



**VILLAGE OF CRESTON
WAYNE COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2000-1999



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

VILLAGE OF CRESTON
WAYNE COUNTY

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REPORT OF INDEPENDENT ACCOUNTANTS

Village of Creston
Wayne County
P.O. Box 194
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To the Village Council:

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

We conducted our audits in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated February 23, 2001, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audits.

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

Jim Petro
Auditor of State

February 23, 2001

VILLAGE OF CRESTON
WAYNE COUNTY

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

	<u>Governmental Fund Types</u>					Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Expendable Trust</u>	
Cash Receipts:						
Property Tax and Other Local Taxes	\$342,857	\$104,303			\$0	\$447,160
Intergovernmental	146,471	85,230				231,701
Charges for Services		13,475	\$129,057			142,532
Fines, Licenses, and Permits	22,857	75				22,932
Earnings on Investments	19,205	0	6,650			25,855
Donations				\$36,133		36,133
Miscellaneous	5,384	15,363				20,747
Total Cash Receipts	<u>536,774</u>	<u>218,446</u>	<u>135,707</u>	<u>36,133</u>	<u>0</u>	<u>927,060</u>
Cash Disbursements:						
Current:						
Security of Persons and Property	4,403	265,512				269,915
Public Health Services	4,642	38,656				43,298
Leisure Time Activities		23,211				23,211
Community Environment	2,763					2,763
Transportation		87,582				87,582
General Government	257,835					257,835
Debt Service						0
Principal Payments			76,863			76,863
Interest Payments			64,895			64,895
Capital Outlay				32,718	754	33,472
Total Cash Disbursements	<u>269,643</u>	<u>414,961</u>	<u>141,758</u>	<u>32,718</u>	<u>754</u>	<u>859,834</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>267,131</u>	<u>(196,515)</u>	<u>(6,051)</u>	<u>3,415</u>	<u>(754)</u>	<u>67,226</u>
Other Financing Receipts/(Disbursements):						
Transfers-In		187,000	20,000		962	207,962
Transfers-Out	<u>(257,962)</u>					<u>(257,962)</u>
Total Other Financing Receipts/(Disbursements)	<u>(257,962)</u>	<u>187,000</u>	<u>20,000</u>	<u>0</u>	<u>962</u>	<u>(50,000)</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	9,169	(9,515)	13,949	3,415	208	17,226
Fund Cash Balances, January 1	<u>272,873</u>	<u>106,207</u>	<u>222,954</u>	<u>8,900</u>	<u>46,488</u>	<u>657,422</u>
Fund Cash Balances, December 31	<u>\$282,042</u>	<u>\$96,692</u>	<u>\$236,903</u>	<u>\$12,315</u>	<u>\$46,696</u>	<u>\$674,648</u>
Reserves for Encumbrances, December 31	<u>\$2,206</u>	<u>\$791</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$2,997</u>

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

**VILLAGE OF CRESTON
WAYNE COUNTY**

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

	Proprietary Fund Type	Fiduciary Fund Types		Totals (Memorandum Only)
	Enterprise	Nonexpendable Trust	Agency	
Operating Cash Receipts:				
Charges for Services	\$353,578		\$27,983	\$381,561
Donations		\$40		40
Miscellaneous	2,423			2,423
Total Operating Cash Receipts	356,001	40	27,983	384,024
Operating Cash Disbursements:				
Personal Services	118,435			118,435
Payments to Village			23,228	23,228
Payments to State			4,755	4,755
Supplies and Materials	97,834			97,834
Capital Outlay	79,968			79,968
Total Operating Cash Disbursements	296,237	0	27,983	324,220
Operating Income	59,764	40	0	59,804
Non-Operating Cash Disbursements:				
Debt Service:				
Principal Payments	46,146			46,146
Interest Payments	44,730			44,730
Total Non-Operating Cash Disbursements	90,876			90,876
Excess of Cash Receipts (Under)/Over Cash Disbursements Before Interfund Transfers	(31,112)	40	0	(31,072)
Transfers-In	50,000			50,000
Net Cash Receipts Over Cash Disbursements	18,888	40	0	18,928
Fund Cash Balances, January 1	335,914	100	0	336,014
Fund Cash Balances, December 31	\$354,802	\$140	\$0	\$354,942
Reserves for Encumbrances, December 31	\$8,811	\$0	\$0	\$8,811

