

**VILLAGE OF CRESTLINE
CRAWFORD COUNTY, OHIO**

CASH BASIS BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED
DECEMBER 31, 2014

MARC MILLIRON, VILLAGE ADMINISTRATOR



Dave Yost • Auditor of State

Village Council
Village of Crestline
100 N. Seltzer Street
Crestline, Ohio 44827

We have reviewed the *Independent Auditor's Report* of the Village of Crestline, Crawford County, prepared by Bastin & Company, LLC, for the audit period January 1, 2014 through December 31, 2014. 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 black ink that reads "Dave Yost".

Dave Yost
Auditor of State

March 1, 2016

**VILLAGE OF CRESTLINE
CRAWFORD COUNTY, OHIO**

CASH BASIS BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

TABLE OF CONTENTS

Independent Auditor’s Report	1
Management’s Discussion and Analysis	3 - 14
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position - Cash Basis	15
Statement of Activities - Cash Basis.....	16 - 17
Fund Financial Statements:	
Statement of Assets and Fund Balances - Cash Basis - Governmental Funds.....	18 - 19
Statement of Cash Receipts, Cash Disbursements and Changes in Fund Balances - Cash Basis - Governmental Funds	20 - 21
Statement of Cash Receipts, Cash Disbursements and Changes in Fund Balance - Budget and Actual - Budgetary Basis -	
General Fund	22
Street Construction, Maintenance and Repair Fund	23
Police and Fire Levy Fund.....	24
Statement of Net Position - Cash Basis - Proprietary Funds	25
Statement of Cash Receipts, Cash Disbursements and Changes in Net Cash Position - Cash Basis - Proprietary Funds.....	26
Statement of Net Position - Cash Basis - Fiduciary Fund.....	27
Statement of Cash Additions, Cash Deductions and Changes in Net Cash Position - Fiduciary Fund.....	28
Notes to the Basic Financial Statements	29 - 51
Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	52 - 53
Schedule of Findings	54 - 57
Schedule of Prior Audit Findings	58

Bastin & Company, LLC

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

Village of Crestline
Crawford County
100 N. Seltzer Street
Crestline, Ohio 44827

To the Village Council:

Report on the Financial Statements

We have audited the accompanying cash-basis financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Crestline, Crawford County, Ohio (the Village), as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the cash accounting basis Note 2 describes. This responsibility includes determining that the cash accounting basis is acceptable for the circumstances. Management is also responsible for designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements that are 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Crestline, Crawford County, Ohio, as of December 31, 2014, and the respective changes in cash financial position and the respective budgetary comparison for the General, Street Construction, Maintenance and Repair Fund and Police and Fire Levy Fund thereof for the year then ended in accordance with the accounting basis described in Note 2.

Accounting Basis

We draw attention to Note 2 of the financial statements, which describes the accounting basis. The financial statements are prepared on the cash basis of accounting, which differs from generally accepted accounting principles. We did not modify our opinion regarding this matter.

Emphasis of Matter

As discussed in Note 3 to the financial statements, the December 31, 2013 cash balances have been restated to correct for proper recording of income tax receipts and certain expenditures. Our opinion is not modified with respect to this matter.

Other Matters

Supplemental and Other Information

Our audit was conducted to opine on the financial statements taken as a whole. We applied no procedures to Management's Discussion and Analysis. Accordingly, we express no opinion or any other assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 29, 2015, 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. 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



Cincinnati, Ohio
September 29, 2015

**VILLAGE OF CRESTLINE
CRAWFORD COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2014
UNAUDITED**

The management's discussion and analysis of the Village of Crestline's (the "Village") financial performance provides an overall review of the Village's financial activities for the year ended December 31, 2014, within the limitations of the Village's cash basis of accounting. The intent of this discussion and analysis is to look at the Village's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the Village's financial performance.

Financial Highlights

Key financial highlights for 2014 are as follows:

- The total net cash position of the Village increased \$127,480. The net cash position of governmental activities increased \$8,344 or 1.89% from 2013 and the net cash position of business-type activities increased \$119,136 or 13.27% from 2013.
- General cash receipts accounted for \$1,602,255 or 62.72% of total governmental activities cash receipts. Program specific cash receipts accounted for \$952,325 or 37.28% of total governmental activities cash receipts.
- The Village had \$2,546,236 in cash disbursements related to governmental activities; \$952,325 of these cash disbursements were offset by program specific charges for services, grants or contributions. The remaining cash disbursements of the governmental activities were offset by general cash receipts (primarily property taxes, income taxes, and unrestricted grants and entitlements) of \$1,602,255.
- The Village's major governmental funds include the general fund, the street construction, maintenance and repair fund, the police and fire levy fund and the capital improvements fund. The general fund had cash receipts of \$1,449,019 in 2014. The cash disbursements of the general fund totaled \$1,503,496 in 2014. The fund cash balance of the general fund decreased \$54,477 from \$48,332 to a deficit of \$6,145.
- The street construction, maintenance and repair fund had cash receipts of \$265,181 in 2014. The cash disbursements of the street construction, maintenance and repair fund totaled \$316,518 in 2014. The fund cash balance of the street construction, maintenance and repair fund decreased \$51,337 from a deficit restated balance of \$58,793 to a deficit balance of \$110,130.
- The police and fire levy fund had cash receipts of \$185,516 in 2014. The cash disbursements of the police and fire levy fund totaled \$83,954 in 2014. The fund cash balance of the police and fire levy fund increased \$101,562 from a restated balance of \$178,403 to a balance of \$279,965.
- The capital improvements fund had cash receipts of \$385,745 in 2014. The cash disbursements of the capital improvements fund totaled \$402,871 in 2014. The fund cash balance of the capital improvements fund decreased \$17,126 from a restated balance of \$89,576 to a balance of \$72,450.
- Net cash position for the business-type activities, which are composed of the water, sewer, and ambulance enterprise funds, increased \$119,136 from \$897,518 to \$1,016,654.
- In the general fund, actual budgetary basis receipts totaled \$1,337,359 and actual budgetary basis disbursements totaled \$1,420,592.

Using the Basic Financial Statements

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

**VILLAGE OF CRESTLINE
CRAWFORD COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2014
UNAUDITED**

Report Components

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

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

Basis of Accounting

The basis of accounting is a set of guidelines that determine when financial events are recorded. The Village has elected to present its financial statements on a cash basis of accounting, which is a basis of accounting other than generally accepted accounting principles (GAAP) in the United States of America. Under the Village's cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

As a result of the use of this cash basis of accounting, certain assets and deferred outflows of resources, liabilities and deferred inflows of resources, and the effects of these items on receipts and disbursements are not recorded in these financial statements; therefore, when reviewing the financial information and discussion within this annual report, the reader should keep in mind the limitations resulting from the use of the cash basis of accounting.

Reporting the Village as a Whole

Statement of Net Position - Cash Basis and Statement of Activities - Cash Basis

The statement of net position - cash basis and the statement of activities - cash basis answer the question, "How did the Village perform financially during 2014?" These statements include only net cash position using the cash basis of accounting, which is a basis of accounting other than GAAP. This basis of accounting takes into account only the current year receipts and disbursements if the cash is actually received or paid.

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

In the statement of net position - cash basis and the statement of activities - cash basis, the Village is divided into two distinct kinds of activities:

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

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

**VILLAGE OF CRESTLINE
CRAWFORD COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2014
UNAUDITED

Fund Financial Statements

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

Fund financial reports provide detailed information about the Village's major funds. The Village uses many funds to account for a multitude of financial transactions. However, these fund financial statements focuses on the Village's most significant funds. The analysis of the Village's major governmental and proprietary funds begins on page 10.

Governmental Funds

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

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

Proprietary Funds

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

Fiduciary Funds

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

Notes to the Basic Financial Statements

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

**VILLAGE OF CRESTLINE
CRAWFORD COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2014
UNAUDITED

Government-Wide Financial Analysis

The statement of net position - cash basis serves as a useful indicator of a government's financial position. The table below provides a summary of the Village's net cash position at December 31, 2014 and December 31, 2013.

	Net Cash Position					
	Governmental	Business-type	Governmental	Business-type		
	Activities	Activities	Activities	Activities	2014	2013
	<u>2014</u>	<u>2014</u>	<u>2013</u>	<u>2013</u>	<u>Total</u>	<u>Total</u>
<u>Assets</u>						
Equity in pooled cash and cash equivalents	\$ 406,309	\$ 1,016,654	\$ 404,424	\$ 897,518	\$ 1,422,963	\$ 1,301,942
Cash in segregated accounts	<u>44,530</u>	<u>-</u>	<u>38,071</u>	<u>-</u>	<u>44,530</u>	<u>38,071</u>
Total assets	<u>450,839</u>	<u>1,016,654</u>	<u>442,495</u>	<u>897,518</u>	<u>1,467,493</u>	<u>1,340,013</u>
<u>Net cash position</u>						
Restricted	479,794	-	350,102	-	479,794	350,102
Unrestricted	<u>(28,955)</u>	<u>1,016,654</u>	<u>92,393</u>	<u>897,518</u>	<u>987,699</u>	<u>989,911</u>
Total net cash position	<u>\$ 450,839</u>	<u>\$ 1,016,654</u>	<u>\$ 442,495</u>	<u>\$ 897,518</u>	<u>\$ 1,467,493</u>	<u>\$ 1,340,013</u>

The total net cash position of the Village increased \$127,480. Net cash position of the governmental activities increased \$8,344 or 1.89% from 2013, and the net cash position of business-type activities increased \$119,136 or 13.27% from 2013.

At December 31, 2014, a portion of the Village's net cash position, \$479,794, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net cash position of \$987,699 may be used to meet the government's ongoing obligations to citizens and creditors.

