

VILLAGE OF CRESTON
AUDIT REPORT
JANUARY 1, 2015 - DECEMBER 31, 2016

Wilson, Phillips & Agin, CPA's, Inc.
1100 Brandywine Blvd. Building G
Zanesville, Ohio 43701



Dave Yost • Auditor of State

Village Council
Village of Creston
100 North Main Street
Creston, Ohio 44217

We have reviewed the *Independent Auditor's Report* of the Village of Creston, Wayne County, prepared by Wilson, Phillips & Agin, CPA's, Inc., for the audit period January 1, 2015 through December 31, 2016. 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 Village of Creston is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

August 23 2017

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**VILLAGE OF CRESTON
WAYNE COUNTY
JANUARY 1, 2015 - DECEMBER 31, 2016**

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**WILSON, PHILLIPS & AGIN, CPA'S, INC.
1100 BRANDYWINE BLVD. BUILDING G
ZANESVILLE, OHIO 43701**

INDEPENDENT AUDITORS' REPORT

Village of Creston
Wayne County
100 N. Main Street
Creston, Ohio 44217

To the Village Council:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type and related notes of the Village of Creston, Wayne County, as of and for the years ended December 31, 2016 and 2015.

Management's Responsibility For the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Village's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Village's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 2 of the financial statements, the Village prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States, to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory basis of accounting and GAAP are not reasonably determinable, are presumed to be material.

Though the Village does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis permitted is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village of Creston as of December 31, 2016 and 2015, or changes in financial position or cash flows thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of the Village of Creston, Wayne County as of December 31, 2016 and 2015, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 2.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated May 25, 2017, on our consideration of the Village of Creston's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.

Wilson, Phillips & Agin, CPA's, Inc.
Zanesville, Ohio
May 25, 2017

**VILLAGE OF CRESTON
WAYNE COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2016**

	<u>Governmental Fund Types</u>				Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	
Cash Receipts					
Property Tax and Other Local Taxes	\$ 75,138	\$ 95,238	\$ -	\$ -	\$ 170,376
Municipal Income Tax	379,567	-	-	-	379,567
Intergovernmental Receipts	50,728	147,281	-	-	198,009
Charges for Services	-	35,001	-	-	35,001
Fines, Licenses, and Permits	36,240	6,393	-	-	42,633
Earnings on Investments	1,479	164	-	-	1,643
Miscellaneous	12,099	3,374	-	-	15,473
Total Cash Receipts	<u>555,251</u>	<u>287,451</u>	<u>-</u>	<u>-</u>	<u>842,702</u>
Cash Disbursements					
Current:					
Security of Persons and Property	17,147	237,550	-	-	254,697
Public Health Services	18,983	5,713	-	-	24,696
Leisure Time Activities	-	17,545	-	-	17,545
Transportation	-	110,609	-	-	110,609
General Government	193,207	16,376	-	-	209,583
Capital Outlay	19,012	112,067	-	-	131,079
Debt Service:					
Principal	18,057	37,353	4,133	-	59,543
Interest	258	16,361	258	-	16,877
Total Cash Disbursements	<u>266,664</u>	<u>553,574</u>	<u>4,391</u>	<u>-</u>	<u>824,629</u>
Excess of Receipts Over (Under) Disbursements	288,587	(266,123)	(4,391)	-	18,073
Other Financing Receipts/(Disbursements)					
Other Debt Proceeds	-	36,000	-	-	36,000
Transfers In	-	237,000	4,500	-	241,500
Transfers Out	(241,500)	-	-	-	(241,500)
Other Financing Uses	(2,115)	-	-	-	(2,115)
Total Other Financing Receipts/(Disbursements)	<u>(243,615)</u>	<u>273,000</u>	<u>4,500</u>	<u>-</u>	<u>33,885</u>
Net Change in Fund Cash Balance	44,972	6,877	109	-	51,958
Fund Cash Balances, January 1, 2016	<u>493,555</u>	<u>333,847</u>	<u>8,473</u>	<u>267,275</u>	<u>1,103,150</u>
Fund Cash Balances, December 31, 2016					
Restricted	-	340,724	8,582	267,275	616,581
Unassigned (Deficit)	538,527	-	-	-	538,527
Fund Cash Balances, December 31, 2016	<u>\$ 538,527</u>	<u>\$ 340,724</u>	<u>\$ 8,582</u>	<u>\$ 267,275</u>	<u>\$ 1,155,108</u>

See notes to financial statements.

