompanying schedule of findings to be significant deficiencies in internal control over financial reporting: 2007-001 through 2007-004.

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. We believe the significant deficiencies described above are not material weaknesses.

We noted other internal control matters we reported to the Village's management is a separate letter dated September 24, 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 the following instances of noncompliance or other matters that we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as items 2007-001 through 2007-002.

We noted other instances of noncompliance we reported to the Village's management is a separate letter dated September 24, 2008.

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

Respectfully Submitted,



**Perry and Associates**  
Certified Public Accountants, A.C.

**VILLAGE OF CROWN CITY  
GALLIA COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2007 AND 2006**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2007-001**

**Noncompliance Citation/Significant Deficiency**

**Ohio Rev. Code Section 5705.39** requires that total appropriations from each fund not exceed total estimated fund resources from each fund. This section also requires the Village to obtain a County Auditor's certificate that total appropriations from each fund do not exceed the total official estimate or amended official estimate when amending estimated resources.

During 2007 and 2006, total appropriations exceeded total estimated resources during the year in the General Fund and the Parks & Recreation Fund.

Village Council should monitor appropriations versus estimated resources to help avoid overspending

**Management's Response** – We did not receive a response from the Village to this finding.

**FINDING NUMBER 2007-002**

**Noncompliance Citation/Significant Deficiency**

**Ohio Revised Code § 5705.41(D)(1)** prohibits a subdivision or taxing entity from making any contract or ordering any expenditure of money unless a certificate signed by the fiscal officer is attached thereto. The fiscal officer must certify that the amount required to meet any such contract or expenditure has been lawfully appropriated and is in the treasury, or is in the process of collection to the credit of an appropriate fund free from any previous encumbrance.

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 the fiscal officer (Clerk) can certify that both at the time that the contract or order was made ("then"), and at the time that the fiscal officer is completing the certification ("now"), that sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the taxing authority (Village Council) can authorize the drawing of a warrant for the payment of the amount due. The taxing authority has thirty days from the receipt of the "then and now" certificate to approve payment by ordinance or resolution. Amounts of less than \$1,000 (which was increased to \$3,000 on April 7, 2003) may be paid by the fiscal officer without a resolution or ordinance upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the Village.

**VILLAGE OF CROWN CITY  
GALLIA COUNTY**

**SCHEDULE OF AUDIT FINDINGS  
DECEMBER 31, 2007 AND 2006**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
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**FINDING NUMBER 2007-002 (Continued)**

**Ohio Revised Code § 5705.41(D)(1) (Continued)**

2. Blanket Certificate – Fiscal officers may prepare “blanket” certificates not exceeding \$5,000 against any specific line item account over a period not exceeding three months or running beyond the current year. 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. Effective September 26, 2003, certificates may not exceed an amount established by resolution or ordinance of the legislative authority, and cannot extend beyond the end of the fiscal year. Blanket certificates cannot be issued unless there has been an amount approved by the legislative authority for the blanket.
  
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 reasonably predictable operating expense. 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 Village did not obtain the fiscal officer's certificate for several expenditures during 2007 or 2006. The Clerk's certification is not only required by Ohio law, but is also a key control in the disbursements process. Failure to obtain proper certification of funds resulted in disbursements being made without adequate current resources being available. Prior certification should be obtained for all disbursements. In instances when prior certification is not practical, “then and now” certification should be made.

**Management's Response** – We did not receive a response from the Village to this finding

**FINDING NUMBER 2007-003**

**Significant Deficiency**

**Posting Estimated Revenues and Appropriations**

The Village did not have a control procedure in place to ensure that appropriations and estimated receipts, as authorized by the Village Council and approved by the County Budget Commission, were reconciled to the appropriations and estimated receipts posted to the accounting system.

This resulted in incorrect amounts posted to the accounting system and information available to Village officials to monitor year-to-date total comparison of budgeted amounts versus actual amounts was not accurate. Adjustments were made to the budgetary activity reported in Note 3 to the financial statements in order to accurately present estimated receipts as Certified by the County Budget Commission.

We recommend the Village implement procedures to ensure appropriations and estimated receipts are accurately posted to the accounting system and reconciled to the amounts approved by the budget commission after each amendment

**Management's Response** – We did not receive a response from the Village to this finding.

VILLAGE OF CROWN CITY  
GALLIA COUNTY

SCHEDULE OF AUDIT FINDINGS  
DECEMBER 31, 2007 AND 2006

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

FINDING NUMBER 2007-004

**Significant Deficiency**

**Proper Posting of Disbursements**

The Village should utilize the UAN chart of accounts to determine proper posting of disbursements. The Village did not properly classify all disbursements such as debt payments.

Several reclassifications were necessary and are reflected in the financial statements of the report.

The Village Fiscal Officer should utilize the UAN chart of accounts to determine proper posting of receipts and disbursements.

**Management's Response** – We did not receive a response from officials to this finding.



**Mary Taylor, CPA**  
Auditor of State

**VILLAGE OF CROWN CITY**

**GALLIA COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
NOVEMBER 6, 2008**