**VILLAGE OF CRESTLINE
CRAWFORD COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2014
UNAUDITED

The table below shows the changes in net cash position for 2014 and 2013.

	Change in Net Cash Position					
	Governmental	Business-type	Governmental	Business-type	2014	2013
	Activities	Activities	Activities	Activities		
2014	2014	2013	2013	Total	Total	
Cash receipts:						
Program receipts:						
Charges for services	\$ 306,792	\$ 2,034,711	\$ 305,783	\$ 1,834,041	\$ 2,341,503	\$ 2,139,824
Operating grants and contributions	341,256	-	237,628	-	341,256	237,628
Capital grants and contributions	304,277	93,608	-	-	397,885	-
Total program receipts	<u>952,325</u>	<u>2,128,319</u>	<u>543,411</u>	<u>1,834,041</u>	<u>3,080,644</u>	<u>2,377,452</u>
General receipts:						
Property taxes	153,255	-	160,714	-	153,255	160,714
Income taxes	1,192,483	-	1,204,381	-	1,192,483	1,204,381
Unrestricted grants and entitlements	140,945	-	188,035	-	140,945	188,035
OWDA loan issuance	-	136,219	-	-	136,219	-
Investment earnings	8,694	-	10,430	-	8,694	10,430
Miscellaneous	106,878	53,618	82,679	34,263	160,496	116,942
Total general receipts	<u>1,602,255</u>	<u>189,837</u>	<u>1,646,239</u>	<u>34,263</u>	<u>1,792,092</u>	<u>1,680,502</u>
Total cash receipts	<u>2,554,580</u>	<u>2,318,156</u>	<u>2,189,650</u>	<u>1,868,304</u>	<u>4,872,736</u>	<u>4,057,954</u>
Cash disbursements:						
General government	291,274	-	293,136	-	291,274	293,136
Security of persons and property	1,355,439	-	1,188,277	-	1,355,439	1,188,277
Transportation	369,143	-	310,672	-	369,143	310,672
Community environment	29,386	-	26,865	-	29,386	26,865
Leisure time activity	86,088	-	113,712	-	86,088	113,712
Capital outlay	360,208	-	116,856	-	360,208	116,856
Debt service:						
Principal retirement	44,282	-	42,963	-	44,282	42,963
Interest and fiscal charges	10,416	-	6,735	-	10,416	6,735
Water	-	878,017	-	973,861	878,017	973,861
Sewer	-	1,100,234	-	884,475	1,100,234	884,475
Ambulance	-	220,769	-	210,220	220,769	210,220
Total cash disbursements	<u>2,546,236</u>	<u>2,199,020</u>	<u>2,099,216</u>	<u>2,068,556</u>	<u>4,745,256</u>	<u>4,167,772</u>
Increase (decrease) in net cash position before transfers	8,344	119,136	90,434	(200,252)	127,480	(109,818)
Transfers	-	-	(5,995)	5,995	-	-
Change in net cash position	8,344	119,136	84,439	(194,257)	127,480	(109,818)
Net cash position at beginning of year	<u>442,495</u>	<u>897,518</u>	<u>358,056</u>	<u>1,091,775</u>	<u>1,340,013</u>	<u>1,449,831</u>
Net cash position at end of year	<u>\$ 450,839</u>	<u>\$ 1,016,654</u>	<u>\$ 442,495</u>	<u>\$ 897,518</u>	<u>\$ 1,467,493</u>	<u>\$ 1,340,013</u>

**VILLAGE OF CRESTLINE
CRAWFORD COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2014
UNAUDITED

Governmental Activities

Governmental activities net cash position increased \$8,344 in 2014.

Security of persons and property disbursements primarily support the operations of the police and fire departments and totaled \$1,355,439 during 2014, accounting for 53.23% of total governmental activities cash disbursements. Security of persons and property cash disbursements were partially funded by direct charges to users of \$68,664 and operating grants and contributions of \$97,900.

General government cash disbursements totaled \$291,274. General government cash disbursements were partially funded by \$92,216 in direct charges to users of the services.

Transportation cash disbursements of \$369,143 were partially funded by direct charges to users of \$10,370 and operating grants and contributions of \$226,168.

Community environment cash disbursements of \$29,386 were funded by \$59,443 in direct charges to users and \$16,445 in operating grants and contributions.

Leisure time activity cash disbursements of \$86,088 were partially funded by \$76,099 in direct charges to users and \$733 in operating grants and contributions.

The State and federal government contributed to the Village a total of \$341,256 in operating grants and contributions. These program cash receipts are restricted to a particular program or purpose. Of the total operating grants and contributions, \$97,900 subsidized security of persons and property, \$226,168 subsidized transportation programs, \$16,455 subsidized community environment activities, and \$733 subsidized leisure time activities.

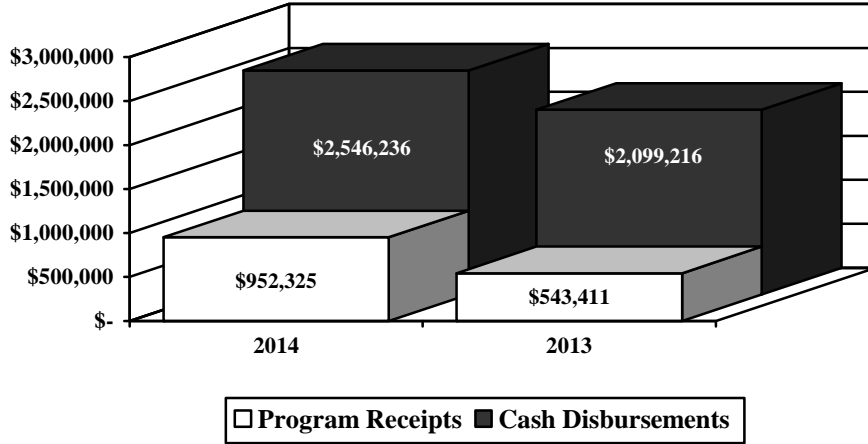
General cash receipts totaled \$1,602,255 and amounted to 62.72% of total governmental cash receipts. These cash receipts primarily consist of property and income tax receipts of \$1,345,738. The other primary source of general cash receipts are grants and entitlements not restricted to specific programs, including local government and local government assistance, making up \$140,945.

The statement of activities - cash basis shows the cost of program services and the charges for services and grants offsetting those services. As can be seen in the graph on the following page, the Village is highly dependent upon general cash receipts (primarily property and income taxes as well as unrestricted grants and entitlements) to support its governmental activities. Program cash receipts were not sufficient to cover total governmental cash disbursements for 2014.

**VILLAGE OF CRESTLINE
CRAWFORD COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2014
UNAUDITED

Governmental Activities - Program Receipts vs. Total Cash Disbursements



The following table shows, for the governmental activities, the total cost of services and the net cost of services for 2014 and 2013. That is, it identifies the cost of these services supported by tax receipts, unrestricted State grants and entitlements, and other general cash receipts.

	Governmental Activities			
	Total Cost of Services 2014	Net Cost of Services 2014	Total Cost of Services 2013	Net Cost of Services 2013
Cash disbursements:				
General government	\$ 291,274	\$ 199,058	\$ 293,136	\$ 209,746
Security of persons and property	1,355,439	1,188,875	1,188,277	1,116,012
Transportation	369,143	132,605	310,672	67,887
Community environment	29,386	(46,512)	26,865	(40,976)
Leisure time activity	86,088	9,256	113,712	36,582
Capital outlay	360,208	55,931	116,856	116,856
Debt service:				
Principal retirement	44,282	44,282	42,963	42,963
Interest and fiscal charges	10,416	10,416	6,735	6,735
Total	\$ 2,546,236	\$ 1,593,911	\$ 2,099,216	\$ 1,555,805

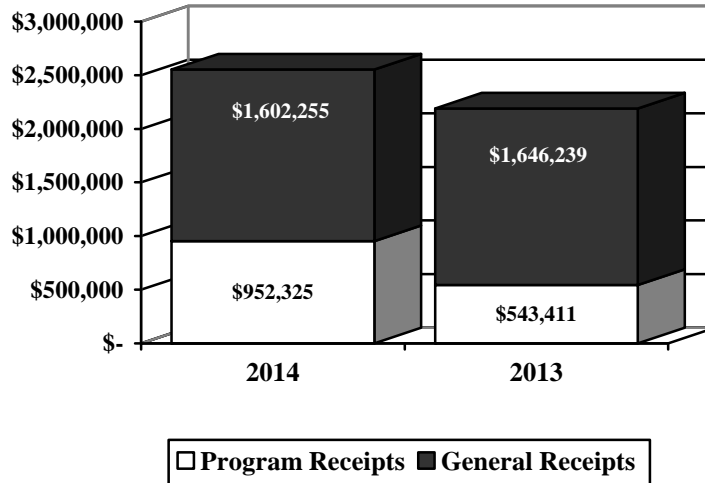
The dependence upon general cash receipts for governmental activities is apparent, with 62.60% of cash disbursements supported through taxes and other general cash receipts.

**VILLAGE OF CRESTLINE
CRAWFORD COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2014
UNAUDITED

The chart below illustrates the Village's program cash receipts versus general cash receipts for 2014 and 2013.

Governmental Activities - General and Program Receipts



Business-type Activities

Business-type activities include the water, sewer, and ambulance enterprise funds. These programs had program cash receipts of \$2,128,319, general cash receipts of \$189,837, and cash disbursements of \$2,199,020 during 2014. The net cash position of these programs increased \$119,136 from 2013.

Financial Analysis of the Government's Funds

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

Governmental Funds

The Village's governmental funds are accounted for using the cash basis of accounting.

The Village's governmental funds reported a combined fund cash balance of \$450,839, which is \$8,344 greater than last year's total of \$442,495.

