

**VILLAGE OF CRESTLINE
CRAWFORD COUNTY**

**REGULAR AUDIT
FOR THE YEAR ENDED DECEMBER 31, 2023**



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OHIO AUDITOR OF STATE
KEITH FABER



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Village Council
Village of Crestline
100 North Seltzer Street
Crestline, OH 44827

We have reviewed the *Independent Auditor's Report* of the Village of Crestline, Crawford County, prepared by Gueye & Associates, CPA, for the audit period January 1, 2023 through December 31, 2023. 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 Crestline is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads 'Keith Faber'.

Keith Faber
Auditor of State
Columbus, Ohio

April 22, 2025

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VILLAGE OF CRESTLINE
CRAWFORD COUNTY

DECEMBER 31, 2023

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INDEPENDENT AUDITOR'S REPORT

Village of Crestline
100 North Seltzer Street
Crestline, Ohio 44827

To the Village Council:

Report on the Audit of the Financial Statements

Unmodified and Adverse Opinions

We have audited the financial statements of the Village of Crestline, Crawford County, Ohio (the Village), which comprises the cash balances, receipts and disbursements for each governmental and proprietary fund type, and the fiduciary funds type combined total as of and for the year ended December 31, 2023, and the related notes to the financial statements.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for each governmental and proprietary fund type and the fiduciary fund type combined total as of and for the year ended December 31, 2023 and the related notes to the financial statements, in accordance with the financial reporting provisions which Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit, described in Note 2.

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* section of our report, the accompanying financial statements do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village, as of December 31, 2023, or the changes in financial position, or where applicable cash flows thereof for the year then ended.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Village, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

As described in Note 2 of the financial statements, the financial statements are prepared by Village on the basis of the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 2 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

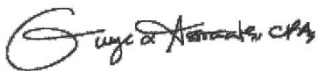
In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 28, 2025, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village's 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.



Columbus, Ohio
February 28, 2025

Village of Crestline, Ohio
Crawford County
*Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)*
All Governmental Fund Types
For the Year Ended December 31, 2023

| | General | Special Revenue | Debt Service | Capital Projects | Combined Total |
|---|--------------------|---------------------|-----------------|---------------------|---------------------|
| Cash Receipts | | | | | |
| Property and Other Local Taxes | \$ 161,644 | \$ 74,145 | \$ - | \$ - | \$ 235,789 |
| Municipal Income Tax | 1,142,170 | 514,363 | - | 83,032 | 1,739,565 |
| Intergovernmental | 217,400 | 459,322 | - | - | 676,722 |
| Special Assessments | 5,241 | 2,024 | - | - | 7,265 |
| Charges for Services | 86,028 | 8,176 | - | - | 94,204 |
| Fines, Licenses and Permits | 142,695 | 1,511 | - | 5,855 | 150,061 |
| Earnings on Investments | 102,983 | 24,843 | - | 558 | 128,384 |
| Miscellaneous | 73,268 | 232,004 | - | - | 305,272 |
| <i>Total Cash Receipts</i> | <u>1,931,429</u> | <u>1,316,388</u> | <u>-</u> | <u>89,445</u> | <u>3,337,262</u> |
| Cash Disbursements | | | | | |
| Current: | | | | | |
| Security of Persons and Property | 49,739 | 1,464,672 | - | - | 1,514,411 |
| Public Health Services | 16,422 | - | - | - | 16,422 |
| Leisure Time Activities | 63,548 | 2,447 | - | - | 65,995 |
| Transportation | - | 206,557 | - | - | 206,557 |
| General Government | 426,407 | - | - | 1,624 | 428,031 |
| Capital Outlay | 3,417 | 624,785 | - | 104,772 | 732,974 |
| Debt Service: | | | | | |
| Principal Retirement | - | 4,017 | - | - | 4,017 |
| Interest and Fiscal Charges | - | 2,693 | - | - | 2,693 |
| <i>Total Cash Disbursements</i> | <u>559,533</u> | <u>2,305,171</u> | <u>-</u> | <u>106,396</u> | <u>2,971,100</u> |
| <i>Excess of Receipts Over (Under) Disbursements</i> | <u>1,371,896</u> | <u>(988,783)</u> | <u>-</u> | <u>(16,951)</u> | <u>366,162</u> |
| Other Financing Receipts (Disbursements) | | | | | |
| Transfers In | 64,024 | 1,136,210 | - | - | 1,200,234 |
| Transfers Out | <u>(1,104,213)</u> | <u>(178,377)</u> | <u>-</u> | <u>-</u> | <u>(1,282,590)</u> |
| <i>Total Other Financing Receipts (Disbursements)</i> | <u>(1,040,189)</u> | <u>957,833</u> | <u>-</u> | <u>-</u> | <u>(82,356)</u> |
| <i>Net Change in Fund Cash Balances</i> | 331,707 | (30,950) | - | (16,951) | 283,806 |
| <i>Fund Cash Balances, January 1, Restated</i> | <u>501,694</u> | <u>1,301,777</u> | <u>17</u> | <u>165,592</u> | <u>1,969,080</u> |
| <i>Fund Cash Balances, December 31</i> | <u>\$ 833,401</u> | <u>\$ 1,270,827</u> | <u>\$ 17</u> | <u>\$ 148,641</u> | <u>\$ 2,252,886</u> |

