

**CITY OF CRESTLINE  
CRAWFORD COUNTY, OHIO**

***FINANCIAL STATEMENTS***  
**(AUDITED)**

FOR THE YEAR ENDED  
DECEMBER 31, 2010

**MARC MILLIRON, ADMINISTRATOR**





# Dave Yost • Auditor of State

City Council  
City of Crestline  
100 North Seltzer Street  
Crestline, Ohio 44827

We have reviewed the *Independent Auditor's Report* of the City of Crestline, Crawford County, prepared by Julian & Grube, Inc., for the audit period January 1, 2010 through December 31, 2010. 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.

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 City of Crestline is responsible for compliance with these laws and regulations.

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Dave Yost  
Auditor of State

November 4, 2011

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**CITY OF CRESTLINE  
CRAWFORD COUNTY, OHIO**

**BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2010**

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## **Julian & Grube, Inc.**

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333 County Line Rd. West, Westerville, OH 43082 Phone: 614.846.1899 Fax: 614.846.2799

### Independent Auditor's Report

Members of Council and Mayor  
City of Crestline  
100 North Seltzer Street  
Crestline, Ohio 44827

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Crestline, Crawford County, Ohio, as of and for the year ended December 31, 2010, which collectively comprise the City of Crestline's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Crestline's management. Our responsibility is to express opinions 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 opinions.

Ohio Administrative Code § 117-2-03 (B) requires the City of Crestline to prepare its annual financial report in accordance with accounting principles generally accepted in the United States of America. However, as discussed in Note 2, the accompanying financial statements and notes follow the cash accounting basis. This is a comprehensive accounting basis other than accounting principles generally accepted in the United States of America. The accompanying financial statements and notes omit assets, liabilities, fund equities, and disclosures that, while material, we cannot determine at this time.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Crestline, Crawford County, Ohio, as of December 31, 2010, and the respective changes in cash financial position and the respective budgetary comparisons for the General fund and Major Special Revenue Fund: Street Construction, Maintenance and Repair for the year then ended in conformity with the basis of accounting Note 2 describes.

During 2010, the City changed its accounting basis from accounting principles generally accepted in the United States of America to the cash basis of accounting. See Note 3 for further information.

Members of Council and Mayor  
City of Crestline  
Page Two

In accordance with *Government Auditing Standards*, we have also issued our report dated August 26, 2011, on our consideration of the City of Crestline'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.

Accounting principles generally accepted in the United States of America require this presentation to include *Management's discussion and analysis*, as listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any other assurance.

A handwritten signature in cursive script that reads "Julian & Grube, Inc.".

Julian & Grube, Inc.  
August 26, 2011



## CITY OF CRESTLINE, OHIO

### MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2010

The management's discussion and analysis of the City of Crestline's (the "City") financial performance provides an overall review of the City's financial activities for the year ended December 31, 2010, within the limitations of the City's cash basis of accounting. The intent of this discussion and analysis is to look at the City's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the City's financial performance.

#### **Financial Highlights**

Key financial highlights for 2010 are as follows:

- During 2010, the City elected to report its financial statements on the cash basis of accounting which differs from accounting principles generally accepted in the United States of America (GAAP). This change in reporting basis affected the beginning balances of the governmental funds, proprietary funds, governmental activities and business-type activities as described in Note 3 to the basic financial statements.
- The total net cash assets of the City decreased \$554,396. Net cash assets of governmental activities decreased \$459,276 or 40.66% from 2009 (as restated) and net cash assets of business-type activities decreased \$95,120 or 6.60% from 2009 (as restated).
- General cash receipts accounted for \$1,737,097 or 65.09% of total governmental activities cash receipts. Program specific cash receipts accounted for \$931,476 or 34.91% of total governmental activities cash receipts.
- The City had \$3,127,849 in cash disbursements related to governmental activities; \$931,476 of these cash disbursements was offset by program specific charges for services, grants or contributions. The remaining cash disbursements of the governmental activities were partially offset by general cash receipts (primarily property taxes, income taxes and unrestricted grants and entitlements) of \$1,737,097.
- The general fund had cash receipts of \$1,528,311 in 2010. The cash disbursements of the general fund totaled \$1,791,061 in 2010. The general fund's cash balance decreased \$262,750 from \$320,898 (as restated) to \$58,148.
- The street construction, maintenance and repair fund had cash receipts and other financing sources of \$460,813 in 2010. The cash disbursements of the street construction, maintenance and repair fund totaled \$382,020 in 2010. The fund cash balance of the street construction, maintenance and repair fund increased \$78,793 from \$6,386 (as restated) to \$85,179.
- The capital improvements fund had cash receipts and other financing sources of \$277,914 in 2010. The cash disbursements of the capital improvements fund totaled \$392,248 in 2010. The fund cash balance of the capital improvements fund decreased \$114,334 from \$367,050 (as restated) to \$252,716.
- Net cash assets for the business-type activities, which are made up of the water, sewer, and ambulance services enterprise funds, decreased \$95,120 from \$1,440,376 (as restated) to \$1,345,256.
- In the general fund, the actual budgetary receipts came in \$75,021 less than they were in the final budget and actual budgetary disbursements were \$9,894 less than the amount in the final budget.

## **CITY OF CRESTLINE, OHIO**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2010**

#### **Using the Basic Financial Statements**

This annual report is presented in a format consistent with the presentation requirements of the Governmental Accounting Standards Board (GASB) Statement No. 34, as applicable to the City's cash basis of accounting. The annual report consists of a series of financial statements and notes to those statements. The statements are organized so the reader can understand the City as a financial whole, or, as an entire operating entity.

#### **Report Components**

The Statement of net assets – cash basis and the statement of activities - cash basis provide information about the activities of the whole City, presenting both an aggregate view of the City's finances and a longer-term view of those finances.

Fund financial statements provide a greater level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the City's most significant funds, with all other non-major funds presented in total in a single column. For the City, the general fund is the most significant fund. The City's major governmental funds are the general fund, the street construction, maintenance and repair fund, and capital improvements fund. The City's major enterprise funds are the water fund and the sewer fund.

#### **Basis of Accounting**

The basis of accounting is a set of guidelines that determine when financial events are recorded. The City has elected to present its financial statements on a cash basis of accounting which is a basis of accounting other than GAAP. Under the City's cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

As a result of the use of the cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements. Therefore, when reviewing the financial information and discussion within this annual report, the reader should keep in mind the limitations resulting from the use of the cash basis of accounting.

#### **Reporting the City as a Whole**

##### **Statement of Net Assets - Cash Basis and Statement of Activities - Cash Basis**

The statement of net assets – cash basis and the statement of activities - cash basis answer the question, "How did we do financially during 2010?" These statements include only net cash assets using the cash basis of accounting, which is a basis of accounting other than GAAP. This basis of accounting takes into account only the current year receipts and disbursements if the cash is actually received or paid.

These two statements report the City's net cash assets and changes in those net cash assets on a cash basis. This change in net cash assets is important because it tells the reader that, for the City as a whole, the cash basis financial position of the City has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the City's property tax base, sales tax receipts, current property tax laws in Ohio restricting revenue growth, facility conditions, mandated federal and state programs and other factors.

## CITY OF CRESTLINE, OHIO

### MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2010

In the statement of net assets – cash basis and the statement of activities - cash basis, the City is divided into two distinct kinds of activities:

**Governmental activities** - Most of the City's programs and services are reported here including police, fire and rescue, street maintenance, capital improvements and general administration. These services are funded primarily by property and income taxes and intergovernmental receipts including federal and State grants and other shared receipts.

**Business-type activities** - These services are provided on a charge for goods or services basis to recover all or a significant portion of the cash disbursements of the goods or services provided. The City's water, sewer and ambulance service operations are reported here.

#### ***Fund Financial Statements***

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other State and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

Fund financial reports provide detailed information about the City's major funds. The City uses many funds to account for a multitude of financial transactions. However, these fund financial statements focuses on the City's most significant funds. The analysis of the City's major governmental and proprietary funds begins on page 11.

#### ***Governmental Funds***

Most of the City's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using the cash basis of accounting. The governmental fund statements provide a detailed view of the City's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer cash basis financial resources that can be readily spent to finance various City programs. Since the City is reporting on the cash basis of accounting, there are no differences in the net assets and fund cash balances or changes in net assets and changes in fund cash balances. Therefore, no reconciliation is necessary between such financial statements.

The City's budgetary process accounts for certain transactions on a cash basis. The budgetary statements for the general fund and all annually budgeted major special revenue funds are presented to demonstrate the City's compliance with annually adopted budgets.

#### ***Proprietary Funds***

The City maintains one type of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its water, sewer, and ambulance service functions. The City's water and sewer funds are considered major funds, while the ambulance service fund is a nonmajor proprietary fund.

#### ***Fiduciary Funds***

Fiduciary funds are used to account for resources held for the benefit of parties outside the City. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the City's own programs. The City's only fiduciary fund type is a private-purpose trust fund.

**CITY OF CRESTLINE, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2010

***Notes to the Basic Financial Statements***

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements as related to the cash basis of accounting.

**Government-Wide Financial Analysis**

The table below provides a summary of the City's net cash assets for 2010 and 2009. The City has restated net cash assets for 2009, as described in Note.3.

	<b>Net Cash Assets</b>					
	Governmental	Business-type	Restated	Restated		Restated
	Activities	Activities	Governmental	Business-type	2010	2009
	<u>2010</u>	<u>2010</u>	<u>2009</u>	<u>2009</u>	<u>Total</u>	<u>Total</u>
<u>Assets</u>						
Equity in pooled cash and cash equivalents	\$ 656,203	\$ 1,172,972	\$ 1,116,664	\$ 1,268,099	\$ 1,829,175	\$ 2,384,763
Cash in segregated accounts	13,949	-	12,764	-	13,949	12,764
Cash with fiscal agent	<u>-</u>	<u>172,284</u>	<u>-</u>	<u>172,277</u>	<u>172,284</u>	<u>172,277</u>
<b>Total assets</b>	<u>670,152</u>	<u>1,345,256</u>	<u>1,129,428</u>	<u>1,440,376</u>	<u>2,015,408</u>	<u>2,569,804</u>
<u>Net Cash Assets</u>						
Restricted	612,004	247,284	808,530	247,277	859,288	1,055,807
Unrestricted	<u>58,148</u>	<u>1,097,972</u>	<u>320,898</u>	<u>1,193,099</u>	<u>1,156,120</u>	<u>1,513,997</u>
<b>Total net cash assets</b>	<u>\$ 670,152</u>	<u>\$ 1,345,256</u>	<u>\$ 1,129,428</u>	<u>\$ 1,440,376</u>	<u>\$ 2,015,408</u>	<u>\$ 2,569,804</u>

The total net cash assets of the City decreased \$554,396, net cash assets of governmental activities decreased \$459,276 or 40.66% from 2009 and net cash assets of business-type activities decreased \$95,120 or 6.60% from 2009.

At December 31, 2010, a portion of the City's net cash assets, \$859,288, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net cash assets of \$1,156,120 may be used to meet the government's ongoing obligations to citizens and creditors.

**CITY OF CRESTLINE, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2010**

The table below shows the changes in net cash assets for fiscal years 2010 and 2009. Certain 2009 amounts have been reclassified to conform to the 2010 presentation.