**VILLAGE OF CRESTLINE
CRAWFORD COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2014
UNAUDITED

The schedule below indicates the fund cash balances and the total change in fund cash balances as of December 31, 2014 and December 31, 2013 for all major and nonmajor governmental funds.

	Fund Cash Balances <u>12/31/2014</u>	Restated Fund Cash Balances <u>12/31/2013</u>	Increase/ (Decrease)
Major funds:			
General	\$ (6,145)	\$ 48,332	\$ (54,477)
Street construction, maintenance and repair	(110,130)	(58,793)	(51,337)
Police and fire levy	279,965	178,403	101,562
Capital improvements	72,450	89,576	(17,126)
Nonmajor governmental funds	<u>214,699</u>	<u>184,977</u>	<u>29,722</u>
Total	<u>\$ 450,839</u>	<u>\$ 442,495</u>	<u>\$ 8,344</u>

General Fund

The Village's general fund cash balance decreased \$54,477. The table that follows assists in illustrating the cash receipts of the general fund for 2014 and 2013.

	<u>2014 Amount</u>	<u>2013 Amount</u>	<u>Amount Change</u>	<u>Percentage Change</u>
<u>Cash receipts:</u>				
Taxes	\$ 1,022,953	\$ 1,023,317	\$ (364)	(0.04) %
Charges for services	102,707	96,041	6,666	6.94 %
Licenses, permits and fees	56,381	60,017	(3,636)	(6.06) %
Fines and forfeitures	79,581	71,794	7,787	10.85 %
Intergovernmental	136,853	184,059	(47,206)	(25.65) %
Investment income	8,380	10,053	(1,673)	(16.64) %
Other	<u>42,164</u>	<u>57,026</u>	<u>(14,862)</u>	<u>(26.06) %</u>
Total	<u>\$ 1,449,019</u>	<u>\$ 1,502,307</u>	<u>\$ (53,288)</u>	<u>(3.55) %</u>

Overall, cash receipts of the general fund decreased \$53,288 or 3.55%. Intergovernmental income decreased \$47,206 or 25.65% primarily due to receiving no estate tax receipts in 2014. Investment income decreased \$1,673 or 16.64% primarily due to declining interest rates. Other cash receipts decreased \$14,862 or 26.06% primarily due to a reduction of insurance reimbursement in 2014.

**VILLAGE OF CRESTLINE
CRAWFORD COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2014
UNAUDITED

The table that follows assists in illustrating the cash disbursements of the general fund for 2014 and 2013.

	<u>2014 Amount</u>	<u>2013 Amount</u>	<u>Amount Change</u>	<u>Percentage Change</u>
<u>Cash disbursements:</u>				
General government	\$ 291,274	\$ 293,136	\$ (1,862)	(0.64) %
Security of persons and property	1,138,947	1,165,580	(26,633)	(2.28) %
Community environment	26,521	26,587	(66)	(0.25) %
Leisure time activity	42,131	44,405	(2,274)	(5.12) %
Debt service	<u>4,623</u>	<u>3,355</u>	<u>1,268</u>	37.79 %
Total	<u>\$ 1,503,496</u>	<u>\$ 1,533,063</u>	<u>\$ (29,567)</u>	(1.93) %

Overall, cash disbursements of the general fund decreased \$29,567 or 1.93%. Debt service disbursements increased \$1,268 or 37.79% primarily due to the fire pension fund (a nonmajor governmental fund) paying a higher portion of the fire pension liability during 2014 compared to 2013.

Street Construction, Maintenance and Repair Fund

The street construction, maintenance and repair fund had cash receipts of \$265,181 in 2014. The cash disbursements of the street construction, maintenance and repair fund totaled \$316,518 in 2014. The fund cash balance of the street construction, maintenance and repair fund decreased \$51,337 from a deficit restated balance of \$58,793 to a deficit balance of \$110,130.

Police and Fire Levy Fund

The police and fire levy fund had cash receipts of \$185,516 in 2014. The cash disbursements of the police and fire levy fund totaled \$83,954 in 2014. The fund cash balance of the police and fire levy fund increased \$101,562 from a restated balance of \$178,403 to a balance of \$279,965.

Capital Improvements Fund

The capital improvements fund had cash receipts of \$385,745 in 2014. The cash disbursements of the capital improvements fund totaled \$402,871 in 2014. The fund cash balance of the capital improvements fund decreased \$17,126 from a restated of \$89,576 to a balance of \$72,450.

Proprietary Funds

The Village's enterprise funds provide the same type of information found in the government-wide financial statements for business-type activities, except in more detail. During 2014, the Village's proprietary funds had total operating receipts of \$2,088,329, total operating disbursements of \$1,680,138, total nonoperating disbursements of \$382,663, and a total capital contributions of \$93,608. The proprietary funds' net cash position increased \$119,136 during 2014, from \$897,518 to \$1,016,654.

**VILLAGE OF CRESTLINE
CRAWFORD COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2014
UNAUDITED

Budgeting Highlights

The Village's budgeting process is prescribed by the Ohio Revised Code (ORC). In essence, the budget is the Village's appropriations which are restricted by the amounts of anticipated cash receipts certified by the Budget Commission in accordance with the ORC; as a consequence, the Village's plans or desires cannot be reflected completely by the original budget. If budgeted cash receipts change based on actual activity throughout the year, then the appropriations may be adjusted accordingly.

Budgetary information is presented in the Village's financial statements for the general fund and the street construction, maintenance and repair fund, the Village's only major special revenue fund. In the general fund, actual budgetary basis receipts totaled \$1,337,359 and actual budgetary basis disbursements totaled \$1,420,592.

Capital Assets and Debt Administration

Capital Assets

The Village does not report capital assets in the accompanying basic financial statements, but records payments for capital assets as disbursements. The Village had cash disbursements for capital outlay of \$360,208 in the governmental activities and \$291,479 in the business-type activities during 2014.

Debt Administration

The Village does not report liabilities for long-term obligations in the accompanying basic financial statements, but does track the outstanding balances of all long-term debt in the notes to the basic financial statements. The Village had the following long-term obligations outstanding at December 31, 2014 and December 31, 2013.

	Governmental Activities	
	2014	2013
Lease purchase agreements	\$ 201,549	\$ 97,500
Police and fire pension	92,306	95,057
Total long-term obligations	\$ 293,855	\$ 192,557
	Business-type Activities	
	2014	2013
Equipment acquisition bonds	\$ 10,521	\$ 27,906
Sewer improvement bonds	517,100	609,600
Lease purchase agreement	386,190	56,836
OWDA loans	463,326	362,366
OPWC loans	398,545	429,427
Total long-term obligations	\$ 1,775,682	\$ 1,486,135

Further detail on the Village's long-term obligations can be found in Note 12 to the basic financial statements.

**VILLAGE OF CRESTLINE
CRAWFORD COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2014
UNAUDITED**

Economic Conditions and Outlook

The Village's population as of the 2010 Census was 4,630.

The Village is located in Crawford County. Crawford County reported a non-seasonally adjusted unemployment rate of 4.8% in December 2014, compared to the 4.5% State average.

State funding is uncertain due to budgetary shortfalls at the State level. It appears Local Government Revenue and Local Government Revenue Assistance Funds may be cut as part of the biennial State budget. These funds represented 7.48% of the Village's general fund cash receipts in 2013. Income tax cash receipts experienced a healthy increase during 2013, which is a positive sign for the Village's economy. Property tax cash receipts are expected to remain consistent for the foreseeable future, as are the Village's overall cash disbursements. These economic factors were considered in preparing the Village's budget for 2015.

The Villages General Fund finished negative at the end of 2014, this shortfall of \$65,000 is a result of not transferring from the Capital Fund into the General Fund, a previous practice completed by the Village Solicitor.

Contacting the Village's Financial Management

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

THIS PAGE IS INTENTIONALLY LEFT BLANK

**VILLAGE OF CRESTLINE
CRAWFORD COUNTY, OHIO**

STATEMENT OF NET POSITION - CASH BASIS
DECEMBER 31, 2014

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Assets:			
Equity in pooled cash and cash equivalents	\$ 406,309	\$ 1,016,654	\$ 1,422,963
Cash in segregated accounts.	44,530	-	44,530
Total assets	<u>\$ 450,839</u>	<u>\$ 1,016,654</u>	<u>\$ 1,467,493</u>
Net cash position:			
Restricted for:			
Capital projects	\$ 14,962	\$ -	\$ 14,962
Debt service	17,919	-	17,919
Transportation projects	47,733	-	47,733
Community environment programs	46,289	-	46,289
Security of persons and property	279,965	-	279,965
Other purposes.	72,926	-	72,926
Unrestricted (deficit)	<u>(28,955)</u>	<u>1,016,654</u>	<u>987,699</u>
Total net cash position	<u>\$ 450,839</u>	<u>\$ 1,016,654</u>	<u>\$ 1,467,493</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

THIS PAGE IS INTENTIONALLY LEFT BLANK

**VILLAGE OF CRESTLINE
CRAWFORD COUNTY, OHIO**

STATEMENT OF ACTIVITIES - CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2014

	Program Cash Receipts			
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government.	\$ 291,274	\$ 92,216	\$ -	\$ -
Security of persons and property.	1,355,439	68,664	97,900	-
Transportation.	369,143	10,370	226,168	-
Community environment.	29,386	59,443	16,455	-
Leisure time activity.	86,088	76,099	733	-
Capital outlay.	360,208	-	-	304,277
Debt service:				
Principal retirement.	44,282	-	-	-
Interest and fiscal charges.	10,416	-	-	-
Total governmental activities	2,546,236	306,792	341,256	304,277
Business-type activities:				
Water.	878,017	925,711	-	-
Sewer.	1,100,234	946,105	-	93,608
Ambulance.	220,769	162,895	-	-
Total business-type activities	2,199,020	2,034,711	-	93,608
Totals	\$ 4,745,256	\$ 2,341,503	\$ 341,256	\$ 397,885