See accompanying notes to the basic financial statements

Village of Crestline, Ohio
Crawford County
*Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)*
All Proprietary Fund Types
For the Year Ended December 31, 2023

| | Proprietary Fund Types |
|---|----------------------------|
| | Enterprise |
| Operating Cash Receipts | |
| Charges for Services | \$ 2,156,439 |
| <i>Total Operating Cash Receipts</i> | <u>2,156,439</u> |
| Operating Cash Disbursements | |
| Personal Services | 707,849 |
| Employee Fringe Benefits | 404,646 |
| Contractual Services | 383,418 |
| Supplies and Materials | 127,273 |
| Other | 8,952 |
| <i>Total Operating Cash Disbursements</i> | <u>1,632,138</u> |
| <i>Operating Income (Loss)</i> | <u>524,301</u> |
| Non-Operating Receipts (Disbursements) | |
| Intergovernmental Receipts | 27,150 |
| Special Assessments | 9,211 |
| Loans Issued | 2,398,599 |
| Miscellaneous Receipts | 31,820 |
| Capital Outlay | (2,247,785) |
| Principal Retirement | (1,139,300) |
| Interest and Other Fiscal Charges | (18,929) |
| Other Financing Sources | 683,658 |
| <i>Total Non-Operating Receipts (Disbursements)</i> | <u>(255,576)</u> |
| <i>Income (Loss) before Capital Contributions, Special Item, Extraordinary Item, Transfers and Advances</i> | 268,725 |
| Transfers In | 82,356 |
| <i>Net Change in Fund Cash Balances</i> | <u>351,081</u> |
| <i>Fund Cash Balances, January 1</i> | <u>2,315,343</u> |
| <i>Fund Cash Balances, December 31</i> | <u><u>\$ 2,666,424</u></u> |
| <i>See accompanying notes to the basic financial statements</i> | |

Village of Crestline, Ohio
Crawford County
*Combined Statement of Additions, Deductions
and Changes in Fund Balances (Regulatory Cash Basis)*
All Fiduciary Fund Types
For the Year Ended December 31, 2023

| | <u>Fiduciary Fund Types</u> | | Totals |
|--|----------------------------------|--|----------------------|
| | <u>Private Purpose Trust</u> | <u>Custodial Other Custodial</u> | (Memorandum Only) |
| Additions | | | |
| Gifts and Donations (trust funds only) | \$ 14,000 | \$ - | \$ 14,000 |
| Other Amounts Collected for Distribution | | 146,471 | 146,471 |
| <i>Total Additions</i> | <u>14,000</u> | <u>146,471</u> | <u>160,471</u> |
| Deductions | | | |
| Distributions to Other Governments | | 20,455 | 20,455 |
| Distributions to Other Funds (Primary Gov't) | | 102,961 | 102,961 |
| Distributions on Behalf of Employees | | 2,683 | 2,683 |
| Other Distributions | 2,000 | - | 2,000 |
| <i>Total Deductions</i> | <u>2,000</u> | <u>126,099</u> | <u>128,099</u> |
| <i>Net Change in Fund Balances</i> | 12,000 | 20,372 | 32,372 |
| <i>Fund Cash Balances, January 1</i> | <u>26,968</u> | <u>3,777</u> | <u>30,745</u> |
| <i>Fund Cash Balances, December 31</i> | <u>\$ 38,968</u> | <u>\$ 24,149</u> | <u>\$ 63,117</u> |

See accompanying notes to the basic financial statements

Village of Crestline, Ohio
Crawford County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 1 - Reporting Entity

The Village of Crestline (the Village), Crawford County, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly elected six-member Council directs the Village. The Village 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 receipt collection) to the service providers. The operation and control of these activities is provided by the Village Council through the budgetary process and by the Mayor through administrative and managerial requirements and procedures.