VILLAGE OF CRESTON
WAYNE COUNTY

COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN FUND BALANCES (CASH BASIS)
ALL PROPRIETARY AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2016

	<u>Proprietary Fund Type Enterprise</u>	<u>Fiduciary Fund Type Agency</u>	<u>Totals (Memorandum Only)</u>
Operating Cash Receipts:			
Charges for Services	\$ 688,671	\$ -	\$ 688,671
Fines, Licenses and Permits	-	41,304	41,304
Total Operating Cash Receipts	<u>688,671</u>	<u>41,304</u>	<u>729,975</u>
Operating Cash Disbursements:			
Personal Services	89,725	-	89,725
Fringe Benefits	44,745	-	44,745
Contractual Services	90,813	-	90,813
Supplies and Materials	49,190	-	49,190
Other	-	41,304	41,304
Total Operating Cash Disbursements	<u>274,473</u>	<u>41,304</u>	<u>315,777</u>
Operating Income/(Loss)	<u>414,198</u>	<u>-</u>	<u>414,198</u>
Non-Operating Cash Receipts (Disbursements):			
Miscellaneous	88	-	88
Capital Outlay	(53,303)	-	(53,303)
Principal Retirement	(208,726)	-	(208,726)
Interest and Other Charges	(14,340)	-	(14,340)
Total Non-Operating Cash Receipts (Disbursements)	<u>(276,281)</u>	<u>-</u>	<u>(276,281)</u>
Net Receipts Over/(Under) Disbursements	<u>137,917</u>	<u>-</u>	<u>137,917</u>
Fund Cash Balances, January 1	<u>1,602,487</u>	<u>-</u>	<u>1,602,487</u>
Fund Cash Balances, December 31	<u>\$ 1,740,404</u>	<u>\$ -</u>	<u>\$ 1,740,404</u>

See notes to financial statements.

**VILLAGE OF CRESTON
WAYNE COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2015**

	<u>Governmental Fund Types</u>				Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	
Cash Receipts					
Property Tax and Other Local Taxes	\$ 77,637	\$ 98,483	\$ -	\$ -	\$ 176,120
Municipal Income Tax	298,766	-	-	-	298,766
Intergovernmental Receipts	51,418	175,797	-	34,964	262,179
Charges for Services	-	42,661	-	-	42,661
Fines, Licenses, and Permits	29,290	4,527	-	-	33,817
Earnings on Investments	1,706	194	-	-	1,900
Miscellaneous	2,774	5,639	-	-	8,413
Total Cash Receipts	<u>461,591</u>	<u>327,301</u>	<u>-</u>	<u>34,964</u>	<u>823,856</u>
Cash Disbursements					
Current:					
Security of Persons and Property	17,112	248,312	-	-	265,424
Public Health Services	6,624	4,648	-	-	11,272
Leisure Time Activities	-	19,335	-	-	19,335
Transportation	-	128,527	-	-	128,527
General Government	191,817	11,712	-	-	203,529
Capital Outlay	12,396	83,559	-	45,238	141,193
Debt Service:					
Principal	17,855	37,549	3,936	-	59,340
Interest	460	14,260	455	-	15,175
Total Cash Disbursements	<u>246,264</u>	<u>547,902</u>	<u>4,391</u>	<u>45,238</u>	<u>843,795</u>
Excess of Receipts Over (Under) Disbursements	215,327	(220,601)	(4,391)	(10,274)	(19,939)
Other Financing Receipts/(Disbursements)					
Transfers In	-	241,000	4,500	-	245,500
Transfers Out	(245,500)	-	-	-	(245,500)
Total Other Financing Receipts/(Disbursements)	<u>(245,500)</u>	<u>241,000</u>	<u>4,500</u>	<u>-</u>	<u>-</u>
Net Change in Fund Cash Balance	(30,173)	20,399	109	(10,274)	(19,939)
Fund Cash Balances, January 1, 2015	<u>523,728</u>	<u>313,448</u>	<u>8,364</u>	<u>277,549</u>	<u>1,123,089</u>
Fund Cash Balances, December 31, 2015					
Restricted	-	333,847	8,473	267,275	609,595
Unassigned (Deficit)	493,555	-	-	-	493,555
Fund Cash Balances, December 31, 2015	<u>\$ 493,555</u>	<u>\$ 333,847</u>	<u>\$ 8,473</u>	<u>\$ 267,275</u>	<u>\$ 1,103,150</u>

See notes to financial statements.