General cash receipts:

Property taxes levied for:	
General purposes	
Police pension.	
Fire pension.	
Income taxes levied for:	
General purposes	
Street construction and maintenance.	
Police and fire levy.	
Capital improvements.	
Grants and entitlements not restricted to specific programs	
OWDA loan issuance	
Investment earnings	
Miscellaneous	
Total general cash receipts	
Change in net cash position	
Net cash position at beginning of year	
Net cash position at end of year	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

Governmental Activities		Business-type Activities		Total
\$	(199,058)	\$	-	\$ (199,058)
	(1,188,875)		-	(1,188,875)
	(132,605)		-	(132,605)
	46,512		-	46,512
	(9,256)		-	(9,256)
	(55,931)		-	(55,931)
	(44,282)		-	(44,282)
	(10,416)		-	(10,416)
	(1,593,911)		-	(1,593,911)
	-		47,694	47,694
	-		(60,521)	(60,521)
	-		(57,874)	(57,874)
	-		(70,701)	(70,701)
	(1,593,911)		(70,701)	(1,664,612)
	129,647		-	129,647
	11,804		-	11,804
	11,804		-	11,804
	893,306		-	893,306
	73,068		-	73,068
	185,516		-	185,516
	40,593		-	40,593
	140,945		-	140,945
	-		136,219	136,219
	8,694		-	8,694
	106,878		53,618	160,496
	1,602,255		189,837	1,792,092
	8,344		119,136	127,480
	442,495		897,518	1,340,013
\$	450,839	\$	1,016,654	\$ 1,467,493

**VILLAGE OF CRESTLINE
CRAWFORD COUNTY, OHIO**

STATEMENT OF ASSETS AND FUND CASH BALANCES - CASH BASIS
GOVERNMENTAL FUNDS
DECEMBER 31, 2014

	General	Street Construction, Maintenance and Repair	Police and Fire Levy	Capital Improvements
Assets:				
Equity in pooled cash and cash equivalents	\$ (17,842)	\$ (110,130)	\$ 279,965	\$ 72,450
Cash in segregated accounts.	11,697	-	-	-
Total assets	\$ (6,145)	\$ (110,130)	\$ 279,965	\$ 72,450
Fund cash balances:				
Nonspendable	\$ 9,787	\$ -	-	\$ -
Restricted.	1,933	-	279,965	-
Committed	-	-	-	72,450
Unassigned.	(17,865)	(110,130)	-	-
Total fund cash balances.	\$ (6,145)	\$ (110,130)	\$ 279,965	\$ 72,450

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

Nonmajor Governmental Funds	Total Governmental Funds
\$ 181,866	\$ 406,309
32,833	44,530
<u>\$ 214,699</u>	<u>\$ 450,839</u>
\$ -	\$ 9,787
197,896	479,794
16,803	89,253
-	(127,995)
<u>\$ 214,699</u>	<u>\$ 450,839</u>

**VILLAGE OF CRESTLINE
CRAWFORD COUNTY, OHIO**

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND
CHANGES IN FUND CASH BALANCES - CASH BASIS
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2014

	<u>General</u>	<u>Street Construction, Maintenance and Repair</u>	<u>Police and Fire Levy</u>	<u>Capital Improvements</u>
Cash receipts:				
Municipal income taxes	\$ 893,306	\$ 73,068	\$ 185,516	\$ 40,593
Property and other taxes.	129,647	-	-	-
Charges for services.	102,707	-	-	-
Licenses, permits and fees	56,381	-	-	-
Fines and forfeitures	79,581	-	-	-
Intergovernmental.	136,853	169,727	-	304,277
Special assessments	-	10,370	-	-
Investment income.	8,380	733	-	-
Rental income	5,345	-	-	-
Other	36,819	11,283	-	40,875
Total cash receipts	<u>1,449,019</u>	<u>265,181</u>	<u>185,516</u>	<u>385,745</u>
Cash disbursements:				
Current:				
General government	291,274	-	-	-
Security of persons and property	1,138,947	-	83,954	-
Transportation	-	316,518	-	-
Community environment	26,521	-	-	-
Leisure time activity	42,131	-	-	-
Capital outlay	-	-	-	359,883
Debt service:				
Principal retirement.	1,895	-	-	37,506
Interest and fiscal charges	2,728	-	-	5,482
Total cash disbursements.	<u>1,503,496</u>	<u>316,518</u>	<u>83,954</u>	<u>402,871</u>
Net change in fund cash balances	(54,477)	(51,337)	101,562	(17,126)
Fund cash balances (deficit) at beginning of year (restated) .	<u>48,332</u>	<u>(58,793)</u>	<u>178,403</u>	<u>89,576</u>
Fund cash balances (deficit) at end of year	<u>\$ (6,145)</u>	<u>\$ (110,130)</u>	<u>\$ 279,965</u>	<u>\$ 72,450</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

Nonmajor Governmental Funds	Total Governmental Funds
\$ -	\$ 1,192,483
23,608	153,255
43,688	146,395
-	56,381
8,720	88,301
173,841	784,698
-	10,370
1,361	10,474
-	5,345
17,901	106,878
<u>269,119</u>	<u>2,554,580</u>
-	291,274
132,538	1,355,439
52,625	369,143
2,865	29,386
43,957	86,088
325	360,208
4,881	44,282
2,206	10,416
<u>239,397</u>	<u>2,546,236</u>
29,722	8,344
184,977	442,495
<u>\$ 214,699</u>	<u>\$ 450,839</u>

**VILLAGE OF CRESTLINE
CRAWFORD COUNTY, OHIO**

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND CHANGES IN FUND CASH BALANCE -
BUDGET AND ACTUAL - BUDGETARY BASIS
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2014

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Budgetary basis receipts:				
Municipal income taxes	\$ 854,856	\$ 806,432	\$ 783,307	\$ (23,125)
Property and other taxes.	141,489	133,474	129,647	(3,827)
Charges for services.	112,089	105,739	102,707	(3,032)
Licenses, permits and fees	61,531	58,046	56,381	(1,665)
Fines and forfeitures	86,850	81,930	79,581	(2,349)
Intergovernmental.	149,354	140,893	136,853	(4,040)
Investment income.	9,146	8,627	8,380	(247)
Rental income	5,833	5,503	5,345	(158)
Other	38,369	36,196	35,158	(1,038)
Total budgetary basis receipts	<u>1,459,517</u>	<u>1,376,840</u>	<u>1,337,359</u>	<u>(39,481)</u>
Budgetary basis disbursements:				
Current:				
General government	214,501	215,804	208,036	7,768
Security of persons and property	1,182,061	1,189,226	1,143,904	45,322
Community environment	27,249	27,415	26,521	894
Leisure time activity	43,404	43,668	42,131	1,537
Total budgetary basis disbursements	<u>1,467,215</u>	<u>1,476,113</u>	<u>1,420,592</u>	<u>55,521</u>
Net change in fund cash balances.	(7,698)	(99,273)	(83,233)	16,040
Fund cash balance at beginning of year.	5,441	5,441	5,441	-
Prior year encumbrances appropriated	7,635	7,635	7,635	-
Fund cash balance (deficit) at end of year	<u>\$ 5,378</u>	<u>\$ (86,197)</u>	<u>\$ (70,157)</u>	<u>\$ 16,040</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**VILLAGE OF CRESTLINE
CRAWFORD COUNTY, OHIO**

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND CHANGES IN FUND CASH BALANCE -
BUDGET AND ACTUAL - BUDGETARY BASIS
STREET CONSTRUCTION, MAINTENANCE AND REPAIR FUND
FOR THE YEAR ENDED DECEMBER 31, 2014

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Budgetary basis receipts:				
Municipal income taxes	\$ 74,930	\$ 69,855	\$ 73,068	\$ 3,213
Intergovernmental.	174,052	162,263	169,727	7,464
Special assessments	10,634	9,914	10,370	456
Investment income.	752	701	733	32
Other	9,109	8,492	8,883	391
Total budgetary basis receipts	<u>269,477</u>	<u>251,225</u>	<u>262,781</u>	<u>11,556</u>
Budgetary basis disbursements:				
Current:				
Transportation	310,112	310,112	316,571	(6,459)
Total budgetary basis disbursements	<u>310,112</u>	<u>310,112</u>	<u>316,571</u>	<u>(6,459)</u>
Excess of budgetary basis receipts over budgetary basis disbursements.	<u>(40,635)</u>	<u>(58,887)</u>	<u>(53,790)</u>	<u>5,097</u>
Other financing sources:				
Sale of capital assets.	2,461	2,294	2,400	106
Total other financing sources	<u>2,461</u>	<u>2,294</u>	<u>2,400</u>	<u>106</u>
Net change in fund cash balances	(38,174)	(56,593)	(51,390)	5,203
Fund cash balance (deficit) at beginning of year (restated)	(68,616)	(68,616)	(68,616)	-
Prior year encumbrances appropriated	9,823	9,823	9,823	-
Fund cash balance (deficit) at end of year	<u>\$ (96,967)</u>	<u>\$ (115,386)</u>	<u>\$ (110,183)</u>	<u>\$ 5,203</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**VILLAGE OF CRESTLINE
CRAWFORD COUNTY, OHIO**

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND CHANGES IN FUND CASH BALANCE -
BUDGET AND ACTUAL - BUDGETARY BASIS
POLICE AND FIRE LEVY FUND
FOR THE YEAR ENDED DECEMBER 31, 2014