	<b>Change in Net Cash Assets</b>					
	Governmental Activities	Business-type Activities	Restated	Restated	2010 Total	Restated
			Governmental Activities	Business-type Activities		2009 Total
	<u>2010</u>	<u>2010</u>	<u>2009</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
<b>Cash Receipts:</b>						
Program receipts:						
Charges for services and sales	\$ 255,254	\$ 1,795,932	\$ 218,638	\$ 1,674,699	\$ 2,051,186	\$ 1,893,337
Operating grants and contributions	462,568	-	757,841	-	462,568	757,841
Capital grants and contributions	<u>213,654</u>	<u>269,283</u>	<u>350,538</u>	<u>116,890</u>	<u>482,937</u>	<u>467,428</u>
Total program receipts	<u>931,476</u>	<u>2,065,215</u>	<u>1,327,017</u>	<u>1,791,589</u>	<u>2,996,691</u>	<u>3,118,606</u>
General receipts:						
Property taxes	180,971	-	189,941	-	180,971	189,941
Income taxes	1,031,332	-	1,051,928	-	1,031,332	1,051,928
Unrestricted grants and entitlements	270,674	-	261,662	-	270,674	261,662
Issuance of debt	81,550	763,000	-	793,000	844,550	793,000
Investment earnings	29,991	7	45,891	-	29,998	45,891
Miscellaneous	<u>142,579</u>	<u>26,684</u>	<u>105,177</u>	<u>82,229</u>	<u>169,263</u>	<u>187,406</u>
Total general receipts	<u>1,737,097</u>	<u>789,691</u>	<u>1,654,599</u>	<u>875,229</u>	<u>2,526,788</u>	<u>2,529,828</u>
Total receipts	<u>\$ 2,668,573</u>	<u>\$ 2,854,906</u>	<u>\$ 2,981,616</u>	<u>\$ 2,666,818</u>	<u>\$ 5,523,479</u>	<u>\$ 5,648,434</u>

**CITY OF CRESTLINE, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2010

	<b>Change in Net Cash Assets</b>					
	Governmental Activities	Business-type Activities	Restated	Restated	2010 Total	Restated
			Governmental Activities	Business-type Activities		2009 Total
	2010	2010	2009	2009		2009
<b>Cash Disbursements</b>						
General government	389,744	-	331,495	-	389,744	331,495
Security of persons and property	1,341,351	-	1,212,275	-	1,341,351	1,212,275
Transportation	519,794	-	555,952	-	519,794	555,952
Community environment	219,483	-	363,486	-	219,483	363,486
Leisure time activity	130,587	-	146,629	-	130,587	146,629
Capital outlay	493,355	-	561,749	-	493,355	561,749
Debt service:						
Principal retirement	22,670	-	83,024	-	22,670	83,024
Interest and fiscal charges	10,865	-	18,613	-	10,865	18,613
Water	-	1,208,266	-	848,528	1,208,266	848,528
Sewer	-	1,538,584	-	1,421,429	1,538,584	1,421,429
Other enterprise	-	203,176	-	60,215	203,176	60,215
	<u>3,127,849</u>	<u>2,950,026</u>	<u>3,273,223</u>	<u>2,330,172</u>	<u>6,077,875</u>	<u>5,603,395</u>
Total cash disbursements						
Change in net cash assets	(459,276)	(95,120)	(291,607)	336,646	(554,396)	45,039
Net cash assets at beginning of year (restated)	<u>1,129,428</u>	<u>1,440,376</u>	<u>1,421,035</u>	<u>1,103,730</u>	<u>2,569,804</u>	<u>2,524,765</u>
Net cash assets at end of year	<u>\$ 670,152</u>	<u>\$ 1,345,256</u>	<u>\$ 1,129,428</u>	<u>\$ 1,440,376</u>	<u>\$ 2,015,408</u>	<u>\$ 2,569,804</u>

The operating grants and contributions decreased \$295,273 primarily due to fewer operating grants received in the street construction, maintenance and repair fund during 2010. Cash disbursements in the water fund increased \$359,738 due to an increase in capital outlay disbursements in 2010.

**Governmental Activities**

Governmental activities net cash assets decreased \$459,276 in 2010.

Security of persons and property primarily supports the operations of the police and fire department's cash disbursements, which total \$1,341,351 and account for 42.88% of the total governmental cash disbursements of the City. Security of persons and property cash disbursements were partially funded by direct charges to users of \$64,990.

General government cash disbursements totaled \$389,744. General government cash disbursements were partially funded by \$59,768 in direct charges to users of the services.

Transportation cash disbursements of \$519,794 were partially funded by \$27,459 in direct charges to users, \$273,834 in operating grants and contributions and \$76,528 in capital grants and contributions.

Community environment cash disbursements of \$219,483 were funded by \$17,678 in direct charges to users and \$188,472 in operating grants and contributions.

**CITY OF CRESTLINE, OHIO**

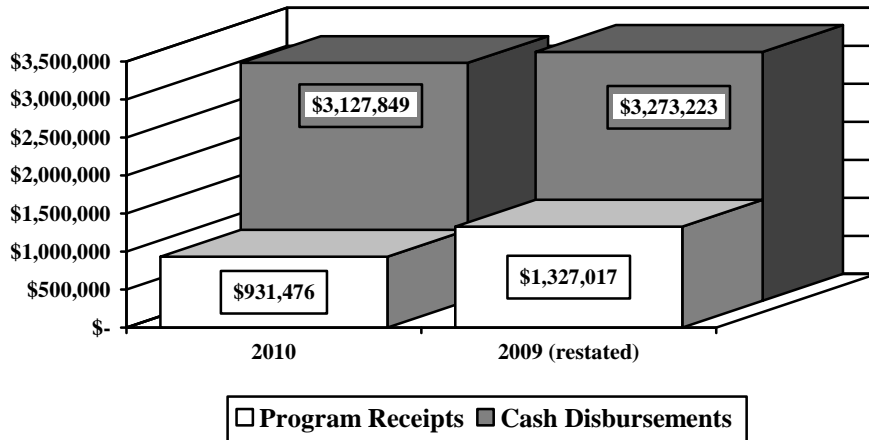
**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2010**

The state and federal government contributed to the City a total of \$462,568 in operating grants and contributions. These program cash receipts are restricted to a particular program or purpose. Of the total operating grants and contributions, \$273,834 subsidized transportation programs, \$188,472 subsidized community environment activities and \$262 subsidized security of persons and property.

General cash receipts totaled \$1,737,097, and amounted to 65.09% of total governmental cash receipts. These cash receipts primarily consist of property and income tax receipts of \$1,212,303. The other primary source of general cash receipts are grants and entitlements not restricted to specific programs, including local government and local government assistance, making up \$270,674.

The statement of activities - cash basis shows the cost of program services and the charges for services and grants offsetting those services. As can be seen in the graph below, the City is highly dependent upon general cash receipts (primarily property and income taxes as well as unrestricted grants and entitlements) to support its governmental activities. Program cash receipts were not sufficient to cover total governmental cash disbursements for 2010.

**Governmental Activities - Program Receipts vs. Total Cash Disbursements**



**CITY OF CRESTLINE, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2010**

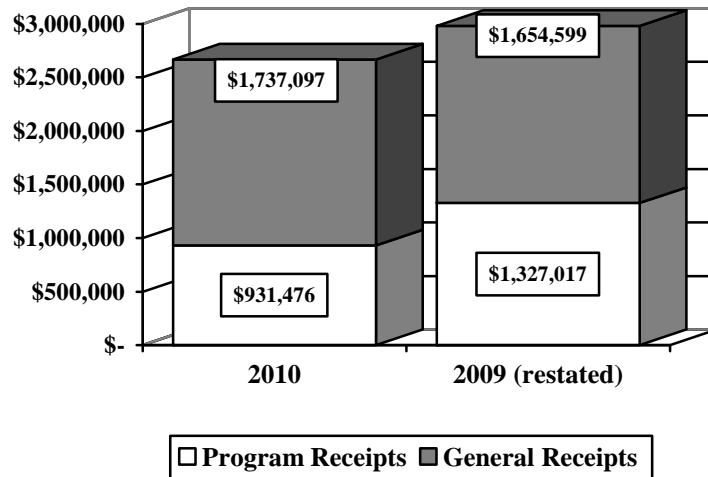
The following table shows, for governmental activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax receipts and unrestricted State grants and entitlements. Certain 2009 amounts have been reclassified to conform to 2010 presentation.

	<b>Governmental Activities</b>			
	Total Cost of Services <u>2010</u>	Net Cost of Services <u>2010</u>	Restated Total Cost of Services <u>2009</u>	Restated Net Cost of Services <u>2009</u>
<b>Cash disbursements:</b>				
General government	\$ 389,744	\$ 329,976	\$ 331,495	\$ 258,935
Security of persons and property	1,341,351	1,276,099	1,212,275	1,142,371
Transportation	519,794	141,973	555,952	(145,514)
Community environment	219,483	13,333	363,486	(42,481)
Leisure time activity	130,587	45,228	146,629	69,509
Capital outlay	493,355	356,229	561,749	561,749
Debt service:				
Principal retirement	22,670	22,670	83,024	83,024
Interest and fiscal charges	<u>10,865</u>	<u>10,865</u>	<u>18,613</u>	<u>18,613</u>
 Total	 <u>\$ 3,127,849</u>	 <u>\$ 2,196,373</u>	 <u>\$ 3,273,223</u>	 <u>\$ 1,946,206</u>

The dependence upon general cash receipts for governmental activities is apparent, with 70.22% of cash disbursements supported through taxes and other general cash receipts.

The chart below illustrates the City's program cash receipts versus general cash receipts for 2010 and 2009.

**Governmental Activities - General and Program Receipts**





**CITY OF CRESTLINE, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2010

**Business-type Activities**

Business-type activities include the water, sewer, and ambulance service enterprise funds. These programs had program cash receipts of \$2,065,215, general cash receipts of \$789,691 and cash disbursements of \$2,950,026 for 2010. The net cash assets of these programs decreased \$95,120 from 2009.

**Financial Analysis of the Government's Funds**

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental Funds**

The City's governmental funds are accounted for using the cash basis of accounting. The City restated the fund cash balance as described in Note 3.

The City's governmental funds reported a combined fund cash balance of \$670,152, which is \$459,276 lower than last year's total of \$1,129,428 (as restated).

The schedule below indicates the fund cash balances and the total change in fund cash balances as of December 31, 2010 for all major and nonmajor governmental funds.

	Fund Cash Balances <u>12/31/10</u>	Restated Fund Cash Balances <u>12/31/09</u>	Increase/ <u>(Decrease)</u>
Major funds:			
General	\$ 58,148	\$ 320,898	\$ (262,750)
Street construction, maintenance & repair	85,179	6,386	78,793
Capital improvements	252,716	367,050	(114,334)
Other nonmajor governmental funds	<u>274,109</u>	<u>435,094</u>	<u>(160,985)</u>
Total	<u>\$ 670,152</u>	<u>\$ 1,129,428</u>	<u>\$ (459,276)</u>

**CITY OF CRESTLINE, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2010

**General Fund**

The City's general fund cash balance decreased \$262,750. The table that follows assists in illustrating the cash receipts of the general fund. Certain 2009 amounts have been reclassified to conform to the 2010 presentation.

	2010	Restated	Amount	Percentage
	<u>Amount</u>	<u>Amount</u>	<u>Change</u>	<u>Change</u>
<b><u>Cash receipts:</u></b>				
Taxes	\$ 934,016	\$ 920,508	\$ 13,508	1.47 %
Charges for services	104,783	94,534	10,249	10.84 %
Licenses and permits	3,969	3,245	724	22.31 %
Fines and forfeitures	51,104	62,052	(10,948)	(17.64) %
Investment income	28,907	44,232	(15,325)	(34.65) %
Intergovernmental	265,994	245,245	20,749	8.46 %
Other	<u>139,538</u>	<u>57,069</u>	<u>82,469</u>	144.51 %
Total	<u>\$ 1,528,311</u>	<u>\$ 1,426,885</u>	<u>\$ 101,426</u>	7.11 %

Tax cash receipts represent 61.11% of all general fund cash receipts. Investment cash income decreased \$15,325 or 34.65% over prior year. This decrease can be attributed to a reduction in cash balances for investing during the year coupled with lower interest rates. Other cash receipts increased \$82,469 or 144.51% as a result of an increase in various miscellaneous receipts recorded during the year. All other cash receipts remained comparable to prior year.

The table that follows assists in illustrating the comparison of cash disbursements of the general fund. Certain 2009 amounts have been reclassified to conform to the 2010 presentation.

	2010	Restated	Amount	Percentage
	<u>Amount</u>	<u>Amount</u>	<u>Change</u>	<u>Change</u>
<b><u>Cash disbursements:</u></b>				
General government	\$ 389,744	\$ 331,495	\$ 58,249	17.57 %
Security of persons and property	1,310,986	1,188,009	122,977	10.35 %
Community environment	39,307	30,993	8,314	26.83 %
Leisure time activity	44,314	35,028	9,286	26.51 %
Debt service	<u>6,710</u>	<u>13,602</u>	<u>(6,892)</u>	(50.67) %
Total	<u>\$ 1,791,061</u>	<u>\$ 1,599,127</u>	<u>\$ 191,934</u>	12.00 %

The City increased total cash disbursements by 12.00%. The largest cash disbursement line item, security of persons and property increased 10.35% compared to 2009 primarily as a result of increases in wages and benefits disbursements. General government cash disbursements increased 17.57%, which can primarily be attributed to spending for materials and supplies and professional services. All other disbursements remained comparable to prior year.

## CITY OF CRESTLINE, OHIO

### MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2010

#### ***Street Construction, Maintenance & Repair Fund***

The street construction, maintenance and repair fund had cash receipts and other financing sources of \$460,813 in 2010. The cash disbursements of the street construction, maintenance and repair fund totaled \$382,020 in 2010. The fund cash balance of the street construction, maintenance and repair fund increased \$78,793 from \$6,386 to \$85,179 primarily due to a \$61,316 transfer in from the FEMA special revenue fund as reimbursement for expenditures paid from the street construction, maintenance and repair fund.

#### ***Capital Improvements Fund***

The capital improvements fund had cash receipts and other financing sources of \$277,914 in 2010. The cash disbursements of the capital improvements fund totaled \$392,248 in 2010. The fund cash balance of the capital improvements fund decreased \$114,334 from \$367,050 to \$252,716. During 2010, the capital improvements fund had \$81,550 in bond proceeds which are reported as other financing source.

#### ***Proprietary Funds***

The City's enterprise funds provide the same type of information found in the government-wide financial statements for business-type activities, except in more detail.