For financial reporting purposes, the Village's basic financial statements include all funds, agencies, boards, commissions, and departments for which the Village is financially accountable. Financial accountability exists if the Village appoints a voting majority of an organization's governing board and is either able to impose its will on that organizations or there is potential for the organizations to provide specific financial benefits to, or impose specific burdens on, the Village. The Village 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 governing board that is fiscally dependent on the Village. The Village also took into consideration other organizations for which the nature and significance of their relationship with the Village are such that exclusion would cause the Village's basic financial statements to be misleading or incomplete. Based upon the application of these criteria, the Village has one component unit which is described below.

Crestline Community Improvement Corporation ("CIC") - The CIC was formed pursuant to Ohio Revised Code Section 1724. The Articles of Incorporation were approved on October 29, 2013. The CIC was designated as a not-for-profit agency of the Village for advancing, encouraging and promoting the industrial, economic, commercial, and civic development of Crestline and the territory surrounding Crestline.

The CIC Board of Directors is comprised of nine members appointed by the Village. The Board of Directors is comprised of Village's Finance Chair, Fiscal Officer, Mayor, Council Pro-Temp, Administrator, the Crestline Exempted Village School Board Treasurer and three local business owners. The CIC is dependent on the Village for financial support and therefore is considered a discretely presented component unit of the Village; however, it has not been presented in the financial statements or note disclosures as it is considered immaterial. Separate issued financial statements can be obtained by contacting the Village Administrator for the Village of Crestline, 100 North Seltzer Street, Crestline, Ohio 44827.

Note 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 balances (regulatory cash basis) for all governmental fund types, and a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all proprietary fund types and a combined statement of additions, deductions and changes in fund balances (regulatory cash basis) all fiduciary fund types which are all organized on a fund type basis.

Village of Crestline, Ohio
Crawford County
Notes to the Financial Statements
For the Year Ended December 31, 2023

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:

General Fund The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Village for any purpose provided it is expended or transferred according to the general laws of Ohio.

Special Revenue Funds These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Village had the following significant Special Revenue Funds:

Street Construction Maintenance and Repair The street construction maintenance and repair fund accounts for and reports that portion of the State gasoline tax and motor vehicle license registration fees restricted for construction, maintenance, and repair of streets within the Village.

Police and Fire Levy Fund This fund accounts for a portion of municipal income taxes intended for police and fire operations.

Debt Service Funds These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

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.

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

Water Fund The water fund accounts for the provision of water treatment and distribution to the residents and commercial users located within the Village.

Sewer Fund The sewer fund accounts for the provision of sanitary sewer services to the residents and commercial users within the Village.

Fiduciary Funds Fiduciary funds include private purpose trust funds, investment trust funds, and custodial funds. Trust funds account for assets held under a trust agreement meeting certain criteria.

The Village's private purpose trust fund accounts for resources held for donations and scholarships that are intended to benefit various individuals and organizations within the community.

Custodial funds are purely custodial in nature and are used to report fiduciary activity that is not required to be reported in a trust fund. The Village's custodial fund accounts for activity related to the Mayor's Court.

Village of Crestline, Ohio
Crawford County
Notes to the Financial Statements
For the Year Ended December 31, 2023

For regulatory purposes, certain own source revenues are permitted to flow through clearing funds presented as custodial funds. The amounts distributed to the other funds of the entity are identified on the combined statement of additions, deductions and changes in fund balances (regulatory cash basis) all fiduciary fund types. Also, for regulatory purposes, certain deposits and clearing funds are permitted to be presented as custodial funds.

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 Section 117-2-03 (C). This basis is similar to the cash receipts and disbursements accounting basis. The Board 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 Section 117-2-03 (C) permit.

Budgetary Process

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

Appropriations Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund and program level of control, and appropriations may not exceed estimated resources. The Village Council must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end.

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

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

A summary of 2023 budgetary activity appears in Note 3.

Deposits and Investments

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

The Village's investments are limited to negotiable certificates of deposit (CDs). Investments are reported at cost. Investment procedures are restricted by provisions of the Ohio Revised Code.