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Income taxes	\$ 183,070	\$ 162,285	\$ 185,516	\$ 23,231
Total revenues	<u>183,070</u>	<u>162,285</u>	<u>185,516</u>	<u>23,231</u>
Expenditures:				
Current:				
Security of persons and property	78,183	78,183	83,954	(5,771)
Total expenditures	<u>78,183</u>	<u>78,183</u>	<u>83,954</u>	<u>(5,771)</u>
Excess of budgetary basis receipts over budgetary basis disbursements.	<u>104,887</u>	<u>84,102</u>	<u>101,562</u>	<u>17,460</u>
Net change in fund balances	104,887	84,102	101,562	17,460
Fund balances at beginning of year (restated) .	178,403	178,403	178,403	-
Fund balance at end of year	<u>\$ 283,290</u>	<u>\$ 262,505</u>	<u>\$ 279,965</u>	<u>\$ 17,460</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**VILLAGE OF CRESTLINE
CRAWFORD COUNTY, OHIO**

STATEMENT OF NET POSITION - CASH BASIS
PROPRIETARY FUNDS
DECEMBER 31, 2014

	Business-type Activities - Enterprise Funds			
	Water	Sewer	Nonmajor	Total
Assets:				
Equity in pooled cash and cash equivalents	\$ 777,517	\$ 221,032	\$ 18,105	\$ 1,016,654
Total assets	\$ 777,517	\$ 221,032	\$ 18,105	\$ 1,016,654
Net cash position:				
Unrestricted	\$ 777,517	\$ 221,032	\$ 18,105	\$ 1,016,654
Total net cash position.	\$ 777,517	\$ 221,032	\$ 18,105	\$ 1,016,654

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**VILLAGE OF CRESTLINE
CRAWFORD COUNTY, OHIO**

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND CHANGES IN NET CASH POSITION - CASH BASIS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2014

	Business-type Activities - Enterprise Funds			
	Water	Sewer	Nonmajor	Total
Operating receipts:				
Charges for services	\$ 925,711	\$ 946,105	\$ 162,895	\$ 2,034,711
Other	39,913	7,808	5,897	53,618
Total operating receipts.	<u>965,624</u>	<u>953,913</u>	<u>168,792</u>	<u>2,088,329</u>
Operating disbursements:				
Personal services	531,479	295,117	166,368	992,964
Contract services.	94,987	324,236	16,438	435,661
Materials and supplies.	66,204	40,749	16,754	123,707
Utilities	42,747	83,090	-	125,837
Other	647	1,078	244	1,969
Total operating disbursements.	<u>736,064</u>	<u>744,270</u>	<u>199,804</u>	<u>1,680,138</u>
Excess (deficiency) of operating receipts over (under) operating disbursements.	<u>229,560</u>	<u>209,643</u>	<u>(31,012)</u>	<u>408,191</u>
Nonoperating (receipts) disbursements:				
Capital outlay	(126,525)	(164,954)	-	(291,479)
Debt service:				
Principal retirement	(14,970)	(165,819)	(17,987)	(198,776)
Interest and fiscal charges	(458)	(25,191)	(2,978)	(28,627)
OWDA loan issuance	-	136,219	-	136,219
Total nonoperating disbursements.	<u>(141,953)</u>	<u>(219,745)</u>	<u>(20,965)</u>	<u>(382,663)</u>
Income (loss) before capital contributions.	87,607	(10,102)	(51,977)	25,528
Capital contributions.	<u>-</u>	<u>93,608</u>	<u>-</u>	<u>93,608</u>
Change in net cash position	87,607	83,506	(51,977)	119,136
Net cash position at beginning of year	<u>689,910</u>	<u>137,526</u>	<u>70,082</u>	<u>897,518</u>
Net cash position at end of year	<u>\$ 777,517</u>	<u>\$ 221,032</u>	<u>\$ 18,105</u>	<u>\$ 1,016,654</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**VILLAGE OF CRESTLINE
CRAWFORD COUNTY, OHIO**

STATEMENT OF NET POSITION - CASH BASIS
FIDUCIARY FUND
DECEMBER 31, 2014

	Private-Purpose Trust
Assets:	
Equity in pooled cash and cash equivalents	\$ 13,944
Total assets	13,944
Net cash position:	
Held in trust for donations and scholarships.	13,944
Total net cash position	\$ 13,944

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**VILLAGE OF CRESTLINE
CRAWFORD COUNTY, OHIO**

STATEMENT OF CASH ADDITIONS, CASH DEDUCTIONS AND CHANGES IN NET CASH POSITION
FIDUCIARY FUND
FOR THE YEAR ENDED DECEMBER 31, 2014

	Private-Purpose Trust
Cash additions:	
Gifts and contributions	\$ 7,000
Total cash additions	7,000
Cash deductions:	
Donations and scholarships.	8,669
Total cash deductions.	8,669
Change in net cash position	(1,669)
Net cash position at beginning of year.	15,613
Net cash position at end of year	\$ 13,944

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

THIS PAGE IS INTENTIONALLY LEFT BLANK

**VILLAGE OF CRESTLINE
CRAWFORD COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014**

NOTE 1 - DESCRIPTION OF THE VILLAGE

The Village of Crestline (the “Village”) is a statutory municipal corporation operating under the laws of the State of Ohio. The Village was incorporated as a Village on April 30, 2011, by proclamation of the Secretary of State of Ohio as a result of the federal census of 2010.

The Village operates under a mayor-council form of government. Legislative power is vested in a six member Village Council, two of whom are elected to four-year terms with the remaining four members being elected to two-year terms. The Mayor is an elected official and the Fiscal Officer is appointed by the Mayor.

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.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

As discussed further in Note 2.D., these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America. Generally accepted accounting principles (GAAP) include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. The following are the more significant of the Village’s accounting policies:

The Village’s reporting entity has been defined in accordance with GASB Statement No. 14, “The Financial Reporting Entity” as amended by GASB Statement No. 39, “Determining Whether Certain Organizations Are Component Units” and GASB Statement No. 61, “The Financial Reporting Entity: Omnibus an Amendment of GASB Statements No. 14 and No. 34”. For financial reporting purposes, the Village’s basic financial statements (BFS) include all funds, agencies, boards, commissions, and departments for which the Village is financially accountable. Financial accountability, as defined by the GASB, exists if the Village appoints a voting majority of an organization’s governing board and is either able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or impose specific burdens on, the 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 no component units.

The Village obtained its risk management services from HCC Public Risk Ohio during 2014. This organization is further described in Note 8 to the basic financial statements.

**VILLAGE OF CRESTLINE
CRAWFORD COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

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

B. Basis of Presentation

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

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

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

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

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

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

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

**VILLAGE OF CRESTLINE
CRAWFORD COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

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

C. Fund Accounting

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

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

General fund - The general fund is used to account for and report all financial resources not accounted for and reported in another fund. The general fund cash balance is available for any purpose provided it is disbursed or transferred according to the general laws of Ohio.

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

Police and fire levy fund - This fund accounts for a portion of municipal income taxes intended for police and fire operations.

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

Other governmental funds of the Village are used to account for (a) financial resources that are restricted, committed, or assigned to disbursements for capital outlays including the acquisition or construction of capital facilities and other capital assets, (b) specific receipt sources that are restricted or committed to a disbursement for specified purposes other than debt service or capital projects, and (c) financial resources that are restricted, committed, or assigned to disbursement for principal and interest.

Proprietary Funds - These funds are used to account for activities that are financed and operated in a manner similar to private business enterprises where the intent is that costs of providing services to the general public on a continuing basis be financed or recovered primarily through user charges. The Village has no internal service funds, but does report the operations of various enterprise funds.

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

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

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

**VILLAGE OF CRESTLINE
CRAWFORD COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

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

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

D. Basis of Accounting

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

As a result of the use of this cash basis of accounting, certain assets and deferred outflows of resources, liabilities and deferred inflows of resources, and the effects of these items on receipts and disbursements are not recorded in these financial statements. These statements include adequate disclosure of material matters, in accordance with the basis of accounting described above.

E. Budgetary Process

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

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

**VILLAGE OF CRESTLINE
CRAWFORD COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

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

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

F. Cash and Cash Equivalents

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

The Village has segregated bank accounts for departmental monies held separately from the Village's central bank account. These various depository accounts are presented as "cash in segregated accounts" on the basic financial statements.

During 2014, the Village's investments were limited to negotiable certificates of deposit (CDs) and Federal National Mortgage Association (FNMA) securities. Investments are reported at cost. Investment procedures are restricted by provisions of the Ohio Revised Code. Interest receipts credited to the general fund during 2014 were \$8,380, including \$8,294 assigned from other Village funds. Investments of the cash management pool and investments with an original maturity of three months or less at the time of purchase are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months that were not purchased from the pool are reported as investments.

G. Capital Assets

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

H. Compensated Absences

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the basis of accounting utilized by the Village (See Note 2.D.).

I. Long-term Obligations

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

**VILLAGE OF CRESTLINE
CRAWFORD COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

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

J. Contributions of Capital

Contributions of capital in proprietary fund financial statements arise from grants or outside contributions of resources restricted to capital acquisition and construction. During 2014, the sewer fund received capital contributions of \$93,608 from Ohio Public Works Commission.

K. Net Cash Position

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

L. Restricted Cash Assets

Cash assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, or laws of other governments, or are imposed by law through constitutional provisions or enabling legislation. Restricted cash assets represent certain resources which are segregated from other resources of the Village to comply with various covenants established by bond financing agreements. These assets are generally held in separate accounts of the Village or by a trustee. The various covenants place restrictions on the use of these resources, require minimum balances to be maintained in certain accounts and establish annual amounts to be accumulated for specific purposes. The Village reported no restricted cash assets at December 31, 2014.

M. Employer Contributions to Cost-Sharing Pension Plans

The Village recognizes the disbursements for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 9 and 10, the employer contributions include portions for pension benefits and for postretirement healthcare.