#### ***Budgeting Highlights***

The City's budgeting process is prescribed by the Ohio Revised Code (ORC). Essentially the budget is the City's appropriations which are restricted by the amounts of anticipated cash receipts certified by the Budget Commission in accordance with the ORC. Therefore, the City's plans or desires cannot be totally reflected in the original budget. If budgeted cash receipts are adjusted due to actual activity then the appropriations can be adjusted accordingly.

Budgetary information is presented for the general fund. Actual budgetary basis receipts of \$1,527,127 were less than final budgetary basis receipts by \$75,021. The original and final budgetary basis disbursements were \$1,803,686. Actual budgetary basis disbursements came in \$9,894 lower than the final budgetary amounts. There were no significant variances between the original budgeted amounts and the final budget amounts for receipts and disbursements.

#### **Capital Assets and Debt Administration**

##### ***Capital Assets***

The City does not report capital assets in the accompanying basic financial statements, but records payments for capital assets as cash disbursements. The City had capital outlay disbursements of \$493,355 for governmental activities and \$383,896 for business-type activities during fiscal year 2010.

## CITY OF CRESTLINE, OHIO

### MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2010

#### *Debt Administration*

The City had the following long-term obligations outstanding at December 31, 2010 and 2009:

	<u>Governmental Activities</u>	
	<u>2010</u>	<u>2009</u>
Lease purchase agreement	\$ 82,962	\$ 97,219
Police and fire pension	101,423	103,748
Equipment acquisition bonds	<u>75,462</u>	<u>-</u>
Total long-term obligations	<u>\$ 259,847</u>	<u>\$ 200,967</u>

	<u>Business-type Activities</u>	
	<u>2010</u>	<u>2009</u>
Revenue bonds	\$ 150,000	\$ 290,000
Bond anticipation notes	763,000	763,000
Lease purchase agreement	237,511	284,947
OPWC loans	<u>534,135</u>	<u>565,017</u>
Total long-term obligations	<u>\$ 1,684,646</u>	<u>\$ 1,902,964</u>

Further detail on the City's long-term obligations can be found in Note 14 to the financial statements.

#### **Economic Conditions and Outlook**

The City's current population as of the 2010 Census is 4,630.

The City is located in Crawford County. Crawford County has an unemployment rate of 12.5%, compared to the 9.2% State average.

State funding is uncertain due to budgetary shortfalls at the State level. It appears Local Government Revenue and Local Government Revenue Assistance Funds may be cut by 10% in the next biennial State budget. These funds represented 17% of the City's general fund revenue in 2009. Income and property tax revenues are expected to remain consistent as well as expenditures.

These economic factors were considered in preparing the City's budget for 2010. The City has continued to practice conservative budgetary practices in order to preserve a positive financial position in future years.

#### **Contacting the City's Financial Management**

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information please contact the City Finance Department, 100 North Seltzer Street, Crestline, Ohio 44827.

**CASH BASIS  
FINANCIAL STATEMENTS**

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**CITY OF CRESTLINE, OHIO**

STATEMENT OF NET ASSETS - CASH BASIS  
DECEMBER 31, 2010

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>Assets:</b>			
Equity in pooled cash and cash equivalents . . .	\$ 656,203	\$ 1,172,972	\$ 1,829,175
Cash in segregated accounts. . . . .	13,949	-	13,949
Cash with fiscal agent . . . . .	-	172,284	172,284
<b>Total assets . . . . .</b>	<b><u>\$ 670,152</u></b>	<b><u>\$ 1,345,256</u></b>	<b><u>\$ 2,015,408</u></b>
<b>Net cash assets:</b>			
Restricted for:			
Capital projects . . . . .	\$ 319,449	\$ -	\$ 319,449
Debt service . . . . .	75,206	-	75,206
Transportation projects . . . . .	139,181	-	139,181
Community environment programs . . . . .	33,647	-	33,647
Revenue bond renewal and replacement. . . . .	-	60,000	60,000
Revenue bond future debt service . . . . .	-	15,000	15,000
Revenue bond current debt service. . . . .	-	172,284	172,284
Other purposes. . . . .	44,521	-	44,521
Unrestricted . . . . .	<u>58,148</u>	<u>1,097,972</u>	<u>1,156,120</u>
<b>Total net cash assets . . . . .</b>	<b><u>\$ 670,152</u></b>	<b><u>\$ 1,345,256</u></b>	<b><u>\$ 2,015,408</u></b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF CRESTLINE, OHIO**

STATEMENT OF ACTIVITIES - CASH BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2010

	Cash Disbursements	Program Cash Receipts		
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
<b>Governmental activities:</b>				
General government. . . . .	\$ 389,744	\$ 59,768	\$ -	\$ -
Security of persons and property . . .	1,341,351	64,990	262	-
Transportation. . . . .	519,794	27,459	273,834	76,528
Community environment . . . . .	219,483	17,678	188,472	-
Leisure time activity. . . . .	130,587	85,359	-	-
Capital outlay . . . . .	493,355	-	-	137,126
Debt service:				
Principal retirement . . . . .	22,670	-	-	-
Interest and fiscal charges. . . . .	10,865	-	-	-
<b>Total governmental activities . . . . .</b>	<b>3,127,849</b>	<b>255,254</b>	<b>462,568</b>	<b>213,654</b>
<b>Business-type activities:</b>				
Water. . . . .	1,208,266	945,807	-	269,283
Sewer . . . . .	1,538,584	716,754	-	-
Ambulance services . . . . .	203,176	133,371	-	-
<b>Total business-type activities . . . . .</b>	<b>2,950,026</b>	<b>1,795,932</b>	<b>-</b>	<b>269,283</b>
<b>Totals . . . . .</b>	<b>\$ 6,077,875</b>	<b>\$ 2,051,186</b>	<b>\$ 462,568</b>	<b>\$ 482,937</b>

**General cash receipts:**

Property taxes levied for:	
General purposes . . . . .	
Police pension. . . . .	
Fire pension . . . . .	
Income taxes levied for:	
General purposes . . . . .	
Street construction and maintenance. . . . .	
Capital improvements . . . . .	
Grants and entitlements not restricted to specific programs. . . . .	
Bond issuance . . . . .	
Note issuance . . . . .	
Investment earnings . . . . .	
Miscellaneous . . . . .	
 Total general cash receipts. . . . .	
 Change in net cash assets . . . . .	
 <b>Net cash assets at beginning of year (restated). . . . .</b>	
 <b>Net cash assets at end of year . . . . .</b>	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS



**Net Cash Receipts (Cash Disbursements)  
and Changes in Net Cash Assets**

<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
\$ (329,976)	\$ -	\$ (329,976)
(1,276,099)	-	(1,276,099)
(141,973)	-	(141,973)
(13,333)	-	(13,333)
(45,228)	-	(45,228)
(356,229)	-	(356,229)
(22,670)	-	(22,670)
(10,865)	-	(10,865)
<u>(2,196,373)</u>	<u>-</u>	<u>(2,196,373)</u>
-	6,824	6,824
-	(821,830)	(821,830)
-	(69,805)	(69,805)
<u>-</u>	<u>(884,811)</u>	<u>(884,811)</u>
<u>(2,196,373)</u>	<u>(884,811)</u>	<u>(3,081,184)</u>
154,539	-	154,539
13,216	-	13,216
13,216	-	13,216
779,477	-	779,477
84,535	-	84,535
167,320	-	167,320
270,674	-	270,674
81,550	-	81,550
-	763,000	763,000
29,991	7	29,998
<u>142,579</u>	<u>26,684</u>	<u>169,263</u>
<u>1,737,097</u>	<u>789,691</u>	<u>2,526,788</u>
(459,276)	(95,120)	(554,396)
<u>1,129,428</u>	<u>1,440,376</u>	<u>2,569,804</u>
<u>\$ 670,152</u>	<u>\$ 1,345,256</u>	<u>\$ 2,015,408</u>

**CITY OF CRESTLINE, OHIO**

STATEMENT OF ASSETS AND FUND CASH BALANCES - CASH BASIS  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2010

	<u>General</u>	<u>Street Construction, Maintenance and Repair</u>	<u>Capital Improvements</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets:</b>					
Equity in pooled cash and cash equivalents . . .	\$ 47,332	\$ 85,179	\$ 252,716	\$ 270,976	\$ 656,203
Cash in segregated accounts. . . . .	10,816	-	-	3,133	13,949
Total assets . . . . .	<u>\$ 58,148</u>	<u>\$ 85,179</u>	<u>\$ 252,716</u>	<u>\$ 274,109</u>	<u>\$ 670,152</u>
<b>Fund cash balances:</b>					
Reserved for encumbrances . . . . .	\$ 3,223	\$ 4,267	\$ 2,357	\$ -	\$ 9,847
Reserved for debt service. . . . .	-	-	-	75,206	75,206
Reserved for unclaimed monies . . . . .	4,459	-	-	-	4,459
Unreserved, undesignated, reported in:					
General fund. . . . .	50,466	-	-	-	50,466
Special revenue funds . . . . .	-	80,912	-	132,170	213,082
Capital projects funds . . . . .	-	-	250,359	66,733	317,092
Total fund cash balances. . . . .	<u>\$ 58,148</u>	<u>\$ 85,179</u>	<u>\$ 252,716</u>	<u>\$ 274,109</u>	<u>\$ 670,152</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF CRESTLINE, OHIO**

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND CHANGES IN FUND CASH BALANCES - CASH BASIS  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2010

	<b>General</b>	<b>Street Construction, Maintenance and Repair</b>	<b>Capital Improvements</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>Cash receipts:</b>					
Municipal income taxes . . . . .	\$ 779,477	\$ 84,535	\$ 167,320	\$ -	\$ 1,031,332
Property and other taxes. . . . .	154,539	-	-	26,432	180,971
Charges for services. . . . .	104,783	27,459	-	58,139	190,381
Licenses and permits . . . . .	3,969	-	-	-	3,969
Fines and forfeitures . . . . .	51,104	-	-	3,882	54,986
Intergovernmental. . . . .	265,994	243,347	20,892	342,691	872,924
Investment income. . . . .	28,907	2,579	-	4,697	36,183
Rental income . . . . .	5,111	-	-	-	5,111
Contributions and donations. . . . .	50	-	-	-	50
Other . . . . .	134,377	41,577	8,152	27,010	211,116
<b>Total cash receipts . . . . .</b>	<b>1,528,311</b>	<b>399,497</b>	<b>196,364</b>	<b>462,851</b>	<b>2,587,023</b>
<b>Cash disbursements:</b>					
Current:					
General government . . . . .	389,744	-	-	-	389,744
Security of persons and property . . . . .	1,310,986	-	-	30,365	1,341,351
Transportation . . . . .	-	382,020	-	137,774	519,794
Community environment . . . . .	39,307	-	-	180,176	219,483
Leisure time activity . . . . .	44,314	-	-	86,273	130,587
Capital outlay . . . . .	-	-	365,423	127,932	493,355
Debt service:					
Principal retirement. . . . .	2,325	-	20,345	-	22,670
Interest and fiscal charges . . . . .	4,385	-	6,480	-	10,865
<b>Total cash disbursements . . . . .</b>	<b>1,791,061</b>	<b>382,020</b>	<b>392,248</b>	<b>562,520</b>	<b>3,127,849</b>
Excess (deficiency) of cash receipts over (under) cash disbursements. . . . .	(262,750)	17,477	(195,884)	(99,669)	(540,826)
<b>Other financing sources (uses):</b>					
Bond issuance . . . . .	-	-	81,550	-	81,550
Transfers in . . . . .	-	61,316	-	-	61,316
Transfers (out). . . . .	-	-	-	(61,316)	(61,316)
<b>Total other financing sources (uses) . . . . .</b>	<b>-</b>	<b>61,316</b>	<b>81,550</b>	<b>(61,316)</b>	<b>81,550</b>
Net change in fund cash balances . . . . .	(262,750)	78,793	(114,334)	(160,985)	(459,276)
<b>Fund cash balances</b>					
<b>at beginning of year (restated) . . . . .</b>	<b>320,898</b>	<b>6,386</b>	<b>367,050</b>	<b>435,094</b>	<b>1,129,428</b>
<b>Fund cash balances at end of year . . . . .</b>	<b>\$ 58,148</b>	<b>\$ 85,179</b>	<b>\$ 252,716</b>	<b>\$ 274,109</b>	<b>\$ 670,152</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF CRESTLINE, OHIO**

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND CHANGES IN FUND CASH BALANCE -  
 BUDGET AND ACTUAL - BUDGETARY BASIS  
 GENERAL FUND  
 FOR THE YEAR ENDED DECEMBER 31, 2010