Village of Crestline, Ohio
Crawford County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Capital Assets

The Village records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

Accumulated Leave

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

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. For regulatory purposes nonspendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the Village and the nonexpendable portion of the corpus in permanent funds.

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

Assigned Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as restricted or committed. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end.

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

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

For regulatory purposes, limited disclosure related to fund balance is included in Note 10.

Village of Crestline, Ohio
Crawford County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 3 – Budgetary Activity

Budgetary activity for the year ending 2023 follows:

| 2023 Budgeted vs. Actual Receipts | | | |
|-----------------------------------|----------------------|--------------------|------------------|
| Fund Type | Budgeted Receipts | Actual Receipts | Variance |
| General | \$1,621,546 | \$1,996,495 | \$374,949 |
| Special Revenue | 2,604,160 | 2,452,598 | (151,562) |
| Capital Projects | 70,932 | 89,445 | 18,513 |
| Enterprise | 4,669,334 | 5,389,233 | 719,899 |
| Total | <u>\$8,965,972</u> | <u>\$9,927,771</u> | <u>\$961,799</u> |

| 2023 Budgeted vs. Actual Budgetary Basis Expenditures | | | |
|---|----------------------------|---------------------------|--------------------|
| Fund Type | Appropriation Authority | Budgetary Expenditures | Variance |
| General | \$1,734,104 | \$1,678,109 | \$55,995 |
| Special Revenue | 2,907,365 | 2,531,541 | 375,824 |
| Capital Projects | 115,159 | 106,396 | 8,763 |
| Enterprise | 6,560,571 | 5,038,152 | 1,522,419 |
| Total | <u>\$11,317,199</u> | <u>\$9,354,198</u> | <u>\$1,963,001</u> |

Note 4 – Deposits and Investments

To improve cash management, cash received by the Village is pooled. Monies for all funds are maintained in this pool. The Ohio Revised Code prescribes allowable deposits and investments. A summary of the Village's deposit and investment accounts are as follows:

| | 2023 |
|------------------------------|------------------|
| Cash Management Pool: | |
| Demand deposits | \$4,311,909 |
| Petty Cash | 900 |
| Certificates of deposit | 669,618 |
| Total deposits | <u>4,982,427</u> |

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation; or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

Investments

Park National Bank is in custody of the Village's Certificates of deposit (CDs). The financial institution maintains records identifying the Village as owner of these securities.

Village of Crestline, Ohio
Crawford County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 5 - Taxes

Property Taxes

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

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

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

Income Taxes

The Village levies a municipal income tax of 2 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.

Note 6 - Risk Management

Risk Pool Membership

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

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.

Effective November 1, 2016, the OPRM elected to participate in a property loss corridor deductible. The property corridor includes losses paid between 70% and 75%. In 2018, the casualty loss corridor was eliminated and the property corridor was adjusted to losses paid between 65% and 70%. Effective November 1, 2019, the property loss corridor was adjusted to losses between 60% and 67.5% and has remain unchanged. OPRM had 773 members as of December 31, 2023.

Village of Crestline, Ohio
Crawford County
Notes to the Financial Statements
For the Year Ended December 31, 2023

The Pool's audited financial statements conform with accounting principles generally accepted in the United States of America, with the exception of a qualified opinion related to recording premiums and membership fees earned in full as of December 31, 2023. Those premiums and fees should be earned pro-rata over the individual coverage and membership periods of each policy. The financial statements reported the following assets, liabilities and equity at December 31, 2023.

| | |
|-----------------|---------------|
| Assets | \$ 23,113,696 |
| Liabilities | (16,078,587) |
| Members' Equity | \$ 7,035,109 |

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

Employee Health Benefits

The Village provides employees with medical, dental, life, and vision insurance. As of December 31, 2022, medical insurance is provided by Medical Mutual and dental, life, and vision insurance is provided by Guardian. The Village currently pays 90% of the premiums for medical insurance and 100% of the premiums for dental and life insurance. Vision insurance is optional, so the entire premium is to be paid by the employee. The risk of loss transfers entirely to the insurance carriers.

There has been no significant reduction in insurance coverage in 2023 and no insurance settlement has exceeded insurance coverage during the last four years.

Note 7 - Defined Benefit Pension Plans

Ohio Public Employees Retirement System

Village employees, other than full-time police and firefighters, belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the Village contributed an amount equaling 14 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2023.