N. Interfund Activity

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

O. Inventories of Materials and Supplies

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

**VILLAGE OF CRESTLINE
CRAWFORD COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

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

P. Prepaid Items

On the cash basis of accounting, payments made to vendors for services that will benefit periods beyond December 31, 2014 are recorded as disbursements when paid. These items are not reported as assets in the basic financial statements.

Q. Fund Cash Balance

Fund cash balance is divided into five classifications based primarily on the extent to which the Village is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

Nonspendable - The nonspendable fund cash balance classification includes amounts that cannot be spent because they are not in spendable form or legally required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash.

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

Committed - The committed fund cash balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (ordinance) of Village Council (the highest level of decision making authority). Those committed amounts cannot be used for any other purpose unless Village Council removes or changes the specified use by taking the same type of action (ordinance) it employed to previously commit those amounts. Committed fund cash balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned - Amounts in the assigned fund cash balance classification are intended to be used by the Village for specific purposes but do not meet the criteria to be classified as restricted nor committed. In governmental funds other than the general fund, assigned fund cash balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by policies of Village Council, which includes giving the Fiscal Officer the authority to constrain monies for intended purposes.

Unassigned - Unassigned fund cash balance is the residual classification for the general fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is only used to report a deficit fund cash balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

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

**VILLAGE OF CRESTLINE
CRAWFORD COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

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

R. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of management and are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during 2014.

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles

For 2014, the Village has implemented GASB Statement No. 69, "Government Combinations and Disposals of Government Operations" and GASB Statement No. 70, "Accounting and Financial Reporting for Nonexchange Financial Guarantees".

GASB Statement No. 69 establishes accounting and financial reporting standards related to government combinations and disposals of government operations. The Statement improves the decision usefulness of financial reporting by requiring that disclosures be made by governments about combination arrangements in which they engage and for disposals of government operations. The implementation of GASB Statement No. 69 did not have an effect on the financial statements of the Village.

GASB Statement No. 70 improves the recognition, measurement, and disclosures for state and local governments that have extended or received financial guarantees that are nonexchange transactions. The implementation of GASB Statement No. 70 did not have an effect on the financial statements of the Village.

B. Compliance

- Contrary to Ohio Rev. Code §5705.10(I), the Village had a cash deficit in the General and Street Construction Maintenance and Repair Funds at December 31, 2014.
- Contrary to Ohio Revised Code Section Ohio Rev. Code §5705.41(D) the Village did not properly certify expenditures prior to incurring an obligation.
- Contrary to Ohio Rev. Code §5705.41(B), the Street Construction Maintenance and Repair Fund and the Police and Fire Levy Fund had budgetary expenditures in excess of amounts appropriated.
- Contrary to Ohio Rev. Code §5705.39 and § 5705.36 the General and Street Construction Maintenance and Repair Funds had appropriations in excess of estimated and actual resources.

**VILLAGE OF CRESTLINE
CRAWFORD COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

C. Restatement of Prior Period Fund Balance

A prior period adjustment was required to properly record income tax receipts and certain expenditures during the years ended December 31, 2010 through 2013 for the Street Construction, Maintenance and Repair Fund, Police and Fire Levy Fund and Capital Improvements Fund. These adjustments did not affect beginning cash balances on the government-wide financial statements. These adjustments had the following effect on the Fund Cash Balances:

	Street Construction, Maintenance and Repair	Police and Fire Levy	Capital Improvements
Fund Balance December 31, 2013	\$ 48,112	\$ -	\$ 161,074
Adjustments	(106,905)	178,403	(71,498)
Fund balance restated December 31, 2013	\$ (58,793)	\$ 178,403	\$ 89,576

D. Restatement of Prior Period Budgetary Balance

A prior period adjustment was required to properly record income tax receipts and certain expenditures during the years ended December 31, 2010 through 2013 for the Street Construction, Maintenance and Repair Fund, Police and the Fire Levy Fund. These adjustments had the following budgetary basis effects on the restated beginning fund cash balance:

	Street Construction, Maintenance and Repair	Police and Fire Levy
Fund cash balance December 31, 2013	\$ 38,289	\$ -
Adjustments	(106,905)	178,403
Fund cash balance restated December 31, 2013	\$ (68,616)	\$ 178,403

NOTE 4 - BUDGETARY BASIS OF ACCOUNTING

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The statements of cash receipts, cash disbursements and changes in fund cash balance - budget and actual (budgetary basis) presented for the general fund, the street construction, maintenance and repair fund and police and fire levy fund are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The differences between the budgetary basis and the cash basis are outstanding year end encumbrances are treated as disbursements (budgetary basis) rather than as a component of fund cash balance (cash basis) and some funds are included in the general fund (cash basis), but have separate legally adopted budgets (budgetary basis). At December 31, 2014, the encumbrances outstanding at year end (budgetary basis) amounted to \$481 for the general fund and \$53 for the street construction, maintenance and repair fund. At December 31, 2014, funds included as part of the general fund (cash basis) had a total fund cash balance of \$63,594.

**VILLAGE OF CRESTLINE
CRAWFORD COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014**

NOTE 5 - DEPOSITS AND INVESTMENTS

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

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

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

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use, but which will be needed before the end of the current period of designation of depositories.

Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts including passbook accounts.

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

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

**VILLAGE OF CRESTLINE
CRAWFORD COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

NOTE 5 - DEPOSITS AND INVESTMENTS - (Continued)

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

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

A. Cash on Hand

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

B. Cash in Segregated Accounts

At year end, the Village had \$11,697 deposited with financial institutions for monies related to the Mayor's Court and police auxiliary, which are reported as components of the Village's general fund. The remaining \$32,833 in cash in segregated accounts related to Drug Abuse Resistance Education (DARE) and fire safety education is reported in the nonmajor governmental funds on the basic financial statements. These amounts are included in the Village's depository balance below.

C. Deposits with Financial Institutions

At December 31, 2014, the carrying amount of all Village deposits was \$482,032. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of December 31, 2014, \$237,846 of the Village's bank balance of \$533,971 was exposed to custodial credit risk as discussed below, while \$296,125 was covered by the FDIC.

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

**VILLAGE OF CRESTLINE
CRAWFORD COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

NOTE 5 - DEPOSITS AND INVESTMENTS - (Continued)

D. Investments

As of December 31, 2014, the Village had the following investments and maturities:

<u>Investment type</u>	<u>Carrying Value</u>	<u>Investment Maturities</u>				
		<u>6 Months or Less</u>	<u>7 to 12 Months</u>	<u>13 to 18 Months</u>	<u>19 to 24 Months</u>	<u>Greater than 24 Months</u>
FNMA	\$ 34,808	\$ -	\$ -	\$ -	\$ -	\$ 34,808
Negotiable CD's	963,597	-	-	-	348,664	614,933
Total	<u>\$ 998,405</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 348,664</u>	<u>\$ 649,741</u>

The weighted average length to maturity of the investments at December 31, 2014 is 2.44 years.

Interest Rate Risk: Interest rate risk arises as potential purchasers of debt securities will not agree to pay face value for those securities if interest rates subsequently increase. As a means of limiting its exposure to fair value losses arising from rising interest rates and according to State law, the Village's investment policy limits investment portfolio maturities to five years or less.

Credit Risk: The Village's investments in federal agency securities carry a rating of AA+ by Standard & Poor's and Aaa by Moody's Investor Services. The negotiable certificates of deposit are fully insured by the FDIC. The Village's investment policy does not specifically address credit risk beyond requiring the Village to only invest in securities authorized by State statute.

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

Concentration of Credit Risk: The Village places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the Village at December 31, 2014:

<u>Investment type</u>	<u>Carrying Value</u>	<u>% of Total</u>
FNMA	\$ 34,808	3.49
Negotiable CD's	963,597	96.51
Total	<u>\$ 998,405</u>	<u>100.00</u>

**VILLAGE OF CRESTLINE
CRAWFORD COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

NOTE 5 - DEPOSITS AND INVESTMENTS - (Continued)

E. Reconciliation of Cash and Investments to the Statement of Net Cash Position

The following is a reconciliation of cash and investments as reported in the preceding note to cash and investments as reported on the statement of net cash position as of December 31, 2014:

Cash and investments per note

Carrying amount of deposits	\$ 482,032
Investments	998,405
Cash on hand	<u>1,000</u>
Total	<u>\$ 1,481,437</u>

Cash and investments per statement of net cash position

Governmental activities	\$ 450,839
Business-type activities	1,016,654
Private-purpose trust fund	<u>13,944</u>
Total	<u>\$ 1,481,437</u>

NOTE 6 - MUNICIPAL INCOME TAXES

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

NOTE 7 - PROPERTY TAXES

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

Public utility real property taxes collected in one calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of the second year preceding the tax collection year, the lien date. Public utility tangible personal property is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2014 public utility property taxes became a lien December 31, 2013, are levied after October 1, 2014, and are collected in 2015 with real property taxes. Public utility property taxes are payable on the same dates as real property taxes described previously.

**VILLAGE OF CRESTLINE
CRAWFORD COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

NOTE 7 - PROPERTY TAXES - (Continued)

The County Treasurer collects property taxes on behalf of all taxing districts in the County, including the Village of Crestline. The County Auditor periodically remits to the Village its portion of the taxes collected. Property taxes receivable represents real property taxes, public utility taxes, delinquent tangible personal property taxes and other outstanding delinquencies which are measurable as of December 31, 2014 and for which there is an enforceable legal claim. For 2014, the Village's financial statements are presented on the cash basis of accounting and therefore the Village does not record a receivable for property taxes either on a modified accrual or full accrual basis of accounting.