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Budgetary basis receipts:</b>				
Municipal income taxes . . . . .	\$ 767,362	\$ 816,497	\$ 779,477	\$ (37,020)
Property and other taxes. . . . .	152,137	161,878	154,539	(7,339)
Charges for services. . . . .	103,154	109,760	104,783	(4,977)
Licenses and permits . . . . .	3,907	4,158	3,969	(189)
Fines and forfeitures . . . . .	49,467	52,635	50,248	(2,387)
Intergovernmental. . . . .	264,201	281,118	265,994	(15,124)
Investment income. . . . .	28,458	30,280	28,907	(1,373)
Rental income . . . . .	5,032	5,354	5,111	(243)
Contributions and donations. . . . .	49	52	50	(2)
Other . . . . .	131,966	140,416	134,049	(6,367)
Total budgetary basis receipts . . . . .	<u>1,505,733</u>	<u>1,602,148</u>	<u>1,527,127</u>	<u>(75,021)</u>
<b>Budgetary basis disbursements:</b>				
Current:				
General government . . . . .	442,272	442,272	392,475	49,797
Security of persons and property . . . . .	1,299,824	1,299,824	1,317,696	(17,872)
Community environment . . . . .	25,325	25,325	39,307	(13,982)
Leisure time activity . . . . .	36,265	36,265	44,314	(8,049)
Total budgetary basis disbursements . . . . .	<u>1,803,686</u>	<u>1,803,686</u>	<u>1,793,792</u>	<u>9,894</u>
Net change in fund cash balances. . . . .	(297,953)	(201,538)	(266,665)	(65,127)
<b>Fund cash balances at beginning of year . .</b>	278,559	278,559	278,559	-
<b>Prior year encumbrances appropriated . . .</b>	32,215	32,215	32,215	-
<b>Fund cash balance at end of year . . . . .</b>	<u>\$ 12,821</u>	<u>\$ 109,236</u>	<u>\$ 44,109</u>	<u>\$ (65,127)</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF CRESTLINE, OHIO**

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND CHANGES IN FUND CASH BALANCE -  
 BUDGET AND ACTUAL - BUDGETARY BASIS  
 STREET CONSTRUCTION, MAINTENANCE AND REPAIR FUND  
 FOR THE YEAR ENDED DECEMBER 31, 2010

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Budgetary basis receipts:</b>				
Municipal income taxes . . . . .	\$ 52,752	\$ 108,210	\$ 84,535	\$ (23,675)
Charges for services. . . . .	17,136	35,150	27,459	(7,691)
Intergovernmental. . . . .	145,978	299,444	243,347	(56,097)
Investment income. . . . .	1,609	3,301	2,579	(722)
Other . . . . .	25,945	53,221	41,577	(11,644)
Total budgetary basis receipts . . . . .	<u>243,420</u>	<u>499,326</u>	<u>399,497</u>	<u>(99,829)</u>
<b>Budgetary basis disbursements:</b>				
Current:				
Transportation . . . . .	<u>300,273</u>	<u>300,273</u>	<u>386,239</u>	<u>(85,966)</u>
Total budgetary basis disbursements . . . . .	<u>300,273</u>	<u>300,273</u>	<u>386,239</u>	<u>(85,966)</u>
Excess (deficiency) of cash receipts over (under) cash disbursements. . . . .	<u>(56,853)</u>	<u>199,053</u>	<u>13,258</u>	<u>(185,795)</u>
<b>Other financing sources:</b>				
Transfers in . . . . .	<u>60,000</u>	<u>60,000</u>	<u>61,316</u>	<u>1,316</u>
Total other financing sources . . . . .	<u>60,000</u>	<u>60,000</u>	<u>61,316</u>	<u>1,316</u>
Net change in fund cash balances . . . . .	3,147	259,053	74,574	(184,479)
<b>Fund cash balances (deficit)</b>				
<b>at beginning of year . . . . .</b>	(42,368)	(42,368)	(42,368)	-
<b>Prior year encumbrances appropriated . . .</b>	48,706	48,706	48,706	-
<b>Fund cash balance at end of year . . . . .</b>	<u>\$ 9,485</u>	<u>\$ 265,391</u>	<u>\$ 80,912</u>	<u>\$ (184,479)</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF CRESTLINE, OHIO**

STATEMENT OF NET ASSETS - CASH BASIS  
 PROPRIETARY FUNDS  
 DECEMBER 31, 2010

	<b>Business-type Activities - Enterprise Funds</b>			
	<b>Water</b>	<b>Sewer</b>	<b>Nonmajor</b>	<b>Total</b>
<b>Assets:</b>				
Equity in pooled cash and cash equivalents . . .	\$ 861,828	\$ 108,499	\$ 127,645	\$ 1,097,972
Restricted assets:				
Equity in pooled cash and cash equivalents .	75,000	-	-	75,000
Cash with fiscal agent . . . . .	172,284	-	-	172,284
Total assets . . . . .	<u>\$ 1,109,112</u>	<u>\$ 108,499</u>	<u>\$ 127,645</u>	<u>\$ 1,345,256</u>
<b>Net cash assets:</b>				
Restricted:				
Revenue bond renewal and replacement. . .	\$ 60,000	\$ -	\$ -	\$ 60,000
Revenue bond future debt service . . . . .	15,000	-	-	15,000
Revenue bond current debt service. . . . .	172,284	-	-	172,284
Unrestricted . . . . .	861,828	108,499	127,645	1,097,972
Total net cash assets . . . . .	<u>\$ 1,109,112</u>	<u>\$ 108,499</u>	<u>\$ 127,645</u>	<u>\$ 1,345,256</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF CRESTLINE, OHIO**

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND CHANGES IN NET CASH ASSETS - CASH BASIS  
 PROPRIETARY FUNDS  
 FOR THE YEAR ENDED DECEMBER 31, 2010

	<u>Business-type Activities - Enterprise Funds</u>			
	<u>Water</u>	<u>Sewer</u>	<u>Nonmajor</u>	<u>Total</u>
<b>Operating receipts:</b>				
Charges for services . . . . .	\$ 945,807	\$ 716,754	\$ 133,371	\$ 1,795,932
Other . . . . .	15,941	5,000	39	20,980
Total operating receipts. . . . .	<u>961,748</u>	<u>721,754</u>	<u>133,410</u>	<u>1,816,912</u>
<b>Operating disbursements:</b>				
Personal services . . . . .	411,087	365,612	129,577	906,276
Contract services. . . . .	92,519	152,733	34,313	279,565
Materials and supplies. . . . .	51,541	23,566	18,072	93,179
Utilities . . . . .	108,270	95,756	-	204,026
Other . . . . .	1,138	2,197	-	3,335
Capital outlay . . . . .	374,342	9,305	249	383,896
Total operating disbursements. . . . .	<u>1,038,897</u>	<u>649,169</u>	<u>182,211</u>	<u>1,870,277</u>
Operating receipts over (under) operating disbursements. . . . .	<u>(77,149)</u>	<u>72,585</u>	<u>(48,801)</u>	<u>(53,365)</u>
<b>Nonoperating receipts (disbursements):</b>				
Debt service:				
Principal retirement . . . . .	(143,896)	(847,105)	(20,317)	(1,011,318)
Interest and fiscal charges . . . . .	(25,473)	(42,310)	(648)	(68,431)
Note issuance . . . . .	-	763,000	-	763,000
Investment receipts . . . . .	7	-	-	7
Intergovernmental receipts. . . . .	269,283	-	-	269,283
Other nonoperating receipts . . . . .	-	5,704	-	5,704
Total nonoperating receipts (disbursements) . . . . .	<u>99,921</u>	<u>(120,711)</u>	<u>(20,965)</u>	<u>(41,755)</u>
Change in net cash assets . . . . .	22,772	(48,126)	(69,766)	(95,120)
<b>Net cash assets at beginning of year (restated) .</b>	<u>1,086,340</u>	<u>156,625</u>	<u>197,411</u>	<u>1,440,376</u>
<b>Net cash assets at end of year . . . . .</b>	<u>\$ 1,109,112</u>	<u>\$ 108,499</u>	<u>\$ 127,645</u>	<u>\$ 1,345,256</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF CRESTLINE, OHIO**

**STATEMENT OF NET ASSETS - CASH BASIS  
FIDUCIARY FUND  
DECEMBER 31, 2010**

	<u><b>Private-Purpose Trust</b></u>
<b>Assets:</b>	
Equity in pooled cash and cash equivalents . . .	\$ 21,835
Total assets . . . . .	<u>21,835</u>
<b>Net cash assets:</b>	
Held in trust for scholarships . . . . .	<u>21,835</u>
Total net cash assets. . . . .	<u><u>\$ 21,835</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS



**CITY OF CRESTLINE, OHIO**

STATEMENT OF CASH ADDITIONS, CASH DEDUCTIONS AND CHANGES IN  
NET CASH ASSETS  
FIDUCIARY FUND  
FOR THE YEAR ENDED DECEMBER 31, 2010

	<b>Private-Purpose Trust</b>
<b>Cash additions:</b>	
Gifts and contributions . . . . .	\$ 7,000
Total cash additions . . . . .	<u>7,000</u>
<b>Cash deductions:</b>	
Other . . . . .	<u>4,800</u>
Total cash deductions. . . . .	<u>4,800</u>
Change in net cash assets . . . . .	2,200
<b>Net cash assets at beginning of year. . . . .</b>	<u>19,635</u>
<b>Net cash assets at end of year . . . . .</b>	<u><u>\$ 21,835</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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## **CITY OF CRESTLINE, OHIO**

### **NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2010**

#### **NOTE 1 - DESCRIPTION OF THE CITY**

The City of Crestline (the "City") is a statutory municipal corporation operating under the laws of the State of Ohio. The City was incorporated as a city on April 29, 2001, by proclamation of the Secretary of State of Ohio as a result of the federal census of 2000.

The City operates under a mayor-council form of government. Legislative power is vested in a seven member council plus a council president, each elected to four-year terms. The Mayor, Auditor, Treasurer, and Solicitor are elected to four-year terms. The Service-Safety Director and Magistrate are appointed by the Mayor.

The City is divided into various departments and financial management and control systems. Services provided include police protection, fire protection, street construction and maintenance, parks and recreation and water, sewer and ambulance services as well as a staff to provide support (i.e., payroll processing, accounts payable, and revenue collection) to the service providers. The operation and control of these activities is provided by the City Council through the budgetary process and by the Mayor through administrative and managerial requirements and procedures.

#### **NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

##### **A. Reporting Entity**

As discussed further in Note 3.B., these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. In cases where these cash basis statements contain items that are the same as, or similar to, those items in the financial statements prepared in conformity with GAAP, similar informative disclosures are provided. Following are the more significant of the City's accounting policies:

For financial reporting purposes, the City's BFS include all funds, agencies, boards, commissions, and departments for which the City is financially accountable. Financial accountability, as defined by the GASB, exists if the City appoints a voting majority of an organization's governing board and is either able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or impose specific burdens on, the City. The City may also be financially accountable for governmental organizations with a separately elected Governing Board, a Governing Board appointed by another government, or a jointly appointed board that is fiscally dependent on the City. The City also took into consideration other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City's basic financial statements to be misleading or incomplete. Based upon the application of these criteria, the City has no component units.

The City participates in the Ohio Plan Risk Management, Inc., an insurance purchasing pool. This organization is further described in Note 9 to the basic financial statements.

**CITY OF CRESTLINE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2010

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

**B. Basis of Presentation**

The City's basic financial statements consist of government-wide financial statements, including a statement of net assets – cash basis and a statement of activities – cash basis, and a fund financial statement which provide a more detailed level of financial information.

Government-wide Financial Statements – The statement of net assets – cash basis and the statement of activities – cash basis display information about the City as a whole, except for fiduciary funds. These statements distinguish between those activities of the City that are governmental and those that are considered business-type activities.

The government-wide statement of net assets – cash basis presents the cash balances of the governmental and business-type activities of the City at year-end. The government-wide statement of activities - cash basis compares disbursements with program receipts for each segment of the business-type activities of the City and for each function or program of the City's governmental activities. These disbursements are those that are specifically associated with a service, program or department and are therefore clearly identifiable to a particular function. Program receipts include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Receipts which are not classified as program receipts are presented as general receipts of the City. The comparison of direct disbursements with program receipts identifies the extent to which each business segment or governmental function is self-financing on the cash basis or draws from the general receipts of the City.

Fund Financial Statements - Fund financial statements report detailed information about the City. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by fund type.

The financial statements for governmental funds are a statement of assets and fund cash balances, and a statement of cash receipts, cash disbursements and changes in fund cash balances – cash basis which reports on the sources (i.e., receipts and other financing sources) and uses (i.e., disbursements and other financing uses) of the current financial resources.

The financial statements of proprietary funds are a statement of net assets – cash basis, and a statement of cash receipts, cash disbursements and changes in net cash assets – cash basis which presents increases (i.e., receipts) and decreases (i.e., disbursements) in net cash assets.

Proprietary funds distinguish operating transactions from nonoperating transactions. Operating receipts and disbursements generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operation. The principal operating transactions of the City's proprietary funds are charges for sales and services, and include personnel and other disbursements related to sewer operation. All other receipts and disbursements not meeting these definitions are reported as nonoperating transactions.

**CITY OF CRESTLINE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2010

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

**C. Fund Accounting**

The City uses funds to maintain its financial records during the year. Fund accounting is a concept developed to meet the needs of governmental entities in which legal or other restraints require the recording of specific receipts and disbursements. The transactions of each fund are reflected in a self-balancing group of accounts. The City classifies each fund as either governmental, proprietary or fiduciary.