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

VILLAGE OF CRESTON
WAYNE COUNTY

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

	Governmental Fund Types					Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	
Cash Receipts:						
Property Tax and Other Local Taxes	\$323,119	\$100,269			\$0	\$423,388
Intergovernmental	115,861	160,366				276,227
Charges for Services		13,380	\$127,226			140,606
Fines, Licenses, and Permits	22,325					22,325
Earnings on Investments	19,460		6,748			26,208
Donations				\$8,900		8,900
Miscellaneous	16,357	13,279				29,636
Total Cash Receipts	497,122	287,294	133,974	8,900	0	927,290
Cash Disbursements:						
Current:						
Security of Persons and Property	4,974	236,277				241,251
Public Health Services	4,724	34,931				39,655
Leisure Time Activities		77,384				77,384
Community Environment	1,418					1,418
Transportation		137,555				137,555
General Government	261,932					261,932
Debt Service:						
Principal Payments			71,519			71,519
Interest Payments			70,239			70,239
Total Cash Disbursements	273,048	486,147	141,758	0	0	900,953
Total Cash Receipts Over/(Under) Cash Disbursements	224,074	(198,853)	(7,784)	8,900	0	26,337
Other Financing Receipts/(Disbursements):						
Transfers-In		185,000	20,000		943	205,943
Transfers-Out	(255,943)					(255,943)
Total Other Financing Receipts/(Disbursements)	(255,943)	185,000	20,000	0	943	(50,000)
Excess of Cash Receipts and Other Financing Receipts (Under)/Over Cash Disbursements and Other Financing Disbursements	(31,869)	(13,853)	12,216	8,900	943	(23,663)
Fund Cash Balances, January 1	304,742	120,060	210,738	0	45,545	681,085
Fund Cash Balances, December 31	\$272,873	\$106,207	\$222,954	\$8,900	\$46,488	\$657,422
Reserves for Encumbrances, December 31	\$0	\$0	\$0	\$0	\$0	\$0

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

**VILLAGE OF CRESTON
WAYNE COUNTY**

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

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Nonexpendable Trust</u>	<u>Agency</u>	
Operating Cash Receipts:				
Charges for Services	\$357,420		\$23,455	\$380,875
Donations		\$100		100
Miscellaneous	5,194			5,194
Total Operating Cash Receipts	<u>362,614</u>	<u>100</u>	<u>23,455</u>	<u>386,169</u>
Operating Cash Disbursements:				
Personal Services	128,375			128,375
Payments to Village			19,915	19,915
Payments to State			3,540	3,540
Supplies and Materials	82,209			82,209
Capital Outlay	106,395			106,395
Total Operating Cash Disbursements	<u>316,979</u>	<u>0</u>	<u>23,455</u>	<u>340,434</u>
Operating Income	<u>45,635</u>	<u>100</u>	<u>0</u>	<u>45,735</u>
Non-Operating Cash Disbursements:				
Debt Service:				
Principal Payments	45,408			45,408
Interest Payments	51,130			51,130
Total Non-Operating Cash Disbursements:	<u>96,538</u>			<u>96,538</u>
Excess of Cash Receipts (Under)/Over Cash Disbursements Before Interfund Transfers	(50,903)	100	0	(50,803)
Transfers-In	<u>50,000</u>			<u>50,000</u>
Net Cash Receipts (Under)/Over Cash Disbursements	(903)	100	0	(803)
Fund Cash Balances, January 1	<u>336,817</u>	<u>0</u>	<u>0</u>	<u>336,817</u>
Fund Cash Balances, December 31	<u>\$335,914</u>	<u>\$100</u>	<u>\$0</u>	<u>\$336,014</u>
Reserves for Encumbrances, December 31	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

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

**VILLAGE OF CRESTON
WAYNE COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Village of Creston, Wayne County, Ohio, (the Village) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village is directed by a publicly-elected six-member Council. The Village provides general governmental services, including water and sewer utilities, park operations (leisure time activities), police services and a mayor's court.

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

B. Basis of Accounting

These financial statements follow the cash 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

Certificates of deposit and U.S. Treasury Notes are valued at cost.

Investments are included in the cash fund balances. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded 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 is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

2. Special Revenue Funds

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

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

**VILLAGE OF CRESTON
WAYNE COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

2. Special Revenue Funds (Continued)

Police Fund - This fund receives property taxes for the funding of the Police department.

3. Debt Service Fund

This fund is used to account for the accumulation of resources for, and the payment of, bonds and note indebtedness. The Village had the following significant Debt Service Fund:

Sewer Bond Retirement Fund - This fund is used to accumulate charges for services for the payment of sewer debt.

4. Capital Projects Fund

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

Park Fund - This fund is used to account for donations received for the construction and improvement of the Village's park.

5. Enterprise Funds

These funds are used to account for operations that are similar to private business enterprises where management intends that the significant costs of providing certain goods or services will be recovered through user charges. The Village had the following significant Enterprise Funds:

Water Fund - This fund receives charges for services from residents to cover the cost of providing water service.

Sewer Fund - This fund receives charges for services from residents to cover the cost of providing sewer service.