The full tax rate for all Village operations for the year ended December 31, 2014 was \$4.50 per \$1,000 of assessed value. The assessed values of real and public utility property upon which 2014 property tax receipts were based are as follows:

<u>Real property</u>	
Residential/agricultural	\$34,421,130
Commercial/industrial	11,813,490
 <u>Public utility</u>	
Real	201,170
Personal	<u>1,540,260</u>
Total assessed value	<u><u>\$47,976,050</u></u>

NOTE 8 - RISK MANAGEMENT

A. Comprehensive

The Village is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 2014, the Village contracted with The Ohio Plan, through Risk Management, Inc. to obtain insurance coverage for general liability, excess liability, wrongful acts, law enforcement, property, automobile, inland marine, and criminal liability. The Village has transferred risk of loss to the insurance carrier to the extent of the limits as follows:

<u>Type of Coverage</u>	<u>Limits of Coverage</u>	<u>Deductible</u>
General liability:		
Per occurrence	\$3,000,000	\$0
Aggregate	5,000,000	0
Excess liability	3,000,000	0
Wrongful acts	3,000,000	1,000
Law enforcement	3,000,000	5,000
Property	16,155,176	1,000
Automobile	3,000,000	1,000
Inland marine	1,174,459	500
Criminal liability	50,000	0

**VILLAGE OF CRESTLINE
CRAWFORD COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

NOTE 8 - RISK MANAGEMENT - (Continued)

B. Employee Health Benefits

The Village provides employees with medical, dental, life, and vision insurance. As of December 31, 2014, medical insurance is provided by Anthem 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 from 2013 and no insurance settlement has exceeded insurance coverage during the last three years.

NOTE 9 - PENSION PLANS

A. Ohio Public Employees Retirement System

Plan Description - The Village participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The Traditional Pension Plan is a cost-sharing, multiple-employer defined benefit pension plan. The Member-Directed Plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20% per year). Under the Member-Directed Plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The Combined Plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the Combined Plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the Traditional Pension Plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the Member-Directed Plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the Traditional Pension and the Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report which may be obtained by visiting <https://www.opers.org/investments/cafr.shtml>, writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642 or by calling (614) 222-5601 or (800) 222-7377.

Funding Policy - The Ohio Revised Code provides statutory authority for member and employer contributions. For 2014, member and employer contribution rates were consistent across all three plans. The 2014 member contribution rates were 10.00% for members. The Village's contribution rate for 2014 was 14.00% of covered payroll.

The Village's contribution rate for pension benefits for members in the Traditional Plan and Combined Plan for 2014 was 12.00%. The Village's required contributions for pension obligations to the Traditional Pension and Combined Plans for the years ended December 31, 2014, 2013, and 2012 were \$107,499, \$117,228, and \$96,908, respectively; 90.80% has been contributed for 2014 and 100% has been contributed for 2013 and 2012. Contributions to the Member-Directed Plan for 2014 were \$5,116 made by the Village and \$3,655 made by the plan members.

**VILLAGE OF CRESTLINE
CRAWFORD COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

NOTE 9 - PENSION PLANS - (Continued)

B. Ohio Police and Fire Pension Fund

Plan Description - The Village contributes to the Ohio Police and Fire Pension Fund (OP&F), a cost-sharing multiple-employer defined benefit pension plan. OP&F provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. OP&F issues a publicly available financial report that includes financial statements and required supplementary information for the plan. That report may be obtained by writing to the OP&F, 140 East Town Street, Columbus, Ohio 43215-5164 or by visiting the website at www.op-f.org.

Funding Policy - From January 1, 2014 through July 1, 2014, plan members were required to contribute 10.75% of their annual covered salary. From July 2, 2014 through December 31, 2014, plan members were required to contribute 11.50% of their annual covered salary. Throughout 2014, the Village was required to contribute 19.50% and 24.00% for police officers and firefighters, respectively. Contribution rates are established by State statute.

For 2014, the portion of the Village's contributions to fund pension obligations was 19.00% for police officers and 23.50% for firefighters. The Village's required contributions for pension obligations to OP&F for police officers and firefighters were \$64,713 and \$75,836 for the year ended December 31, 2014, \$44,562 and \$64,714 for the year ended December 31, 2013, and \$43,273 and \$52,248, for the year ended December 31, 2012. 100% has been contributed for 2013 and 2012. 91.01% has been contributed for police and 90.18% has been contributed for firefighters for 2014.

NOTE 10 - POSTRETIREMENT BENEFIT PLANS

A. Ohio Public Employees Retirement System

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

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

Disclosures for the healthcare plan are presented separately in the OPERS financial report which may be obtained by visiting <https://www.opers.org/investments/cafr.shtml>, writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642 or by calling (614) 222-5601 or (800) 222-7377.

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

**VILLAGE OF CRESTLINE
CRAWFORD COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

NOTE 10 - POSTRETIREMENT BENEFIT PLANS - (Continued)

Employer contribution rates are expressed as a percentage of the covered payroll of active employees. In 2014, local government employers contributed 14.00% of covered payroll. Each year the OPERS' Retirement Board determines the portion of the employer contribution rate that will be set aside for the funding of the postemployment health care benefits. The portion of employer contributions allocated to fund post-employment healthcare for members in the Traditional Plan and Combined Plan for 2014 was 2.00%.

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

The Village's contributions allocated to fund post-employment health care benefits for the years ended December 31, 2014, 2013, and 2012 were \$17,923, \$9,014, and \$38,760, respectively; 90.80% has been contributed for 2014 and 100% has been contributed for 2013 and 2012.

Changes to the health care plan were adopted by the OPERS Board of Trustees on September 19, 2012, with a transition plan commencing January 1, 2014. With the recent passage of pension legislation under State Bill 343 and the approved health care changes, OPERS expects to be able to consistently allocate 4.00% of the employer contributions toward the health care fund after the end of the transition period.

B. Ohio Police and Fire Pension Fund

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

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

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

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

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

**VILLAGE OF CRESTLINE
CRAWFORD COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

NOTE 10 - POSTRETIREMENT BENEFIT PLANS - (Continued)

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

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan into the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. For 2014, the portion of employer contributions allocated to health care was 0.50% of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that the pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h).

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

The Village's contributions to OP&F which were allocated to fund post-employment healthcare benefits for police officers and firefighters were \$1,700 and \$1,611 for the year ended December 31, 2014, \$10,616 and \$11,436 for the year ended December 31, 2013, and \$22,909 and \$20,445, for the year ended December 31, 2012. 100% has been contributed for 2013 and 2012. 91.01% has been contributed for police and 90.18% has been contributed for firefighters for 2014.

NOTE 11 - COMPENSATED ABSENCES

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

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

Sick leave is earned at various rates as defined by Village policy. All employees with ten or more years of full-time service as a public employee, who elect to retire, are entitled to receive one-half of the value of their accumulated unused sick leave up to a maximum of 1,440 hours. Payments made in accordance with the Village's sick leave policy are based on the employees' rate of pay at the time of departure.

**VILLAGE OF CRESTLINE
CRAWFORD COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

NOTE 12 - LONG-TERM OBLIGATIONS

The Village's long-term obligations activity for the year ended December 31, 2014, was as follows:

	Interest Rate	Balance Outstanding 12/31/13	Issued	Retired	Balance Outstanding 12/31/14	Amount Due in One Year
Governmental activities:						
<u>Other long-term obligations</u>						
Lease purchase agreements payable		\$ 97,500	\$ 145,580	\$ (41,531)	\$ 201,549	\$ 67,551
Police and fire pension liability		95,057	-	(2,751)	92,306	2,869
Total other long-term obligations		<u>192,557</u>	<u>145,580</u>	<u>(44,282)</u>	<u>293,855</u>	<u>70,420</u>
Total governmental activities long-term obligations		<u>\$ 192,557</u>	<u>\$ 145,580</u>	<u>\$ (44,282)</u>	<u>\$ 293,855</u>	<u>\$ 70,420</u>
Business-type activities:						
<u>Bonds</u>						
Equipment acquisition bonds	4.59%	\$ 27,906	\$ -	\$ (17,385)	\$ 10,521	\$ 10,521
Sewer improvement bonds series 2012	3.75%	609,600	-	(92,500)	517,100	95,900
Total bonds		<u>637,506</u>	<u>-</u>	<u>(109,885)</u>	<u>527,621</u>	<u>106,421</u>
<u>OWDA loans</u>						
Sewer planning	1.00%	57,209	-	(20,599)	36,610	-
Sewer sanitary improvements	1.00%	305,157	-	(14,660)	290,497	14,807
Bibich Ct. & Patterson St. sewer	1.00%	-	15,954	-	15,954	3,127
WWTP improvements	1.00%	-	120,265	-	120,265	-
<u>OPWC loans</u>						
Wiley Street waterline replacement		101,305	-	(3,896)	97,409	3,896
West side storm sewer		289,499	-	(24,125)	265,374	24,125
Cloverdale Ave. sewer replacement		38,623	-	(2,861)	35,762	2,861
Total loans		<u>791,793</u>	<u>136,219</u>	<u>(66,141)</u>	<u>861,871</u>	<u>48,816</u>
Lease purchase agreements payable		<u>56,836</u>	<u>352,104</u>	<u>(22,750)</u>	<u>386,190</u>	<u>68,587</u>
Total business-type activities long-term obligations		<u>\$ 1,486,135</u>	<u>\$ 488,323</u>	<u>\$ (198,776)</u>	<u>\$ 1,775,682</u>	<u>\$ 223,824</u>

Sewer Improvement Bonds

The sewer improvement bonds were issued on May 22, 2012 in the amount of \$698,000 to replace the sewer improvement notes that were formerly rolled over year-to-year by the Village. The bonds bear an interest rate of 3.75% and mature on June 1, 2019. These bonds are to be repaid from the sewer enterprise fund.

Lease Purchase Agreements

Lease purchase agreements will be paid from the fund that maintains custody of the related assets (See Note 14).