**Governmental Funds** - The City classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants) and other nonexchange transactions as governmental funds. The following are the City's major governmental funds:

General fund - The general fund accounts for all financial resources, except those required to be accounted for in another fund. The general fund balance is available to the City for any purpose provided it is expended or transferred according to the general laws of Ohio.

Street construction, maintenance and repair fund - This fund accounts for transactions relating to street maintenance and construction.

Capital improvements fund - This fund accounts for a portion of municipal income taxes designated for large equipment purchases.

Other governmental funds of the City are used to account for (a) financial resources to be used for the acquisition, construction, or improvement of capital facilities; (b) the accumulation of resources for, and the repayment of, general long-term debt principal, interest and related costs and (c) grants and other resources, the use of which is restricted to a particular purpose.

**Proprietary Funds** - These funds are used to account for activities that are financed and operated in a manner similar to private business enterprises where the intent is that costs of providing services to the general public on a continuing basis be financed or recovered primarily through user charges. The following are the City's major enterprise funds:

Enterprise funds - Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The following are the City's major enterprise funds:

Water fund - This fund accounts for the provision of water treatment and distribution to residential and commercial users within the City.

Sewer fund - This fund accounts for the provision of wastewater treatment service to residential and commercial users within the City.

The City has one nonmajor enterprise fund to account for the operations of providing ambulance services within the City.

**CITY OF CRESTLINE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2010

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

***Fiduciary Funds*** - Fiduciary fund reporting focuses on net cash assets and changes in net cash assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds, and agency funds. Trust funds are used to account for assets held by the City under a trust agreement for individuals, private organizations, or other governments and are not available to support the City's own programs. The City's private purpose trust fund accounts for resources provided to various organizations which are then generally used to benefit the community. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The City has no agency funds.

**D. Basis of Accounting**

The basis of accounting determines when transactions are recorded in the financial records and reported on the basic financial statements. The City's basic financial statements are prepared using the cash basis of accounting. Except for modifications having substantial support, receipts are recorded in the City's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred. Any such modifications made by the City are described in the appropriate section of the notes to the basic financial statements.

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these basic financial statements. These statements include adequate disclosure of material matters, in accordance with the basis of accounting described above.

**E. Budgetary Process**

All funds, except agency funds, are required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations ordinance, all of which are prepared on the budgetary basis of accounting. The tax budget indicates the projected revenues and expenditures for those funds receiving tax monies. The certificate of estimated resources establishes a limit on the amount City Council may appropriate. The appropriations ordinance is City Council's authorization to spend resources and sets annual limits on expenditures at the level of control selected by City Council. The legal level of control has been established by City Council at the fund, department, personal services and other level for all funds.

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the City Auditor. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificated of estimated resources in effect at the time final appropriations were passed by City Council.

The appropriations ordinance is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation ordinance for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by City Council during the year.

**CITY OF CRESTLINE, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2010**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

**F. Cash and Cash Equivalents**

To improve cash management, cash received by the City is pooled. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through the City's records. Each fund's interest in the pool is presented as "equity in pooled cash and cash equivalents" on the financial statements.

The City has segregated bank accounts for departmental monies held separately from the City's central bank account. These interest bearing depository accounts are presented as "cash in segregated accounts" on the basic financial statements. The City also utilizes a financial institution as trustee to service its mortgage revenue bonded debt as principal and interest payments come due. Money held by the trustee in U.S. government money market mutual funds is presented as "cash with fiscal agent" on the basic financial statements.

During 2010, the City's investments were limited to U.S. government money market mutual funds, negotiable and nonnegotiable certificates of deposit (negotiable CDs) and federal agency securities. Investments are reported at cost. Investment procedures are restricted by provisions of the Ohio Revised Code. Interest receipts credited to the general fund during 2010 were \$28,907, including \$26,071 assigned from other City funds. Investments of the cash management pool and investments with an original maturity of three months or less at the time of purchase are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months that were not purchased from the pool are reported as investments.

**G. Capital Assets**

Acquisition of property, plant and equipment purchased are recorded as disbursements when paid. These items are not reflected as assets in the accompanying basic financial statements.

**H. Compensated Absences**

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 basis of accounting utilized by the City (See Note 2.D.).

**I. Long-term Obligations**

Bonds and other long-term obligations are not recognized as a liability in the basic financial statements under the cash basis of accounting. These statements report proceeds of debt when cash is received and debt service disbursements for debt principal and interest payments are reported when paid.

**J. Operating Receipts and Disbursements**

Operating receipts are those receipts that are generated directly from the primary activities of the enterprise funds. For the City, these receipts are charges for services for water, sewer and ambulance services. Operating disbursements are necessary costs incurred to provide the goods or services that are the primary activities of the enterprise funds. All receipts and disbursements not meeting these definitions are reported as nonoperating.

**CITY OF CRESTLINE, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2010**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

**K. Net Cash Assets**

Net cash assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The City first applies restricted resources when an obligation is incurred for purposes for which both restricted and unrestricted net cash assets are available.

**L. Restricted Cash Assets**

Cash assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, or laws of other governments, or are imposed by law through constitutional provisions or enabling legislation. Restricted cash assets represent certain resources which are segregated from other resources of the City to comply with various covenants established by bond financing agreements. These assets are generally held in separate accounts of the City or by a trustee. The various covenants place restrictions on the use of these resources, require minimum balances to be maintained in certain accounts and establish annual amounts to be accumulated for specific purposes.

**M. Employer Contributions to Cost-Sharing Pension Plans**

The City recognizes the disbursements for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 10 and 11, the employer contributions include portions for pension benefits and for postretirement healthcare.

**N. Interfund Activity**

Transfers between governmental and business-type activities on the government-wide statements are reported in the same manner as general receipts. Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchasing funds. Nonexchange flows of cash from one fund to another are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and as nonoperating receipts/disbursements in proprietary funds.

**O. Inventories of Materials and Supplies**

On the cash basis of accounting, inventories of materials and supplies are recorded as disbursements when purchased. These items are not reported as assets in the basic financial statements.

**P. Prepaid Items**

On the cash basis of accounting, payments made to vendors for services that will benefit periods beyond December 31, 2010 are recorded as disbursements when paid. These items are not reported as assets in the basic financial statements.



**CITY OF CRESTLINE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2010

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

**Q. Fund Cash Balance Reserves**

The City reserves any portion of fund cash balance which is not available for appropriation or which is legally segregated for a specific future use. Unreserved fund cash balance indicates that portion of fund balance which is available for appropriation in future periods. A fund cash balance reserves have been established for encumbrances, unclaimed monies and debt service.

**R. Extraordinary and Special Items**

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of management and are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal year 2010.

**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE**

**A. Change in Accounting Principles**

For 2010, the City has changed from reporting its basic financial statements on a GAAP basis to the cash basis of accounting (see Note 2). The City has also chosen to present the cash basis basic financial statements in a GASB 34-like format. For financial reporting in accordance with GASB 34-like statements, the City is required to present government-wide financial statements. The government-wide financial statements consolidate and present all governmental activities in one column, all business-type activities in another column, and the component unit in another column. The fund balances and net assets of the City as previously reported at December 31, 2009 have been restated in order to account for this change in accounting principle, which effectively eliminates balance sheet accruals. This restatement for the change in reporting basis to the cash basis of accounting had the following effects on governmental fund balance, governmental activities net assets, and the net assets of the enterprise funds and business-type activities, as previously stated in the prior reporting period:

	Fund Balance (Deficit) <u>12/31/2009</u>	Restatement for change in <u>reporting basis</u>	Restated Fund Cash Balance <u>1/1/2010</u>
<b><u>Governmental funds:</u></b>			
General fund	\$ 166,021	\$ 154,877	\$ 320,898
Street construction, maintenance and repair fund	(48,006)	54,392	6,386
Capital improvements fund	434,415	(67,365)	367,050
Nonmajor governmental funds	<u>424,288</u>	<u>10,806</u>	<u>435,094</u>
Total governmental funds	<u>\$ 976,718</u>	<u>\$ 152,710</u>	<u>\$ 1,129,428</u>
Governmental funds net cash assets at 1/1/2010			<u>\$ 1,129,428</u>

**CITY OF CRESTLINE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2010

**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)**

<u>Enterprise funds:</u>	Net Assets <u>12/31/2009</u>	Restatement for change in <u>reporting basis</u>	Restated Net Cash Assets <u>1/1/2010</u>
Water fund	\$ 3,771,474	\$ (2,685,134)	\$ 1,086,340
Sewer fund fund	1,919,629	(1,763,004)	156,625
Nonmajor enterprise funds	<u>338,659</u>	<u>(141,248)</u>	<u>197,411</u>
Total enterprise funds	<u>\$ 6,029,762</u>	<u>\$ (4,589,386)</u>	<u>\$ 1,440,376</u>
Business-type activities net cash assets at 1/1/2010			<u>\$ 1,440,376</u>

The change in accounting basis did not have an effect on the net assets of the fiduciary fund as previously reported at December 31, 2009.

**B. Compliance**

Ohio Administrative Code Section 117-2-03(B) requires the City to prepare its annual financial report in accordance with accounting principles generally accepted in the United States of America. However, the City prepared its financial statements on a cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The accompanying financial statements omit assets, liabilities, nets assets/fund balances and disclosures that, while material, cannot be determined at this time. The City can be fined and various other administrative remedies may be taken against the City.

**NOTE 4 - BUDGETARY BASIS OF ACCOUNTING**

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The statement of cash receipts, cash disbursements and changes in fund cash balance - budget and actual (budgetary basis) presented for the general fund, and the street construction, maintenance and repair fund are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budgetary basis and the cash basis is outstanding year end encumbrances are treated as disbursements (budgetary basis) rather than as a reservation of fund balance (cash basis). At December 31, 2010, the encumbrances outstanding at year end (budgetary basis) amounted to \$3,223 for the general fund and \$4,267 for the street construction, maintenance and repair fund.

**NOTE 5 - DEPOSITS AND INVESTMENTS**

State statutes classify monies held by the City into three categories.

Active deposits are public deposits necessary to meet current demands on the treasury. Such monies must be maintained either as cash in the City treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

**CITY OF CRESTLINE, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2010**

**NOTE 5 - DEPOSITS AND INVESTMENTS - (Continued)**

Inactive deposits are public deposits that the City Council has identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use, but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts including passbook accounts.

Interim monies may be deposited or invested in the following securities:

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in items 1 and 2 above and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool, State Treasury Asset Reserve of Ohio (STAR Ohio);
7. Certain banker's acceptance and commercial paper notes for a period not to exceed one hundred eighty days from the purchase date in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time; and,
8. Under limited circumstances, corporate debt interests rated in either of the two highest classifications by at least two nationally recognized rating agencies.

Protection of the City's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the City Auditor by the financial institution or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

**CITY OF CRESTLINE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2010

**NOTE 5 - DEPOSITS AND INVESTMENTS - (Continued)**

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the City, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the City Auditor or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

**A. Cash with Fiscal Agent**

At year end, the City had \$172,284 on deposit with Huntington National Bank. Information regarding the City's water system revenue bonds can be obtained from the City Auditor. This amount is not included in the City's depository balance below.

**B. Cash on Hand**

At year end, the City had \$1,000 in undeposited cash on hand which is included on the basic financial statements of the City as part of "equity in pooled cash and cash equivalents". This amount is not included in the City's depository balance below.

**C. Cash in Segregated Accounts**

At year end, the City had \$10,816 deposited with a financial institution for monies related to the Mayor's Court, police auxiliary and summer food service program which is reported as components of the City's general fund and the remaining \$3,133 related to DARE is reported in other governmental funds. These amounts are included in the City's depository balance below.

**D. Deposits with Financial Institutions**

At December 31, 2010, the carrying amount of all City deposits was \$863,959. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of December 31, 2010, \$113,997 of the City's bank balance of \$916,946 was exposed to custodial risk as discussed below, while \$802,949 was covered by the FDIC.

Custodial credit risk is the risk that, in the event of bank failure, the City's deposits may not be returned. All deposits are collateralized with eligible securities in amounts equal to at least 105% of the carrying value of the deposits. Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at Federal Reserve Banks, or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the City. The City has no deposit policy for custodial credit risk beyond the requirements of State statute. Although the securities were held by the pledging institutions' trust department and all statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the City to a successful claim by the FDIC.

**CITY OF CRESTLINE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2010

**NOTE 5 - DEPOSITS AND INVESTMENTS - (Continued)**

**E. Investments**

As of December 31, 2010, the City had the following investments and maturities:

<u>Investment type</u>	<u>Balance at Carrying Value</u>	<u>Investment Maturities</u>				
		<u>6 Months or Less</u>	<u>7 to 12 Months</u>	<u>13 to 18 Months</u>	<u>19 to 24 Months</u>	<u>Greater than 24 Months</u>
FHLMC	\$ 405,995	\$ 11,693	\$ -	\$ -	\$ 223,562	\$ 170,740
FNMA	246,230	-	-	-	-	246,230
U.S. government money market mutual fund	12,775	12,775	-	-	-	-
Negotiable CDs	<u>335,000</u>	<u>-</u>	<u>250,000</u>	<u>85,000</u>	<u>-</u>	<u>-</u>
<b>Total</b>	<b><u>\$ 1,000,000</u></b>	<b><u>\$ 24,468</u></b>	<b><u>\$ 250,000</u></b>	<b><u>\$ 85,000</u></b>	<b><u>\$ 223,562</u></b>	<b><u>\$ 416,970</u></b>

The weighted average length to maturity of the investments at December 31, 2010 is 2.70 years.