6. Fiduciary Funds (Trust and Agency Funds)

Trust funds are used to account for resources restricted by legally binding trust agreements. If the agreement requires the Village to maintain the corpus of the trust, the fund is classified as a nonexpendable trust fund. Other trust funds are classified as expendable. Funds for which the Village is acting in an agency capacity are classified as agency funds. The Village had the following significant Agency Fund:

Mayor's Court - This fund receives fines and costs from police tickets to cover the operation of the Police department.

**VILLAGE OF CRESTON
WAYNE COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

6. Fiduciary Funds (Trust and Agency Funds - Continued)

The Village had the following significant Nonexpendable Trust Fund:

Park Endowment Fund - Interest from the trust is used for the maintenance of the Village park.

The Village had the following significant Expendable Trust Fund:

Cemetery Trust Fund - Proceeds from this fund are used for cemetery land improvements.

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 commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

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

F. Property, Plant and Equipment

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

**VILLAGE OF CRESTON
WAYNE COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Unpaid Vacation and Sick Leave

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

2. EQUITY IN POOLED CASH AND INVESTMENTS

The Village maintains a cash and investment 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:

	<u>2000</u>	<u>1999</u>
Demand deposits	\$885,590	\$849,436
Certificates of deposits	<u>140,000</u>	<u>140,000</u>
Total deposits	1,025,590	989,436
U.S. Treasury Notes	<u>4,000</u>	<u>4,000</u>
Total deposits and investments	<u>\$ 1,029,590</u>	<u>\$ 993,436</u>

Deposits: Deposits are either insured by the Federal Depository Insurance Corporation or collateralized by securities specifically pledged in the amount of \$500,000 and \$1,000,000, respectively for 1999 and 2000 by the financial institution's public entity deposit pool.

At December 31, 1999, \$470,987 of deposits were not insured or collateralized, contrary to Ohio Revised Code Section 135.18.

**VILLAGE OF CRESTON
WAYNE COUNTY**

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

3. BUDGETARY ACTIVITY

Budgetary activity for the years ended December 31 follows:

2000 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 430,305	\$ 536,774	\$ 106,469
Special Revenue	414,050	405,446	(8,604)
Debt Service	147,000	155,707	8,707
Capital Projects	26,100	36,133	10,033
Enterprise	380,000	406,001	26,001
Expendable Trust	1,800	962	(838)
Nonexpendable Trust	0	40	40
Total	\$ 1,399,255	\$ 1,541,063	\$ 141,808

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 657,320	\$ 529,811	\$ 127,509
Special Revenue	509,500	415,752	93,748
Debt Service	141,784	141,758	26
Capital Projects	35,000	32,718	2,282
Enterprise	679,800	395,924	283,876
Expendable Trust	10,000	754	9,246
Nonexpendable Trust	0	0	0
Total	\$ 2,033,404	\$ 1,516,717	\$ 516,687

**VILLAGE OF CRESTON
WAYNE COUNTY**

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

3. BUDGETARY ACTIVITY (Continued)

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 393,900	\$ 497,122	\$ 103,222
Special Revenue	452,816	472,294	19,478
Debt Service	145,000	153,974	8,974
Capital Projects	0	8,900	8,900
Enterprise	383,500	412,614	29,114
Expendable Trust	1,600	943	(657)
Nonexpendable Trust	0	100	100
Total	\$ 1,376,816	\$ 1,545,947	\$ 169,131

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 581,980	\$ 528,991	\$ 52,989
Special Revenue	547,330	486,147	61,183
Debt Service	141,480	141,758	(278)
Capital Projects	0	0	0
Enterprise	677,260	413,517	263,743
Expendable Trust	10,000	0	10,000
Nonexpendable Trust	0	0	0
Total	\$ 1,958,050	\$ 1,570,413	\$ 387,637

4. PROPERTY TAX

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

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.

**VILLAGE OF CRESTON
WAYNE COUNTY**

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

5. DEBT

Debt outstanding at December 31, 2000 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Ohio Public Works Commission Loans	\$ 64,396	0%
Ohio Water Development Authority Loan	562,120	8.09%
Promissory Note - Water Tower Construction	459,386	7.50%
Promissory Note - Waterline Replacement	121,081	7.00%
Mortgage Revenue Bonds - Sewer	179,000	4.50%
Police Station Loan	<u>126,722</u>	6.00%
Total	<u>\$ 1,512,705</u>	

The Village obtained two Ohio Public Works Commission (OPWC) project loans for an ultraviolet disinfection system and water treatment plant improvement project. These loans will be repaid in semiannual installments, with no interest, over 15 years. Final maturity on these loans will be in 2013.

The Ohio Water Development Authority (OWDA) loan relates to the expansion and upgrade of the Wastewater Treatment Plant. The loan will be repaid in semiannual installments of \$49,075, including interest, over 20 years. Final maturity on this loan will be in 2009.