Ohio Police and Fire Retirement System

Village's full-time Fire Fighters and full-time Police Officers belong to the Ohio 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 health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25 percent of their wages. The Village contributed to OP&F an amount equal to 19.5 percent of full-time police members' wages and 24 percent of full-time fire fighters' wages. The Village has paid all contributions required through December 31, 2023.

Village of Crestline, Ohio
Crawford County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Social Security

The Village had one employee that contributed to Social Security in lieu of contributing to OPERS. 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, 2023.

Note 8 - Postemployment Benefits

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans. OPERS offers a health reimbursement arrangement (HRA) allowance to benefit recipients meeting certain age and service credit requirements. The HRA is an account funded by OPERS that provides tax-free reimbursement for qualified medical expenses such as monthly post-tax insurance premiums, deductibles, co-insurance, and co-pays incurred by eligible benefit recipients and their dependents. OP&F uses a stipend-based health care model. A stipend funded by OP&F is placed in individual Health Reimbursement Accounts that retirees use to be reimbursed for health care expenses. For calendar year 2023, the portion of OPERS employer contributions allocated to health care was 0 percent for members in the traditional pension plan and 2 percent for members in the combined plan. For 2023, the portion of employer contributions OPERS allocated to health care for members in the member-directed plan was 4.0 percent; however, a portion of the health care rate was funded with reserves. OP&F contributes 0.5 percent to fund these benefits.

Note 9 - Debt

Debt outstanding at December 31, 2023, was as follows:

| | <u>Principal</u> | <u>Interest Rate</u> |
|--|--------------------|----------------------|
| Ohio Public Works Commission Loans | \$998,691 | 0% |
| Ohio Water Development Authority Loans | 3,563,715 | 0% - 3.12% |
| Police Pension Accrued Liability | 35,259 | 2.13% |
| Fire Pension Accrued Liability | 25,093 | 2.13% |
| Total | <u>\$4,622,758</u> | |

The Village has pledged future sewer fund receipts to repay Ohio Water Development Authority (OWDA) loans. The loans are payable solely from sewer fund receipts and are payable through 2036. The OWDA loans are for the sanitary sewer improvements phase I, WWTP improvements, sewer separation phase II and Main Street Waterline Replacement Phase 2. The total principal remaining to be paid on the loans is \$3,563,715. The Village is currently making semiannual installments toward the principal and interest on these loans. Principal and interest paid for the current year was \$1,063,988.

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, for the replacement of the Wiley Street waterlines, for the replacement of the Countyline, Arnold Street, and Scott Street waterlines, WWTP Phase I improvements and replacement of the S. Thoman waterline. The loans are interest free. OPWC loans are payable from the gross receipts of the water and sewer enterprise funds.

The Village pays installments on the police and fire pension 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 police pension and fire pension fund.

Village of Crestline, Ohio
Crawford County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Amortization

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

| Year Ending December 31: | OPWC Loans | OWDA Loan | Police Pension Accrual | Fire Pension Accrual |
|--------------------------------|-------------------|-------------------|------------------------------|----------------------------|
| 2024 | \$ 84,893 | \$ 71,559 | \$ 3,920 | \$ 2,789 |
| 2025 | 84,893 | 71,559 | 3,920 | 2,789 |
| 2026 | 72,830 | 71,559 | 3,920 | 2,789 |
| 2027 | 60,768 | 71,559 | 3,920 | 2,789 |
| 2028 | 57,907 | 71,559 | 3,920 | 2,789 |
| 2029-2033 | 289,534 | 340,121 | 19,600 | 13,949 |
| 2034-2038 | 238,480 | 115,680 | 13,544 | 4,059 |
| 2039-2043 | 84,386 | - | - | - |
| 2044-2048 | 25,000 | - | - | - |
| Total | <u>\$ 998,691</u> | <u>\$ 813,596</u> | <u>\$ 52,744</u> | <u>\$ 31,953</u> |

No amortization schedule is currently available for OWDA loan # 9326 and #10134

Note 10 - Fund Balances

Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end the balances of these amounts were as follows:

| Fund Balances | General | Special Revenue | Total |
|--------------------------|------------------|--------------------|------------------|
| Outstanding Encumbrances | \$ 14,363 | \$ 47,993 | \$ 62,356 |
| <i>Total</i> | <u>\$ 14,363</u> | <u>\$ 47,993</u> | <u>\$ 62,356</u> |