*Interest Rate Risk:* As a means of limiting its exposure to fair value losses arising from rising interest rates and according to State law, the City's investment policy limits investment portfolio maturities to five years or less.

*Credit Risk:* The City's investments in federal agency securities carry a rating of AAA by Standard & Poor's and Aaa by Moody's. The U.S. Government money market mutual fund carries a rating of AAAM by Standard & Poor's. The City's investment policy does not specifically address credit risk beyond requiring the City to only invest in securities authorized by State statute.

*Custodial Credit Risk:* For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The federal agency securities are exposed to custodial credit risk in that they are uninsured, unregistered and held by the counterparty's trust department or agent, but not in the City's name. The City has no investment policy dealing with investment custodial risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the City Auditor or qualified trustee.

*Concentration of Credit Risk:* The City places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the City at December 31, 2010:

<u>Investment type</u>	<u>Balance at Carrying Value</u>	<u>% of Total</u>
FHLMC	\$ 405,995	40.60
FNMA	246,230	24.62
U.S. government money market mutual fund	12,775	1.28
Negotiable CDs	<u>335,000</u>	<u>33.50</u>
<b>Total</b>	<b><u>\$ 1,000,000</u></b>	<b><u>100.00</u></b>

**CITY OF CRESTLINE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2010

**NOTE 5 - DEPOSITS AND INVESTMENTS - (Continued)**

**F. Reconciliation of Cash and Investments to the Statement of Net Cash Assets**

The following is a reconciliation of cash and investments as reported in the note above to cash and investments as reported on the statement of net cash assets as of December 31, 2010:

<u>Cash and investments per note</u>	
Carrying amount of deposits	\$ 863,959
Investments	1,000,000
Cash with fiscal agent	172,284
Cash on hand	<u>1,000</u>
Total	<u>\$ 2,037,243</u>
 <u>Cash and investments per statement of net cash assets</u>	
Governmental activities	\$ 670,152
Business-type activities	1,345,256
Private-purpose trust fund	<u>21,835</u>
Total	<u>\$ 2,037,243</u>

**NOTE 6 - MUNICIPAL INCOME TAXES**

The City levies and collects an income tax of 2% based on all income earned within the City as well as on the income of residents earned outside the City. In the latter case, the City allows a credit of 75% of the tax paid to another municipality. Employers within the City are required to withhold income tax on employee earnings and remit the tax to the City at least quarterly. Corporations and other individual taxpayers are also required to pay their estimated tax at least quarterly and file a final return annually. The City's income tax is distributed to the general fund, the street construction, maintenance and repair fund and the capital improvements fund.

**NOTE 7 - PROPERTY TAXES**

Property taxes include amounts levied against all real and public utility property located in the City. Taxes collected from real property taxes (other than public utility) in one calendar year are levied in the preceding calendar year on the assessed value as of January 1 of that preceding year, the lien date. Assessed values are established by the County Auditor at 35 percent of appraised market value. All property is required to be revalued every six years. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits later payment dates to be established.

Public utility real and tangible personal property taxes collected in one calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of the second year proceeding the tax collection year, the lien date. Public utility tangible personal property is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2010 public utility property taxes became a lien December 31, 2009, are levied after October 1, 2010, and are collected in 2011 with real property taxes. Public utility property taxes are payable on the same dates as real property taxes described previously.

**CITY OF CRESTLINE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2010

**NOTE 7 - PROPERTY TAXES - (Continued)**

Tangible personal property tax revenues received in calendar year 2010 (other than public utility property) represent the collection of calendar year 2010 taxes levied against local and inter-exchange telephone companies. Tangible personal property taxes received from telephone companies in calendar year 2010 were levied after October 1, 2009, on the value as of December 31, 2009. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

House Bill No. 66 was signed into law on June 30, 2005. House Bill No. 66 phases out the tax on tangible personal property of general businesses, telephone and telecommunications companies, and railroads. The tax on general business and railroad property was eliminated in calendar year 2009, and the tax on telephone and telecommunications property will be eliminated by calendar year 2011. The tax is phased out by reducing the assessment rate on the property each year. The bill replaces the revenue lost by the City due to the phasing out of the tax. In calendar years 2009-2010, the City was fully reimbursed for the lost revenue. In calendar years 2011-2017, the reimbursements will be phased out.

The County Treasurer collects property taxes on behalf of all taxing districts in the County, including the City of Crestline. The County Auditor periodically remits to the City its portion of the taxes collected. Property taxes receivable represents real property taxes, public utility taxes, tangible personal property taxes and outstanding delinquencies which are measurable as of December 31, 2010 and for which there is an enforceable legal claim. In the governmental funds, the current portion receivable has been offset by unearned revenue since the current taxes were not levied to finance 2010 operations and the collection of delinquent taxes has been offset by deferred revenue since the collection of the taxes during the available period is not subject to reasonable estimation. On a full accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue while on a modified accrual basis the revenue is deferred.

The full tax rate for all City operations for the year ended December 31, 2010 was \$4.10 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2010 property tax receipts were based are as follows:

Real property

Residential/agricultural	\$ 40,392,130
Commercial/industrial	9,514,620
Tangible personal property	79,100

Public utility

Real	194,040
Personal	<u>1,310,510</u>

Total assessed value \$ 51,490,400

**CITY OF CRESTLINE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2010

**NOTE 8 - INTERFUND TRANSACTIONS**

Interfund transfers for the year ended December 31, 2010, consisted of the following, as reported in the fund financial statements:

Transfer from nonmajor governmental fund to:

Street construction, maintenance and repair	<u>\$ 61,316</u>
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Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

The transfer above was made to move monies from the FEMA special revenue fund to the street construction, maintenance and repair fund to reimburse that fund for costs incurred.

Interfund transfers between government funds are eliminated on the government-wide statement of activities - cash basis.

**NOTE 9 - RISK MANAGEMENT**

**A. Risk Pool Membership**

Prior to 2009, the Government belonged to the Ohio Government Risk Management Plan (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments ("Members"). The Plan was legally separate from its member governments.

On January 1, 2009, through an internal reorganization, the Plan created three separate non-profit corporations including:

- Ohio Plan Risk Management, Inc. (OPRM) - formerly known as the Ohio Risk Management Plan;
- Ohio Plan Healthcare Consortium, Inc. (OPHC) - formerly known as the Ohio Healthcare Consortium; and
- Ohio Plan, Inc. - mirrors the oversight function previously performed by the Board of Directors. The Board of Trustees consists of eleven (11) members that include appointed and elected officials from member organizations.

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. These coverage programs, referred to as Ohio Plan Risk management ("OPRM"), are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss, except OPRM retains 40% (17.5% through October 31, 2010 and 15% through October 31, 2009) of the premium and losses on the first \$250,000 casualty treaty and 10% of the first \$1,000,000 property treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 761 and 725 members as of December 31, 2010 and 2009 respectively. The City participates in this coverage.



**CITY OF CRESTLINE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2010

**NOTE 9 - RISK MANAGEMENT - (Continued)**

The Plan formed the Ohio Plan Healthcare Consortium (“OPHC”), as authorized by Section 9.833 of the Ohio Revised Code. The OPHC was established to provide cost effective employee benefit programs for Ohio political sub-divisions and is a self-funded, group purchasing consortium that offers medical, dental, vision and prescription drug coverage as well as life insurance for its members. The OPHC is sold through seventeen appointed independent agents in the State of Ohio. Coverage programs are developed specific to each member’s healthcare needs and the related premiums for coverage are determined through the application of uniform underwriting criteria. Variable plan options are available to members. These plans vary primarily by deductibles, coinsurance levels, office visit co-pays and out-of pocket maximums. OPHC had 65 and 60 members as of December 31, 2010 and 2009 respectively. The City does not participate in this coverage.

Plan members are responsible to notify the Plan of their intent to renew coverage by their renewal date. If a member chooses not to renew with the Plan, they have no other financial obligation to the Plan, but still need to promptly notify the Plan of any potential claims occurring during their membership period. The former member’s covered claims, which occurred during their membership period, remain the responsibility of the Plan.

Settlement amounts did not exceed insurance coverage for the past three fiscal years.

The Pool’s audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31: 2010 and and include amounts for both OPRM and OPHC:

	<b>2010</b>		<b>2009</b>	
	<b>OPRM</b>	<b>OPHC</b>	<b>OPRM</b>	<b>OPHC</b>
Assets	\$12,036,541	\$1,355,131	\$11,176,186	\$1,358,802
Liabilities	(4,845,056)	(1,055,096)	(4,852,485)	(1,253,617)
Members’ Equity	<u>\$7,191,485</u>	<u>\$300,035</u>	<u>\$6,323,701</u>	<u>\$105,185</u>

You can read the complete audited financial statements for OPRM and OPHC at the Plan’s website, [www.ohioplan.org](http://www.ohioplan.org).

**B. Employee Health Benefits**

The City provides employee medical and dental insurance. Medical insurance is provided by Anthem and dental is provided by Delta Dental. The risk of loss transfers entirely to the insurance carriers. The City pays 75% of the premiums for health insurance and 100% of the premiums for dental insurance.

There has been no significant reduction in insurance coverage from 2009 and no insurance settlement has exceeded insurance coverage during the last three years.

**CITY OF CRESTLINE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2010

**NOTE 10 - PENSION PLANS**

**A. Ohio Public Employees Retirement System**

Plan Description - The City participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The Traditional Pension Plan is a cost-sharing, multiple-employer defined benefit pension plan. The Member-Directed Plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20% per year). Under the Member-Directed Plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The Combined Plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the Combined Plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the Traditional Pension Plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the Member-Directed Plan. While members in the State and local divisions may participate in all three plans, law enforcement (generally sheriffs, deputy sheriffs and township police) and public safety divisions exist only within the traditional pension plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the Traditional Pension and the Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, Attention: Finance Director, 277 E. Town St., Columbus, OH 43215-4642 or by calling (614) 222-5601 or (800) 222-7377.

Funding Policy - The Ohio Revised Code provides statutory authority for member and employer contributions. For 2010, member and contribution rates were consistent across all three plans. While members in the State and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the Traditional Plan. The 2010 member contribution rates were 10.00% for members in State and local classifications. Public safety and law enforcement members contributed 10.5% and 11.1%, respectively. The City's contribution rate for 2010 was 14.00%, except for those plan members in law enforcement or public safety, for whom the City's contribution was 17.87% of covered payroll.

The City's contribution rate for pension benefits for members in the Traditional Plan for 2010 was 8.50% from January 1 through February 28, 2010 and 9.00% from March 1 through December 31, 2010. The City's contribution rate for pension benefits for members in the Combined Plan for 2010 was 9.27% from January 1 through February 28, 2010 and 9.77% from March 1 through December 31, 2010. For those plan members in law enforcement and public safety pension contributions were 12.37% from January 1 through February 28, 2010 and 12.87% from March 1 through December 31, 2010. The City's required contributions for pension obligations to the Traditional Pension and Combined Plans for the years ended December 31, 2010, 2009, and 2008 were \$80,795, \$56,483, and \$67,797, respectively; 92.62% has been contributed for 2010 and 100% has been contributed for 2009 and 2008. Contributions to the member-directed plan for 2010 were \$11,654 made by the City and \$8,324 made by the plan members.

**B. Ohio Police and Fire Pension Fund**

Plan Description - The City contributes to the Ohio Police and Fire Pension Fund (OP&F), a cost-sharing multiple-employer defined benefit pension plan. OP&F provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries.

## CITY OF CRESTLINE, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2010

#### **NOTE 10 - PENSION PLANS - (Continued)**

Benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. OP&F issues a publicly available financial report that includes financial statements and required supplementary information for the plan. That report may be obtained by writing to the OP&F, 140 East Town Street, Columbus, Ohio 43215-5164.

Funding Policy - Plan members are required to contribute 10.0% of their annual covered salary, while the City is required to contribute 19.50% and 24.00% for police officers and firefighters, respectively. Contribution rates are established by State statute. For 2010, the portion of the City's contributions to fund pension obligations was 12.75% for police officers and 17.25% for firefighters. The City's required contributions for pension obligations to OP&F for police officers and firefighters were \$47,380 and \$53,073 for the year ended December 31, 2010, \$47,558 and \$52,094 for the year ended December 31, 2009, and \$42,033 and \$44,611, for the year ended December 31, 2008. The full amount has been contributed for 2009 and 2008. 72.97% has been contributed for police and 70.69% has been contributed for firefighters for 2010.