VILLAGE OF CRESTON
WAYNE COUNTY

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN FUND BALANCES (CASH BASIS)
ALL PROPRIETARY AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2015**

	<u>Proprietary Fund Type Enterprise</u>	<u>Fiduciary Fund Type Agency</u>	<u>Totals (Memorandum Only)</u>
Operating Cash Receipts:			
Charges for Services	\$ 682,252	\$ -	\$ 682,252
Fines, Licenses and Permits	-	33,897	33,897
Total Operating Cash Receipts	<u>682,252</u>	<u>33,897</u>	<u>716,149</u>
Operating Cash Disbursements:			
Personal Services	108,856	-	108,856
Fringe Benefits	59,894	-	59,894
Contractual Services	93,028	-	93,028
Supplies and Materials	60,225	-	60,225
Other	-	33,897	33,897
Total Operating Cash Disbursements	<u>322,003</u>	<u>33,897</u>	<u>355,900</u>
Operating Income/(Loss)	<u>360,249</u>	<u>-</u>	<u>360,249</u>
Non-Operating Cash Receipts (Disbursements):			
Other Debt Proceeds	23,250	-	23,250
Miscellaneous	164	-	164
Capital Outlay	(93,181)	-	(93,181)
Principal Retirement	(205,571)	-	(205,571)
Interest and Other Charges	(3,126)	-	(3,126)
Total Non-Operating Cash Receipts (Disbursements)	<u>(278,464)</u>	<u>-</u>	<u>(278,464)</u>
Net Receipts Over/(Under) Disbursements	<u>81,785</u>	<u>-</u>	<u>81,785</u>
Fund Cash Balances, January 1	<u>1,520,702</u>	<u>-</u>	<u>1,520,702</u>
Fund Cash Balances, December 31	<u>\$ 1,602,487</u>	<u>\$ -</u>	<u>\$ 1,602,487</u>

See notes to financial statements.

**VILLAGE OF CRESTON
WAYNE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016 and 2015**

1. REPORTING ENTITY

Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of Creston, Wayne County, (the Village) as a body corporate and politic. A publicly-elected six-member Council directs the Village. The Village provides general government, including water and sewer utilities, street repair and maintenance, park operations, and police services.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The Village's financial statements consist of a combined statement of receipts, disbursements and changes in fund balance (regulatory cash basis) for all governmental fund types, and a combined statement of receipts, disbursements and changes in fund balance (regulatory cash basis) for all proprietary fund types which are organized on a fund type basis.

Fund Accounting

The Village uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Village are presented below:

Governmental Funds

General Fund

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

Special Revenue Funds

These funds are used to account for proceeds from specific sources that are restricted or committed to expenditures for specific purposes other than debt service or capital projects. The Village had the following significant Special Revenue Funds.

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

Police Fund - This fund receives property and other local tax money for the operation of the Village police department.

**VILLAGE OF CRESTON
WAYNE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016 and 2015**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Debt Service Funds

These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. The Village had the following significant Debt Service Fund:

Bond Retirement Fund – This fund is used to account for the payment of principal and interest on the Police Station Loan.

Capital Project Funds

These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Village had the following significant Capital Project Fund:

Other Capital Projects Fund – This fund is used to account for resources used to complete capital improvement projects.

Enterprise Funds

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

Water Fund – This fund receives charges for services from residents to cover water service costs.

Sewer Fund - This fund receives charges for services from residents to cover sewer service costs.

Sewer R&I Fund – This fund receives charges for services from tap fees to cover emergency capital projects cost.

Fiduciary Funds

Fiduciary Funds include private purpose trust funds and agency funds. Trust funds account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Village's own programs. The Village had no private purpose trust funds.

Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Village disburses these funds as directed by the individual, organization or other government. The Village's agency fund accounts for Mayor's Court activity.

**VILLAGE OF CRESTON
WAYNE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016 and 2015**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code 117-2-03(D). This basis is similar to the cash receipts and disbursements accounting basis. The Village recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code 117-2-03(D) permit.

Budgetary Process

The Ohio Revised Code requires that each fund (except certain Agency Funds) be budgeted annually.

Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The Village Council must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Appropriations lapse at year end.

Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus cash as of January 1. The County Budget Commission must approve estimated resources.

Encumbrances

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

A summary of 2016 and 2015 budgetary activity appears in Note 3.