The fund balance of special revenue funds is either restricted or committed. The fund balance of debt service funds and capital projects funds are restricted, committed or assigned. These restricted, committed and assigned amounts in the special revenue, debt service and capital projects permanent funds would include the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

Village of Crestline, Ohio
Crawford County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 11 - Restatement of Beginning Balances

The Village voided a returned check written in the previous year, resulting in an adjustment to the General Fund balance as follows:

| Funds | Fund Balance as of 12/31/2022 | Debit | Credit | Restated Fund Balance 12/31/2022 |
|--------------|--|-------|----------|---|
| General Fund | \$ 500,652 | \$ - | \$ 1,042 | \$ 501,694 |
| <i>Total</i> | \$ 500,652 | \$ - | \$ 1,042 | \$ 501,694 |

Note 12 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June 2021 while the national state of emergency ended in April 2023. The Village will continue to spend available COVID-19 funding consistent with the applicable program guidelines.



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

Village of Crestline
Crawford County
100 North Seltzer Street
Crestline, Ohio 44827

To the Village Council:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued the Comptroller General of the United States, the financial statements of the cash balances, receipts, and disbursements for each governmental and proprietary fund type, and the fiduciary fund type combined total as of and for the year ended December 31, 2023 and the related notes to the financial statements of the Village of Crestline, Crawford County (the Village) and have issued our report thereon dated February 28, 2025, wherein we noted the Village followed financial reporting provisions Ohio Rev. Code § 117.38 and Ohio Admin. Code 117-2-03(C) permit.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Village's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purposes of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Entity's financial statements will not be prevented, or detected and corrected, on a timely basis. *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 of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings as items No. 2023-001 and 2023-002 that we consider to be material weaknesses.

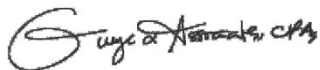
Village of Crestline
Crawford County
Independent Auditor's Report On Internal Control Over
Financial Reporting And On Compliance And Other Matters
Required By *Government Auditing Standards*
Page 2

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings as item 2023-003.

Purpose of this Report

This purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Columbus, Ohio
February 28, 2025

VILLAGE OF CRESTLINE
CRAWFORD COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2023

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

FINDING NUMBER 2023-001

Material Weakness – Financial Reporting Errors

In our audit engagement letter, as required by AU-C Section 210, *Terms of Engagement*, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; 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 as discussed in AU-C Section 210 paragraphs .A14 & .A16.

Due to a lack of internal controls the following errors were identified in the 2023 financial statements and/or accounting records:

2023

- Interest income in the amounts of \$94,877, \$6,235, \$2,816, \$3,913, and \$1,478 were not recorded in the General, Street Construction Maintenance Repair, State Highway, Permissive Motor Vehicle License Tax, and Capital Improvement funds, respectively.
- The Village posted the activity from the Income tax fund as a Special Revenue fund rather than General Fund. To be consistent with prior years the activity was moved from the Special Revenue fund to the General fund. This resulted in adjustments in the amounts of \$144,001 to the Income Tax revenues, \$3,014 to Miscellaneous Receipts, and \$127,118 to the General Government expenditure line item.

Additionally, errors were noted in the Village's notes to the financial statements. The cash, debt, and budgetary notes were incorrect. Without accurate and complete notes to the financial statements, the Village is at risk of omitting information important to understanding the financial position of the Village.

The accompanying financial statements and notes to the financial statements have been adjusted to correct these recording errors.

Errors in the financial statements and notes to the financial statements may impact the user's understanding of the financial operations, the ability to make sound financial decisions, and result in the material misstatement of the financial statements and notes.

The Fiscal Officer and Council or a sub-committee of Council such as a finance committee, should review the accounting records during the year and the annual financial statements and notes to the financial statements to help identify and correct errors such as those identified above.

Officials Responses: We did not received a response from Officials for this finding.

VILLAGE OF CRESTLINE
CRAWFORD COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2023

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

FINDING NUMBER 2023-002

Material Weakness – Unrecorded Mayor’s Court Activities

In our audit engagement letter, as required by AU-C Section 210, Terms of Engagement, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; 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 as discussed in AU-C Section 210 paragraphs .A14 & .A16.