#### **NOTE 11 - POSTRETIREMENT BENEFIT PLANS**

##### **A. Ohio Public Employees Retirement System**

Plan Description - OPERS maintains a cost-sharing multiple employer defined benefit post-employment healthcare plan, which includes a medical plan, prescription drug program and Medicare Part B premium reimbursement, to qualifying members of both the Traditional Pension and the Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage.

To qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have ten years or more of qualifying Ohio service credit. The Ohio Revised Code permits, but does not mandate, OPERS to provide OPEB benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

Disclosures for the healthcare plan are presented separately in the OPERS financial report which may be obtained by writing to OPERS, Attention: Finance Director, 277 E. Town St., Columbus, OH 43215-4642 or by calling (614) 222-5601 or (800) 222-7377.

Funding Policy - The post-employment healthcare plan was established under, and is administrated in accordance with, Internal Revenue Code 401(h). State statute requires that public employers fund post-employment healthcare through contributions to OPERS. A portion of each employer's contribution to the Traditional or Combined Plans is set aside for the funding of post-employment health care.

Employer contribution rates are expressed as a percentage of the covered payroll of active employees. In 2010, local government employers contributed 14.00% of covered payroll (17.87% for public safety and law enforcement). Each year the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for the funding of the postemployment health care benefits. The portion of employer contributions allocated to fund post-employment healthcare for members in the Traditional Plan for 2010 was 5.50% from January 1 through February 28, 2010 and 5.00% from March 1 through December 31, 2010. The portion of employer contributions allocated to fund post-employment healthcare for members in the Combined Plan for 2010 was 4.73% from January 1 through February 28, 2010 and 4.23% from March 1 through December 31, 2010.

**CITY OF CRESTLINE, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2010**

**NOTE 11 - POSTRETIREMENT BENEFIT PLANS - (Continued)**

The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits provided, by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. Active members do not make contributions to the post-employment healthcare plan.

The City's contributions allocated to fund post-employment health care benefits for the years ended December 31, 2010, 2009, and 2008 were \$46,061, \$40,841, and \$67,797, respectively; 92.62% has been contributed for 2010 and 100% has been contributed for 2009 and 2008.

The Health Care Preservation Plan (HCPP) adopted by the OPERS Board of Trustees on September 9, 2004, was effective January 1, 2007. Member and employer contribution rates for state and local employers increased on January 1 of each year from 2006 to 2008. Rates for law and public safety employers increased over a six year period beginning on January 1, 2006, with a final rate increase on January 1, 2011. These rate increases allowed additional funds to be allocated to the health care plan.

**B. Ohio Police and Fire Pension Fund**

Plan Description - The City contributes to the OP&F Pension Fund sponsored health care program, a cost-sharing multiple-employer defined postemployment health care plan administered by OP&F. OP&F provides healthcare benefits including coverage for medical, prescription drugs, dental, vision, Medicare Part B Premium and long term care to retirees, qualifying benefit recipients and their eligible dependents.

OP&F provides access to post-employment health care coverage to any person who receives or is eligible to receive a monthly service, disability or survivor benefit check or is a spouse or eligible dependent child of such person.

The Ohio Revised Code allows, but does not mandate OP&F to provide OPEB benefits. Authority for the OP&F Board of Trustees to provide health care coverage to eligible participants and to establish and amend benefits is codified in Chapter 742 of the Ohio Revised Code.

OP&F issues a publicly available financial report that includes financial statements and required supplementary information for the plan. That report may be obtained by writing to the OP&F, 140 East Town Street, Columbus, Ohio 43215-5164.

Funding Policy - The Ohio Revised Code provides for contribution requirements of the participating employers and of plan members to the OP&F (defined benefit pension plan). Participating employers are required to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently, 19.50% and 24.00% of covered payroll for police and fire employers, respectively. The Ohio Revised Code states that the employer contribution may not exceed 19.50% of covered payroll for police employer units and 24.00% of covered payroll for fire employer units. Active members do not make contributions to the OPEB Plan.

OP&F maintains funds for health care in two separate accounts. One for health care benefits under an IRS Code Section 115 trust and one for Medicare Part B reimbursements administrated as an Internal Revenue Code 401(h) account, both of which are within the defined benefit pension plan, under the authority granted by the Ohio Revised Code to the OP&F Board of Trustees.

**CITY OF CRESTLINE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2010

**NOTE 11 - POSTRETIREMENT BENEFIT PLANS - (Continued)**

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan into the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. For the year ended December 31, 2010, the employer contribution allocated to the health care plan was 6.75% of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that the pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h).

The OP&F Board of Trustees also is authorized to establish requirements for contributions to the health care plan by retirees and their eligible dependents, or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The City's contributions to OP&F which were allocated to fund post-employment healthcare benefits for police officers and firefighters were \$25,083 and \$20,768 for the year ended December 31, 2010, \$25,178 and \$20,385 for the year ended December 31, 2009, and \$22,253 and \$17,457, for the year ended December 31, 2008. The full amount has been contributed for 2009 and 2008. 72.97% has been contributed for police and 70.69% has been contributed for firefighters for 2010.

**NOTE 12 - COMPENSATED ABSENCES**

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws.

City employees earn and accumulate vacation at varying rates depending on length of service. Current policy credits vacation leave on the employee's anniversary date. Employees are paid for 100 percent of earned unused vacation leave upon termination.

Sick leave is earned at various rates as defined by City policy and union contracts. All employees with ten or more years of full-time service with the City, who elect to retire, are entitled to receive one-third of the value of their accumulated unused sick leave up to a maximum of three hundred twenty hours, except for the police and fire departments. Police department employees are entitled to receive one-half of the value of their accumulated unused sick leave up to a maximum of 1,440 hours. Fire department employees are entitled to receive one-third of the value of their accumulated unused sick leave.

**NOTE 13 - NOTES PAYABLE**

Changes in the City's note activity for the year ended December 31, 2010, were as follows:

		Balance			Balance
	Interest	Outstanding			Outstanding
	Rate	12/31/2009	Issued	Retired	12/31/2010
<u>Enterprise fund notes</u>					
Sewer improvement note series 2009	4.40%	\$ 30,000	\$ -	\$ (30,000)	\$ -

All notes were backed by the full faith and credit of the City.

**CITY OF CRESTLINE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2010

**NOTE 14 - LONG-TERM OBLIGATIONS**

The City's long-term obligations activity for the year ended December 31, 2010, was as follows:

	Interest Rate	Restated Balance Outstanding 12/31/09	Issued	Retired	Balance Outstanding 12/31/10	Amount Due in One Year
<b>Governmental activities:</b>						
Equipment acquisition bonds	4.59%	\$ -	\$ 81,550	\$ (6,088)	\$ 75,462	\$ 15,124
<u>Other long-term obligations</u>						
Lease purchase agreement payable		97,219	-	(14,257)	82,962	14,984
Police and fire pension liability		103,748	-	(2,325)	101,423	2,425
Total other long-term obligations		200,967	-	(16,582)	184,385	17,409
Total governmental activities long-term liabilities		<u>\$ 200,967</u>	<u>\$ 81,550</u>	<u>\$ (22,670)</u>	<u>\$ 259,847</u>	<u>\$ 32,533</u>
	Interest Rate	Restated Balance Outstanding 12/31/09	Issued	Retired	Balance Outstanding 12/31/10	Amount Due in One Year
<b>Business-type activities</b>						
<u>Mortgage revenue bonds</u>						
1996 Water bonds	5.8-5.9%	\$ 290,000	\$ -	\$ (140,000)	\$ 150,000	\$ 150,000
<u>OPWC loans</u>						
Wiley Street waterline replacement		116,890	-	(3,896)	112,994	3,896
West side storm sewer		398,061	-	(24,125)	373,936	24,125
Cloverdale Ave. sewer replacement		50,066	-	(2,861)	47,205	2,861
Total OPWC loans		565,017	-	(30,882)	534,135	30,882
<u>Notes</u>						
Sewer improvement note series 2010	5.125%	-	763,000	-	763,000	763,000
Sewer improvement note series 2009	4.40%	763,000	-	(763,000)	-	-
Total notes		763,000	763,000	(763,000)	763,000	763,000
<u>Other long-term obligations</u>						
Lease purchase agreement		284,947	-	(47,436)	237,511	53,170
Other long-term obligations		284,947	-	(47,436)	237,511	53,170
Total business-type long term liabilities		<u>\$ 1,902,964</u>	<u>\$ 763,000</u>	<u>\$ (981,318)</u>	<u>\$ 1,684,646</u>	<u>\$ 997,052</u>

The December 31, 2009 balance has been restated to include the Wiley Street waterline replacement OPWC loan.

Mortgage Revenue Bonds

Mortgage revenue bonds are special obligations of the City secured by a mortgage upon all assets of the respective system. These bonds are payable solely from the gross receipts of the respective system after provisions for reasonable operating and maintenance disbursements. The bond indentures have certain restrictive covenants and principally require that bond reserve funds be maintained and charges for services to customers be in sufficient amounts to satisfy the obligations under the indenture agreements. In addition, special provisions exist regarding covenant violations, redemptions of principal and maintenance of properties.

**CITY OF CRESTLINE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2010

**NOTE 14 - LONG-TERM OBLIGATIONS - (Continued)**

Fund cash assets whose use are restricted under the bond indenture are presented as restricted assets on the statement of net assets – cash basis. At December 31, 2010, restricted assets relating to the 1996 water mortgage revenue bonds were as follows:

Restricted assets held by the city	
Renewal and replacement	\$ 60,000
Future debt service	15,000
Restricted assets held by the trustees	
Current debt service	172,284

The water mortgage revenue bonds were issued in 1996 to finance improvements to the water system. Payment of the bonds is secured by a pledge of the net revenues of the water enterprise fund. As of December 31, 2010, the balance of unpaid principal was \$150,000. The balance will be paid in full during fiscal year 2011.

The bonds maturing on or after December 1, 2007, are subject to prior redemption, by and at the sole option of the City, either in whole or in part, on any date on or after December 1, 2006, in integral multiple of \$5,000, at the following redemption prices (expressed as percentages of the principal amount redeemed) plus accrued interest to the redemption date:

<u>Redemption Dates</u>	<u>Redemption Price</u>
December 1, 2007 through November 30, 2008	101 percent
December 1, 2008 and thereafter	100 percent

Sewer Improvement Notes

The sewer improvement notes were issued on March 23, 2010 to retire the 2009 notes issued for improving the quality and capacity of treatment and retention capacity at the wastewater treatment plant by constructing an aeration tank, sludge holding tanks, and providing pumping, piping, and electrical facilities. They were issued at a 5.125% interest rate and matured on March 22, 2011.

The bond anticipation notes were rolled over at their maturity, see Note 18.

Lease Purchase Agreements

Lease purchase agreements will be paid from the fund that maintains custody of the related assets, see Note 15.

Police and Fire Pension Liability

The City pays installments on the accrued liability incurred when the State of Ohio established the statewide pension system for police and fire personnel in 1967. The liability is payable semiannually from the general fund.

OPWC Loans

Ohio Public Works Commission (OPWC) loans consist of money owed to the OPWC for the replacement of the West side storm sewer for the replacement of the Cloverdale avenue sewer and for the replacement of the Wiley Street waterlines. The loans are interest free. OPWC loans are payable from the gross receipts of the water and sewer enterprise funds.

**CITY OF CRESTLINE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2010

**NOTE 14 - LONG-TERM OBLIGATIONS - (Continued)**

OWDA Loans

On December 9, 2010 the City entered into a loan agreement in the amount of \$102,375 with the Ohio Water Development Authority (OWDA) for a sewer project. As of December 31, 2010, the City has not received any disbursements from the OWDA or made any principal and interest payments on this loan agreement. The loan was issued at a 1.00% interest rate. Disbursement are expected to be made during fiscal year 2011 and payments on the loan are expected to become due beginning in fiscal year 2012. The OWDA loan will be payable from the sewer enterprise fund.

Equipment Acquisition Bonds

On July 28, 2010, the City issued equipment acquisition bonds for the purpose of purchasing a new backhoe. The bonds were issued in the amount of \$81,550 and bear an interest rate of 4.59%. The bonds mature on July 28, 2015 and will be repaid from the capital improvements fund.

Legal Debt Margin

The Ohio Revised Code provides that the net debt of a municipal corporation, whether or not approved by the electors, shall not exceed 10.5% of the total value of all property in the municipal corporation as listed and assessed for taxation. In addition, the unvoted net debt of municipal corporations cannot exceed 5.5% of the total taxation value of property. The assessed valuation used in determining the City's legal debt margin has been modified by House Bill 530 which became effective March 30, 2006. In accordance with House Bill 530, the assessed valuation used in the City's legal debt margin calculation excludes tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property, and personal property owned or leased by a railroad company and used in railroad operations. The statutory limitations on debt are measured by a direct ratio of net debt to tax valuation and expressed in terms of a percentage. At December 31, 2010, the City's total debt margin was \$5,397,931 and the unvoted debt margin was \$2,827,622.