Deposits and Investments

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

Property, Plant, and Equipment

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

**VILLAGE OF CRESTON
WAYNE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016 and 2015**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accumulated Leave

In certain circumstances, such as leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Village must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

Nonspendable – The Village classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

Restricted – Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

Committed – Council can *commit* via formal action (resolution). The Village must adhere to these commitments unless council amends the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

Assigned – Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Village Council or a Village official delegated that authority by ordinance, or by State Statute.

Unassigned – Unassigned fund balance is the residual classification for the general fund and includes amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Village applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classification could be used.

**VILLAGE OF CRESTON
WAYNE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016 and 2015**

3. BUDGETARY ACTIVITY

Budgetary activity for the year ended December 31, 2016 and 2015 is as follows:

2016 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 451,700	\$ 555,251	\$ 103,551
Special Revenue	489,404	560,451	71,047
Debt Service	4,500	4,500	-
Enterprise	637,923	688,759	50,836
Total	<u>\$ 1,583,527</u>	<u>\$ 1,808,961</u>	<u>\$ 225,434</u>

2016 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 584,800	\$ 510,279	\$ 74,521
Special Revenue	664,768	553,574	111,194
Debt Service	4,400	4,391	9
Enterprise	1,045,069	550,842	494,227
Total	<u>\$ 2,299,037</u>	<u>\$ 1,619,086</u>	<u>\$ 679,951</u>

2015 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 395,700	\$ 461,591	\$ 65,891
Special Revenue	545,942	568,301	22,359
Debt Service	4,500	4,500	-
Capital Projects	34,964	34,964	-
Enterprise	655,546	705,666	50,120
Total	<u>\$ 1,636,652</u>	<u>\$ 1,775,022</u>	<u>\$ 138,370</u>

2015 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 584,300	\$ 491,764	\$ 92,536
Special Revenue	674,316	547,902	126,414
Debt Service	4,400	4,391	9
Capital Projects	113,699	45,238	68,461
Enterprise	761,900	623,881	138,019
Total	<u>\$ 2,138,615</u>	<u>\$ 1,713,176</u>	<u>\$ 425,439</u>

**VILLAGE OF CRESTON
WAYNE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016 and 2015**

4. EQUITY IN POOLED CASH AND INVESTMENTS

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

	<u>2016</u>	<u>2015</u>
Demand Deposits	\$ 2,651,177	\$ 2,461,619
Certificates of Deposit	244,335	244,018
Total Deposits	<u>\$ 2,895,512</u>	<u>\$ 2,705,637</u>

Deposits: Deposits are insured by the Federal Depository Insurance Corporation; or collateralized by the financial institutions public entity deposit pool.

5. PROPERTY TAX

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

The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Village.

6. LOCAL INCOME TAX

The Village levies a municipal income tax of 1.0 percent on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village.

Employers within the Village withhold income tax on employee compensation and remit the tax to the Village either monthly or quarterly, as required. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually.

7. RISK MANAGEMENT

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles;
- Law enforcement liability;
- Public Officials liability;
- Employment practices liability; and
- Errors and omissions.

The Village provides health insurance to full-time employees through Wayne County (County). The Village is invoiced their monthly premiums and the premiums are paid to the County. All risk transfers to the County.

**VILLAGE OF CRESTON
WAYNE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016 and 2015**

8. DEFINED BENEFIT PENSION PLAN

Ohio Public Employees Retirement System

Some of the Village's full-time employees belong to the Public Employees Retirement System (OPERS) of Ohio. OPERS is a cost-sharing, multiple employer plan. The Ohio Revised Code prescribes the plan benefits, which include postretirement healthcare, and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2016 and 2015, OPERS members contributed 10.0% of their gross wages and the Village contributed an amount equal to 14.00% of participant's gross salaries. The Village has paid all contributions required through December 31, 2016.

Ohio Police and Fire Retirement

The Village's full-time police officers belong to the Police and Fire Pension Fund (OP&F). OP&F is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 11.50% from January 1, 2015 through June 30, 2015 and contributed 12.25% from July 1, 2015 through December 31, 2016 of their wages. The Village contributed to OP&F an amount equal to 19.50% of full-time police officers wages. The Village has paid all contributions required through December 31, 2016.

Social Security

Several Village employees contributed to social security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Village contributed an amount equal to 6.2 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2016.

9. POSTEMPLOYMENT BENEFITS

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. OPERS contributes 2 percent of the employer contribution to fund these benefits and OP&F contributes 0.5 percent to fund these benefits.