In 2023, the Village did not accurately record the activity for the Mayor’s Court on the Village’s accounting records or financial statements. The Mayor’s Court records are kept separate from the Village’s books, and each month a check is written to the Village for its portion of the fines and fees and the State is paid for its portion of the fines and fees. Because the records are maintained separately and the Village did not have controls in place to ensure all of the Mayor’s account activity is accurately reported on the Village’s accounting records or financial statements, the Village’s financial statements were misstated.

For 2023, Distributions to Other Governments and Fines, Licenses and Permits for Distribution were understated by \$123,145 and \$137,741, respectively.

The fines and costs should be originally recorded in a Custodial Fund, and then only the portion of fines and costs due to the Village should be recorded as a receipt in the General Fund to clearly account for the portion of court receipts that legally belong to the Village. The fines and costs due to the state should also be paid from this Custodial Fund. This will allow for the entire activity of the Village to be included on the Village’s accounting records, and for Council to review the activity, and will help ensure more accurate financial statements.

Officials’ Response: We did not received a response from Officials for this finding.

FINDING NUMBER 2023-002

Non-Compliance: Prior Certification

Ohio Rev. Code § 5705.41(D)(1) provides that no orders or contracts involving the expenditure of money are to be made unless there is attached thereto a certificate of the fiscal officer certifying 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. Every such contract made without such a certificate shall be void and no warrant shall be issued in payment of any amount due thereon.

There are several exceptions to the standard requirement stated above that treasurer’s certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are: “then and now” certificates, blanket certificates, and super blanket certificates, which are provided for in sections 5705.41(D)(1) and 5705.41(D)(3), respectively, of the Ohio Rev. Code.

VILLAGE OF CRESTLINE
CRAWFORD COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2023

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

FINDING NUMBER 2023-002 (Continued)

Non-Compliance: Prior Certification (Continued)

- A. "Then and Now" Certificate - If the chief fiscal officer can certify that both at the time the contract or order was made ("then") and at the time that the fiscal officer is completing the certification ("now"), that sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the Village can authorize the drawing of a warrant for the payment of the amount due. The Village has thirty days from receipt of the "then and now" certificate to approve payment by ordinance or resolution. Amounts of less than \$3,000 may be paid by the fiscal officer without resolution or ordinance upon completion of the "then and now" certificate provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the Village.
- B. Blanket Certificate - Fiscal Officer may prepare "blanket" certificates for a certain sum of money not to excess of an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority against any specific line-item account over a period not running beyond the end of the current fiscal. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line-item appropriations.
- C. Super Blanket Certificate - The Village may also make expenditures and contract for any amount from a specific line-item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, roadway materials, utilities, and any other specific recurring and reasonably predictable operating expense. This certificate may, but need not, be limited to a specific vendor. This certificate is noted to extend beyond the current fiscal year. More than one super blanket certificate may be outstanding at a particular time for any one-line item appropriation.

The Village did not properly certify the availability of funds prior to the purchase commitment for 8 out of 33 purchases or 24% in 2023, and there was no evidence the Village followed the aforementioned exceptions. Failure to properly certify the availability of funds can result in overspending funds and negative cash fund balances. Unless the exceptions noted above are used, prior certification is not only required by statute but is a key control in the disbursement process to help ensure purchase commitments receive prior approval.

To improve controls over disbursements and to help reduce the possibility of the Village's funds exceeding budgetary spending limitations, the Fiscal Officer should certify the funds are or will be available prior to obligation by the Village. When prior certification is not possible, "then and now" certification should be used. The Village should also implement procedures to ensure expenditure does not exceed available resources, thus avoiding negative fund balance situations and enabling the Village to properly certify the availability of funds for purchases.

Officials' Response: We did not received a response from Officials for this finding.

**VILLAGE OF CRESTLINE
CRAWFORD COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED DECEMBER 31, 2023**

| Finding Number | Finding Summary | Status | Additional Information |
|-----------------------|---|---------------|--------------------------------|
| 2022-001 | Material Weakness: Financial Reporting Errors | Not Corrected | Reissued as Finding # 2023-001 |
| 2022-002 | Material Weakness: Mayor's Court Custodial Fund | Not Corrected | Reissued as Finding # 2023-002 |
| 2022-003 | Material Noncompliance: Prior Certification | Not Corrected | Reissued as Finding # 2023-003 |

OHIO AUDITOR OF STATE KEITH FABER



VILLAGE OF CRESTLINE

CRAWFORD COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 5/8/2025

65 East State Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at
www.ohioauditor.gov