The following is a summary of the City's future annual debt service requirements for governmental activities:

Year Ending December 31,	Governmental Activities					
	<u>Equipment Acquisition Bonds</u>			<u>Police and Fire Pension</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 15,124	\$ 3,191	\$ 18,315	\$ 2,425	\$ 4,285	\$ 6,710
2012	15,836	2,480	18,316	2,529	4,182	6,711
2013	16,596	1,719	18,315	2,637	4,072	6,709
2014	17,385	930	18,315	2,751	3,959	6,710
2015	10,521	163	10,684	2,869	3,841	6,710
2016 - 2020	-	-	-	16,303	17,248	33,551
2021 - 2025	-	-	-	20,117	13,430	33,547
2026 - 2030	-	-	-	24,823	8,724	33,547
2031 - 2035	-	-	-	26,969	2,920	29,889
Total	<u>\$ 75,462</u>	<u>\$ 8,483</u>	<u>\$ 83,945</u>	<u>\$ 101,423</u>	<u>\$ 62,661</u>	<u>\$ 164,084</u>



**CITY OF CRESTLINE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2010

**NOTE 14 - LONG-TERM OBLIGATIONS - (Continued)**

The City's future annual debt service requirements payable from the enterprise funds are as follows:

Year Ending December 31,	Business-Type Activities					
	Mortgage Revenue Bonds			OPWC Loans		
	Principal	Interest	Total	Principal	Interest	Total
2011	\$ 150,000	\$ 8,850	\$ 158,850	\$ 30,882	\$ -	\$ 30,882
2012	-	-	-	30,882	-	30,882
2013	-	-	-	30,882	-	30,882
2014	-	-	-	30,882	-	30,882
2015	-	-	-	30,882	-	30,882
2016 - 2020	-	-	-	154,411	-	154,411
2021 - 2025	-	-	-	154,411	-	154,411
2026 - 2030	-	-	-	35,836	-	35,836
2031 - 2035	-	-	-	19,482	-	19,482
2036 - 2039	-	-	-	15,585	-	15,585
Total	<u>\$ 150,000</u>	<u>\$ 8,850</u>	<u>\$ 158,850</u>	<u>\$ 534,135</u>	<u>\$ -</u>	<u>\$ 534,135</u>

**NOTE 15 - LESSEE DISCLOSURES**

**A. Lease Purchase Agreement - Governmental Activities**

In a prior fiscal year the City entered into a lease purchase agreement for a street sweeper. The lease meets the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13, "Accounting for Leases", which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Principal payments in 2010 were \$14,257 and were made from the capital improvements fund.

The following is a schedule of the future long-term minimum lease payments required under the capital lease and the present value of the minimum lease payments as of December 31, 2010:

Year Ending December 31,	Amount
2011	\$ 19,215
2012	19,215
2013	19,215
2014	19,215
2015	19,215
Total	<u>96,075</u>
Less: amount representing interest	<u>(13,113)</u>
Present value of net minimum lease payments	<u>\$ 82,962</u>

**CITY OF CRESTLINE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2010

**NOTE 15 - LESSEE DISCLOSURES - (Continued)**

**B. Lease Purchase Agreement - Business-Type Activities**

In a prior fiscal year, the City entered into lease purchase agreements for an ambulance and sewer equipment. The leases meet the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13, "Accounting for Leases", which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Principal payments in 2010 were \$27,119 and \$20,317 and were made from the sewer fund and ambulance fund (a nonmajor enterprise fund), respectively.

The following is a schedule of the future long-term minimum lease payments required under the capital lease and the present value of the minimum lease payments as of December 31, 2010:

<u>Year Ending December 31,</u>	<u>Amount</u>
2011	\$ 62,545
2012	138,250
2013	27,910
2014	<u>27,911</u>
Total	<u>256,616</u>
Less: amount representing interest	<u>(19,105)</u>
Present value of net minimum lease payments	<u>\$ 237,511</u>

**NOTE 16 - CONTINGENCIES**

**A. Litigation**

The City is party to other legal proceedings as a defendant. The outcome of the legal proceedings is not presently determinable.

**B. Federal and State Grants**

The City received federal and State grants for specific purposes that are subject to review and audit by the grantor agencies or their designees. Such audits could lead to a request for reimbursement to the grantor agency for expenditures disallowed under the terms of the grant. Based on prior experience, the City believes such disallowances, if any, would be immaterial.

**NOTE 17 - SUBSEQUENT EVENTS**

- A.** On March 22, 2011, the City rolled over its sewer improvement notes. The notes were issued in the amount of \$698,000, at an interest rate of 5.75%, and have a maturity date of March 22, 2012.
- B.** On March 30, 2011, the City received a proclamation from the Secretary of State that the City of Crestline will be considered a Village beginning April 29, 2011 based on the results of the most recent census data received.



**Julian & Grube, Inc.**  
*Serving Ohio Local Governments*

333 County Line Rd. West, Westerville, OH 43082 Phone: 614.846.1899 Fax: 614.846.2799

**Independent Accountants' Report on Internal Control Over Financial Reporting and on  
Compliance and Other Matters Based on an Audit of Financial Statements  
Performed in Accordance With *Government Auditing Standards***

Members of Council and Mayor  
City of Crestline  
100 North Seltzer Street  
Crestline, Ohio 44827

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Crestline, Crawford County, Ohio, as of and for the year ended December 31, 2010, which collectively comprise the City of Crestline's basic financial statements and have issued our report thereon dated August 26, 2011, which emphasized the City of Crestline changing its reporting format to the cash basis, which is an other comprehensive basis of accounting not in accordance with 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 City of Crestline's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of opining on the effectiveness of the City of Crestline's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the City of Crestline's internal control over financial reporting.

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 combination of deficiencies in internal control such that there is a reasonable possibility that material financial statement misstatements will not be prevented, or detected and timely corrected.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above. However, we identified a certain deficiency in internal control over financial reporting, described in the accompanying schedule of findings and responses that we consider to be a significant deficiency in internal control over financial reporting. We consider finding 2010-COC-001 to be a significant deficiency. 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.

Members of Council and Mayor  
City of Crestline


Compliance and Other Matters

As part of reasonably assuring whether the City of Crestline'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 three instances of noncompliance or other matters that we must report under *Government Auditing Standards*, which is described in the accompanying schedule of findings and responses as items 2010-COC-002 through 2010-COC-004.

We also noted certain matters not requiring inclusion in this report that we reported to the City of Crestline's management in a separate letter dated August 26, 2011.

The City of Crestline's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. We did not audit the City of Crestline's responses, and, accordingly, we express no opinion on them.

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

A handwritten signature in cursive script that reads "Julian & Grube, Inc.".

Julian & Grube, Inc.  
August 26, 2011

**CITY OF CRESTLINE  
CRAWFORD COUNTY, OHIO**

**SCHEDULE OF FINDINGS AND RESPONSES  
DECEMBER 31, 2010**

<b>2. FINDINGS RELATED TO THE BASIC FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>	
Finding Number	2010-COC-001

Significant Deficiency - Debt Note Restatement

This City is required to provide financial statements and notes that are free of material misstatements.

The City identified a loan from the Ohio Public Works Commission in the amount of \$116,890 that was not included in the 2009 note disclosures to the basic financial statements.

The presentation of materially correct financial statements and the related footnotes is the responsibility of management. We recommend the City implement control procedures that enable management to identify, prevent, detect and correct potential misstatements in the financial statements and footnotes.

Client Response: The City will attempt to include all required disclosures in the future.

Finding Number	2010-COC-002
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Ohio Rev. Code Section 117.38 provides each public office shall file a financial report for each fiscal year. The Auditor of State may prescribe forms by rule or may issue guidelines, or both, for such reports. If the Auditor of State has not prescribed a rule regarding the form for the report, the public office shall submit its report on the form utilized by the public office. Ohio Admin. Code Section 117-2-03 further clarifies the requirements of Ohio Rev. Code Section 117.38.

Ohio Admin. Code Section 117-2-03(B) requires the City to prepare its annual financial report in accordance with accounting principles generally accepted in the United States of America (GAAP). The City prepares its financial statements in accordance with the cash basis of accounting in a report format similar to the requirements of Governmental Accounting Standards Board Statement 34, Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments. This presentation differs from (GAAP). There would be variances on the financial statements between this accounting practice and GAAP that, while presumably material, cannot be reasonably determined at this time.

Failure to prepare proper GAAP financial statements may result in the City being fined or other administrative remedies.

The City should prepare its financial statements in accordance with accounting principles generally accepted in the United States of America (GAAP).

Client Response: Beginning in 2011, the City becomes the Village of Crestline. Because villages are not required by Ohio Administrative Code §117-2-03(B) to prepare annual financial reports in accordance with accounting principles generally accepted in the United States of America, the City does not anticipate preparing its financial statements in this manner.

**CITY OF CRESTLINE  
CRAWFORD COUNTY, OHIO**

**SCHEDULE OF FINDINGS AND RESPONSES  
DECEMBER 31, 2010**

<b>FINDINGS RELATED TO THE BASIC FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>	
Finding Number	2010-COC-003

Ohio Revised Code Section 5705.40 outlines the requirements for amending and supplementing appropriations. This section requires that any amendments to an appropriation measure must be made by Council resolution and comply with the same provisions of the law as used in making the original appropriations.

Disbursements exceeded appropriations due to the City not timely or properly modifying its appropriations throughout the year.

By not timely and properly modifying the City's appropriations, the City is not adequately monitoring its appropriations versus disbursements. With disbursements exceeding appropriations, overspending may occur which could result in negative fund balances.

We recommend that the City comply with Ohio Revised Code and Auditor of State Bulletin 97-010 by keeping more accurate appropriations records and amending the appropriations prior to year end. In addition, the City should monitor its budgetary process on a regular basis and make amendments as necessary.

*Client Response:* The City is attempting to monitor the budget more closely.

Finding Number	2010-COC-004
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Ohio Revised Code Section 5705.41(B) requires that no subdivision is to expend money unless it has been appropriated.

The City had disbursements exceeding appropriations in the following funds at December 31, 2010.

December 31, 2010

<u>Fund/Department/Object</u>	<u>Disbursements</u>	<u>Appropriations</u>	<u>Excess</u>
General/Fire/Personal Services	\$ 265,189	\$ 209,586	\$ 55,603
General/Harvest Festival/Other Expenditures	39,308	25,325	13,983
General/Swimming Pool/Other Expenditures	20,451	11,850	8,601
Street Construction, Maintenance and Repair/ Transportation/Personal Services	143,702	97,817	45,885
Street Construction, Maintenance and Repair/ Transportation/Other Expenditures	242,537	202,456	40,081

With disbursements exceeding appropriations, the City is expending monies that have not been appropriated. This could result in unnecessary purchases or fund deficits.

We recommend that the City comply with Ohio Revised Code and the Auditor of State Bulletin 97-010 by monitoring disbursements so they do not exceed lawful appropriations and amending the budget throughout the year.

*Client Response:* The City is attempting to monitor the budget more closely.

**CITY OF CRESTLINE  
CRAWFORD COUNTY, OHIO**

**STATUS OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2010**

<b><u>Finding Number</u></b>	<b><u>Finding Summary</u></b>	<b><u>Fully Corrected?</u></b>	<b><u>Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:</u></b>
2009-COC-001	<u>Material Weakness – Audit Adjustments</u> -The City is required to provide financial statements free of material misstatements.	No	Repeated as finding 2010-COC-001
2009-COC-002	<u>Material Weakness - Bank Reconciliation</u> - The City is required to have monthly bank reconciliations that reconcile the City's bank accounts to a combined total of the City's fund balances, with amounts identifiable.	Yes	N/A
2009-COC-003	Ohio Revised Code Section 5705.36 requires cities to certify to the County Auditor the total amount from all sources which are available for expenditures from each fund in the tax budget along with any unencumbered balances that existed at the end of the preceding year.	No	Partially Corrected - Repeated as Management Letter Comment
2009-COC-004	Ohio Revised Code Section 5705.41(D) requires that no orders or contracts involving the expenditure of monies are to be made unless there is a certificate of the Fiscal Officer that the amount required for the order or contract has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances.	No	Partially Corrected - Repeated as Management Letter Comment
2009-COC-005	Ohio Revised Code Section 5705.40 outlines the requirements for amending and supplementing appropriations.	No	Repeated as Finding 2010-COC-003
2009-COC-006	Ohio Revised Code Section 5705.41(B) requires that no subdivision is to expend money unless it has been appropriated.	No	Repeated as Finding 2010-COC-004
2009-COC-007	Ohio Revised Code Section 5705.36(A)(4) states that upon a determination by the Fiscal Officer of a subdivision that the revenue to be collected by the subdivision will be less than the amount included in an official certificate and that the amount of the deficiency will reduce available resources below the level of current appropriations, the Fiscal Officer shall certify the amount of the deficiency to the commission, and the commission shall certify an amended certificate reflecting the deficiency.	Yes	N/A

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# Dave Yost • Auditor of State

**CITY OF CRESTLINE**

**CRAWFORD 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 17, 2011**