**VILLAGE OF CRESTON
WAYNE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016 and 2015**

10. DEBT

Debt outstanding at December 31, 2016 was as follows:

	2016 Principal	%
OPWC CP31E N. Main Street Waterline	\$ 75,344	0.00
OPWC CP22G Burbank/Russell Street Waterline	31,430	0.00
OPWC CP18J Telemetry	58,288	0.00
Hughes Property Loan	5,746	5.00
Community Center Loan	148,481	4.97
OWDA #5430 Burbank Street	44,605	0.00
OWDA #6505 WWTP Improvement	3,062,105	0.00
Mercedes Benz Freightliner Dump Truck	46,420	2.33
Wayne Savings Bank 2015 Explorer	20,100	2.50
Wayne Saving Bank F150 Truck	15,664	2.20
Wayne Savings Bank 2016 Explorer	29,200	2.31
Total	\$ 3,537,383	

In 2002, the Village obtained a loan from Ohio Public Works Commission (OPWC) for the North Main Street Waterline replacement project in the amount of 231,827 to be repaid in semiannual installments with no interest over 15 years. This is repaid from the Water Fund.

In 2004, the Village obtained a loan from the OPWC for the Burbank Street and Russell Avenue waterline replacement project in the amount \$78,576 to be repaid in semiannual installments over 20 years. This is repaid from the Water Fund.

In 2007, the Village obtained a loan from the OPWC for a water and wastewater telemetry project in the amount of \$101,371 to be repaid semiannually with no interest over 20 years. This will be repaid from the Water Fund.

In 2003, the Village obtained a loan in the amount of \$150,000 for the Hughes Property Project. In 2007, the Village sold a portion of the Hughes Property and used the proceeds to reduce the outstanding principal on the loan. The loan will be paid in monthly installment, including interest rate of 5% over 10 years. This will be repaid from the General Fund and Debt Service Fund and Debt Service Fund.

In 2009, the Village obtained a commercial loan in the amount of \$239,163 for the Community Center. The loan expired on May 30, 2016 and included a balloon payment of \$155,457 which the Village has chosen to refinance at the old interest rate. The loan will be repaid in monthly installments, including interest at a rate of 4.97%. This will be repaid from the General Fund.

In 2010, the Village obtained an Ohio Water Development Authority (OWDA) loan in the amount of \$62,870 for the Burbank Street Culvert Replacement. The loan will be repaid in annual installments with no interest over 20 years. This will be repaid from the Water Fund.

In 2013, the Village obtained a loan from the OWDA in the amount of \$3,409,653 for a WWTP Treatment Plant Improvement Project. This loan will be repaid in semiannual installments with no interest over 20 years. This will be repaid from the Sewer Bond Payment Fund.

**VILLAGE OF CRESTON
WAYNE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016 and 2015**

10. DEBT (Continued)

In 2013, the Village entered into a master-lease purchase agreement with Mercedes Benz Financing for a Freightliner dump truck in the amount of 113,914. This will be repaid in annual installments with an interest rate of 2.33% over 5 years. This will be repaid from the Street Fund, Permissive MVL Fund, Water Fund and Sewer Bond Payment Fund.

In 2014, the Village obtained a loan from Wayne Savings Bank in the amount of \$33,500 to purchase a 2015 Ford Explorer. The loan will be repaid in annual installments with an interest rate of 2.5% Over 5 years. This will be repaid from the Police Fund.

In 2015, the Village obtained a loan from Wayne Savings Bank in the amount of \$23,250 for the purchase of a Ford F150 Truck. This loan will be repaid in annual installment with an interest rate 2.2% over 3 years. This will be repaid from the Water and Sewer Funds.

In 2016, the Village obtained a loan from Wayne Savings Bank in the amount of \$36,000 to purchase a 2016 Ford Explorer. The loan will be repaid in monthly installments with an interest rate of 2.31% over 4 years. This will be repaid from the Police Fund.