The Promissory Notes relate to the water tower construction project and a waterline replacement. The water tower note will be repaid in monthly installments of \$5,562, including interest, over 16 years. Final maturity will be in 2011. The waterline note will be repaid in monthly installments of \$1,750, including interest, over 10 years. Final maturity will be in 2008.

The Mortgage Revenue Bonds were issued in March, 1965, and assisted in the construction of the Sanitary and Sewage Disposal Plant. These bonds will be repaid in monthly installments of \$1,790, including interest, through March of 2010.

The Police Station Loan relates to certain premises conveyed by Village residents for use by the Police Department. The installment note will be repaid in monthly installments of \$1,665, including interest, over 10 years. Final maturity of this loan will be in 2008.

**VILLAGE OF CRESTON
WAYNE COUNTY**

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

5. DEBT (Continued)

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

Year Ending December 31:	OPWC Loans	OWDA Loan	Promissory Notes	Mortgage Revenue Bond	Police Station Loan
2001	\$ 5,277	\$ 98,150	\$ 87,743	\$ 23,055	\$ 19,984
2002	5,277	98,150	87,743	23,380	19,984
2003	5,277	98,150	87,743	23,660	19,984
2004	5,277	98,150	87,743	22,895	19,984
2005	5,277	98,150	87,743	22,130	19,984
Subsequent	<u>38,011</u>	<u>294,451</u>	<u>436,478</u>	<u>110,320</u>	<u>59,951</u>
Total	<u>\$ 64,396</u>	<u>\$ 785,201</u>	<u>\$ 875,193</u>	<u>\$ 225,440</u>	<u>\$ 159,871</u>

6. RETIREMENT SYSTEMS

The Village's law enforcement officers belong to the Police & Firemen's Disability & Pension Fund (PFDPF). Other full-time employees belong to the Public Employees Retirement System (PERS) of Ohio. PFDPF and PERS are cost-sharing, multiple-employer plans. These plans provide 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 2000 and 1999, members of PFDPF contributed 10% of their wages to the PFDPF. The Village contributed an amount equal to 19.5% of their wages. PERS members contributed 8.5% of their gross salaries. The Village contributed an amount equal to 13.55% of participants' gross salaries. The Village has paid all contributions required through December 31, 2000.

7. RISK MANAGEMENT

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Vehicles
- Law enforcement liability
- Public officials' liability

The Village also provides health insurance to full-time employees through a private carrier.

VILLAGE OF CRESTON
WAYNE COUNTY

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

8. CASH IN SEGREGATED ACCOUNTS

The following two accounts are held at Star Bank (First National Bank of Cincinnati) to pay off the sewer revenue bonds that were sold to install the Village's original sewer lines and sewer plant in 1965.

Account balances as of December 31, 2000 were as follows:

Sewer Revenue Redeeming	\$187,530
Sewer Surplus	<u>18,455</u>
Total	<u><u>\$205,985</u></u>

9. RELATED PARTY TRANSACTIONS

The Village purchased various services and items from related parties during 2000 and 1999. The amount of these transactions totaled \$10,033 and \$8,668 for 2000 and 1999, respectively.

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STATE OF OHIO
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**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND ON INTERNAL CONTROL
REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Village of Creston
Wayne County
P.O. Box 194
Creston, Ohio 44217

To the Village Council:

We have audited the accompanying financial statements of the Village of Creston, Wayne County, Ohio, (the Village) as of and for the years ended December 31, 2000 and 1999, and have issued our report thereon dated February 23, 2001. We conducted our audits in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audits and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying Schedule of Findings as item 2000-30985-001.

Internal Control Over Financial Reporting

In planning and performing our audits, we considered the Village's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Village in a separate letter dated February 23, 2001.

Village of Creston
Wayne County
Report of Independent Accountants on Compliance and on Internal Control
Required by *Government Auditing Standards*
Page 2

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

Jim Petro
Auditor of State

February 23, 2001

VILLAGE OF CRESTON
WAYNE COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2000 AND 1999

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

FINDING NUMBER 2000-30985-001

Noncompliance

Ohio Rev. Code Section 135.18 requires the treasurer of any public subdivision to require all depositories holding public funds to provide security for those public funds in an amount equal to the amount of deposit with the institution.

The Village had funds on deposit with a financial institution at December 31, 1999, in the amount of \$470,987, which were not collateralized. Total deposits at December 31, 1999 were \$989,436. To ensure public deposits are secured by either the federal deposit insurance, surety company bonds, or pledged securities; the Clerk-Treasurer should require, by agreement, the financial institution to provide security for those public funds deposited. The Clerk-Treasurer should also periodically review deposit and collateral amounts to determine whether the required collateral is being provided.



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VILLAGE OF CRESTON

WAYNE 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 3, 2001**