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

Year	OPWC CP31E	OPWC CP22G	OPWC CP18J	Hughes Property	Community Center
2017	\$ 11,591	\$ 3,929	\$ 5,069	\$ 5,746	\$ 19,065
2018	11,591	3,929	5,069	-	18,471
2019	11,591	3,929	5,069	-	17,876
2020	11,591	3,929	5,069	-	17,283
2021	11,591	3,929	5,069	-	16,688
2022-2026	17,389	11,785	25,343	-	94,362
2027-2031	-	-	7,600	-	-
Total	<u>\$ 75,344</u>	<u>\$ 31,430</u>	<u>\$ 58,288</u>	<u>\$ 5,746</u>	<u>\$ 183,745</u>

Year	OWDA #5430	OWDA 6505	Mercedes Benz	2015 Explorer	2015 Ford150
2017	\$ 3,186	\$ 170,483	\$ 24,400	\$ 7,208	\$ 8,098
2018	3,186	170,483	24,400	7,038	8,085
2019	3,186	170,483	-	6,870	-
2020	3,186	170,483	-	-	-
2021	15,930	170,483	-	-	-
2022-2026	15,930	852,413	-	-	-
2027-2031	-	852,413	-	-	-
2032-2036	-	504,865	-	-	-
Total	<u>\$ 47,790</u>	<u>\$3,062,106</u>	<u>\$ 48,800</u>	<u>\$ 21,116</u>	<u>\$ 16,183</u>

Year	2016 Explorer
2017	\$ 12,439
2018	12,439
2019	5,183
Total	<u>\$ 30,061</u>

**WILSON, PHILLIPS & AGIN, CPA'S, INC.
1100 BRANDYWINE BLVD. BUILDING G
ZANESVILLE, OHIO 43701**

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

Village of Creston
Wayne County
100 N. Main Street
Creston, Ohio 44217

To the Village Council:

We have audited, in accordance with auditing standards general accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of Village of Creston, Wayne County as of and for the years ended December 31, 2016 and 2015, and the related notes to the financial statements and have issued our report thereon dated May 25, 2017, wherein we noted the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered Village of Creston's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Village's internal control. Accordingly, we have not opined on it.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Village's financial statements. A *significant deficiency* is a deficiency or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings that we consider a significant deficiency. We consider Finding 2016-001 to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Village of Creston's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Village's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Village's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Wilson, Phillips & Agin, CPA's, Inc.
Zanesville, Ohio
May 25, 2017

**VILLAGE OF CRESTON
WAYNE COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2016 AND 2015**

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

FINDING NUMBER 2016-001

Significant Deficiency

All public offices shall maintain an accounting system and accounting records sufficient to enable the public office to identify, assemble, analyze, classify, record and report its transaction, maintain accountability for the related assets, document compliance with finance-related legal and contractual requirements and prepare financial statements.

As a result of audit procedures, errors were noted that required reclassification and adjustments to the financial statement as follows:

- In 2015, there was a reclassification of \$13,925 between Principal Retirement, which was increased and General Government, which was decreased to properly state principal paid in the General Fund.
- In 2015, there was a reclassification of \$2,462 between Principal Retirement, which was decreased and Interest and Other Fiscal Charges, which was increased to properly state principal paid in the Special Revenue Fund.
- In 2015, there was a reclassification of \$198,193 between Principal Retirement, which was increased and Interest and Other Fiscal Charges, which was decreased to properly state principal paid in the Enterprise Funds.
- In 2015, we adjusted Loan Proceeds and Capital Outlay in the Enterprise fund for \$23,250 which was for the purchase of a F150 Truck.
- In 2016, there was a reclassification of \$13,924 between Principal Retirement, which was increased and General Government, which was decreased to properly state principal paid in the General Fund.
- In 2016, there was a reclassification of \$5,081 between Principal Retirement, which was decreased and Interest and Other Fiscal Charges, which was increased to properly state principal paid in the Special Revenue Fund.
- In 2016, we adjusted Loan Proceeds and Capital Outlay in the Enterprise fund for \$36,000 which was for the purchase of a Ford Explorer in the Special Revenue Fund.
- In 2016, there was a reclassification of 203,326 between Principal Retirement, which was increased, a reduction of \$29,552 to Capital Outlay and a reduction of \$173,774 to Interest and Other Fiscal Charges, to properly state principal paid in the Enterprise Funds.

Sound financial reporting is the responsibility of the Village and is essential to help ensure the information provided to the readers of financial statements is complete and accurate. To help ensure the Village's financial statements and notes to the financial statements are complete and accurate, the Village should adopt policies and procedures to identify and correct errors and omissions. In addition, the Village should review the financial statements and notes prior to submission for audit.

Client Response: We received no response from client.



Dave Yost • Auditor of State

VILLAGE OF CRESTON

WAYNE COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
SEPTEMBER 5, 2017