Police and Fire Pension Liability

The Village pays installments on the accrued liability incurred when the State of Ohio established the statewide pension system for police and fire personnel in 1967. The liability is payable semiannually from some combination of the general fund, police pension fund (a nonmajor governmental fund), and fire pension fund (a nonmajor governmental fund).

**VILLAGE OF CRESTLINE
CRAWFORD COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

NOTE 12 - LONG-TERM OBLIGATIONS - (Continued)

OPWC Loans

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

OWDA Loans

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 2032. Annual principal and interest payments on the loans are expected to require 14.04 percent of net receipts and 4.31 percent of total receipts. The total principal remaining to be paid on the loans is \$463,326. The OWDA loans (Bibich Ct. & Patterson St. Sewer loan and WWTP Improvements loan) do not currently include finalized amortization schedules and therefore future interest payments on the loans are undeterminable as of December 31, 2014. Principal and interest paid for the current year was \$38,733, total net receipts were \$953,913, and total operating income was \$209,643.

Equipment Acquisition Bonds

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

Legal Debt Margin

The Ohio Revised Code provides that the net debt of a municipal corporation, whether or not approved by the electors, shall not exceed 10.5% of the total value of all property in the municipal corporation as listed and assessed for taxation. In addition, the unvoted net debt of municipal corporations cannot exceed 5.5% of the total taxation value of property. The assessed valuation used in determining the Village's legal debt margin has been modified by House Bill 530 which became effective March 30, 2006. In accordance with House Bill 530, the assessed valuation used in the Village's legal debt margin calculation excludes tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property, and personal property owned or leased by a railroad company and used in railroad operations. The statutory limitations on debt are measured by a direct ratio of net debt to tax valuation and expressed in terms of a percentage. At December 31, 2014, the Village's total debt margin was \$5,055,404 and the unvoted debt margin was \$2,638,683.

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

Year Ending December 31,	Governmental Activities		
	Police and Fire Pension		
	Principal	Interest	Total
2015	\$ 2,869	\$ 3,841	\$ 6,710
2016	2,992	3,718	6,710
2017	3,121	3,589	6,710
2018	3,256	3,455	6,711
2019	3,394	3,316	6,710
2020 - 2024	19,288	14,260	33,548
2025 - 2029	23,802	9,745	33,547
2030 - 2034	29,371	4,176	33,547
2035	<u>4,213</u>	<u>2,193</u>	<u>6,406</u>
Total	<u>\$ 92,306</u>	<u>\$ 48,293</u>	<u>\$ 140,599</u>

**VILLAGE OF CRESTLINE
CRAWFORD COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

NOTE 12 - LONG-TERM OBLIGATIONS - (Continued)

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

Year Ending December 31,	Business-type Activities		
	Sewer Improvement Bonds		
	Principal	Interest	Total
2015	\$ 95,900	\$ 17,588	\$ 113,488
2016	99,500	13,968	113,468
2017	103,300	10,122	113,422
2018	107,200	6,174	113,374
2019	111,200	2,079	113,279
Total	<u>\$ 517,100</u>	<u>\$ 49,931</u>	<u>\$ 567,031</u>

Year Ending December 31,	Business-type Activities								
	Equipment Acquisition Bonds			OPWC Loans			OWDA Loans		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2015	\$10,521	\$ 163	\$10,684	\$ 30,882	\$ -	\$ 30,882	\$ 17,934	\$ 3,020	\$ 20,954
2016	-	-	-	30,882	-	30,882	18,114	2,840	20,954
2017	-	-	-	30,882	-	30,882	18,296	2,658	20,954
2018	-	-	-	30,882	-	30,882	18,479	2,475	20,954
2019	-	-	-	30,882	-	30,882	18,664	2,290	20,954
2020 - 2024	-	-	-	154,411	-	154,411	79,397	8,978	88,375
2025 - 2029	-	-	-	50,759	-	50,759	83,457	4,918	88,375
2030 - 2034	-	-	-	19,482	-	19,482	52,110	916	53,026
2035 - 2039	-	-	-	19,483	-	19,483	-	-	-
Total	<u>\$10,521</u>	<u>\$ 163</u>	<u>\$10,684</u>	<u>\$398,545</u>	<u>\$ -</u>	<u>\$398,545</u>	<u>\$ 306,451</u>	<u>\$28,095</u>	<u>\$334,546</u>

The Village's OWDA loans do not include finalized amortization schedules for Sewer loan and the WWTP Improvements.

NOTE 13 - LESSEE DISCLOSURES

A. Lease Purchase Agreements - Governmental Activities

In 2014 and in a prior year, the Village entered into lease purchase agreements for police cruisers, a street sweeper, a snow plow, and two boilers. These leases meet the criteria of a capital lease as defined by generally accepted accounting principles, which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Principal payments in 2014 included \$19,136 made on the police cruisers lease from the Mayor's Court capital projects fund (a nonmajor governmental fund), \$17,395 made on the street sweeper lease from the capital improvements fund, and \$5,000 made on the boiler lease from the capital improvements fund.

**VILLAGE OF CRESTLINE
CRAWFORD COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

NOTE 13 - LESSEE DISCLOSURES - (Continued)

The following is a schedule of the future long-term minimum lease payments required under the capital leases and the present value of the minimum lease payments as of December 31, 2014:

<u>Year Ending December 31,</u>	<u>Amount</u>
2015	\$ 74,704
2016	55,490
2017	31,716
2018	31,716
2019	<u>26,716</u>
Total	<u>220,342</u>
Less: amount representing interest	<u>(18,793)</u>
Present value of net minimum lease payments	<u>\$ 201,549</u>

B. Lease Purchase Agreement - Business-type Activities

In 2014 and prior years, the Village entered into a lease purchase agreement for an ambulance, a sewer cleaner, and two boilers. These leases meet the criteria of a capital lease as defined by generally accepted accounting principles, which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Principal payments in 2014 included \$17,986 made on the ambulance lease from the ambulance fund (a nonmajor enterprise fund) and \$2,382 made on the boiler lease from both the water and sewer funds.

The following is a schedule of the future long-term minimum lease payments required under the capital lease and the present value of the minimum lease payments as of December 31, 2014:

<u>Year Ending December 31,</u>	<u>Amount</u>
2015	\$ 79,113
2016	79,113
2017	58,148
2018	58,148
2019	53,383
2020	53,384
2021	<u>53,384</u>
Total	<u>434,673</u>
Less: amount representing interest	<u>(48,483)</u>
Present value of net minimum lease payments	<u>\$ 386,190</u>

**VILLAGE OF CRESTLINE
CRAWFORD COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

NOTE 14 - FUND CASH BALANCE

Fund cash balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the Village is bound to observe constraints imposed upon the use of resources in the governmental funds. The constraints placed on fund cash balance for the major governmental funds and all other nonmajor governmental funds are presented below:

Fund cash balance	General	Street Construction, Maintenance and Repair	Police and Fire Levy	Capital Improvements	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable:						
Unclaimed monies	\$ 9,787	\$ -	\$ -	\$ -	\$ -	\$ 9,787
Total nonspendable	<u>9,787</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,787</u>
Restricted:						
Capital projects	-	-	-	-	14,962	14,962
Debt service	-	-	-	-	17,919	17,919
Transportation projects	-	-	-	-	47,733	47,733
Security of persons and property	-	-	279,965	-	-	279,965
Community environment programs	-	-	-	-	46,289	46,289
Other purposes	1,933	-	-	-	70,993	72,926
Total restricted	<u>1,933</u>	<u>-</u>	<u>279,965</u>	<u>-</u>	<u>197,896</u>	<u>479,794</u>
Committed:						
Capital projects	-	-	-	72,450	13,464	85,914
Other purposes	-	-	-	-	3,339	3,339
Total committed	<u>-</u>	<u>-</u>	<u>-</u>	<u>72,450</u>	<u>16,803</u>	<u>89,253</u>
Unassigned (deficit)	<u>(17,865)</u>	<u>(110,130)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(127,995)</u>
Total fund cash balances	<u>\$ (6,145)</u>	<u>\$ (110,130)</u>	<u>\$ 279,965</u>	<u>\$ 72,450</u>	<u>\$ 214,699</u>	<u>\$ 450,839</u>

NOTE 15 - CONTINGENCIES

A. Litigation

At December 31, 2014, the Village was not involved in any lawsuits that would have a material adverse effect on the Village's financial position.

B. Federal and State Grants

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

Bastin & Company, LLC

Certified Public Accountants

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
10500 Reading Road
Crestline, Ohio 45241

To the Village Council:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Crestline, Crawford County, (the Village) as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements and have issued our report thereon dated September 29, 2015, wherein we noted the Village uses a special purpose framework other than generally accepted accounting principles. We also noted that cash balances by fund type have been restated to correct for proper recording of income tax receipts and certain expenditures.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Village'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 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 of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings that we consider a material weakness. We consider finding 2014-01 to be a material weakness.

Compliance and Other Matters

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed instances of

noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2014-02 through 2014-04.

Entity's Response to Findings

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

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.

A handwritten signature in cursive script that reads "Bastin & Company, LLC". The signature is written in black ink on a light-colored background.

Cincinnati, Ohio
September 29, 2015

**VILLAGE OF CRESTLINE
CRAWFORD COUNTY, OHIO
SCHEDULE OF FINDINGS
DECEMBER 31, 2014**

FINDING NUMBER 2014-01

Material Weakness - Financial Reporting

The following audit adjustments were required to be made to the financial statements that were not initially identified by the Village's internal control.

- Grant related payments for expenditures made on-behalf of the Village by the Ohio Department of Transportation for the Patterson Street Bridge Project totaling \$304,277, were not originally included in the financial statements. Adjustments were made to report revenues and expenditures in the Capital Improvement Fund as well as increasing amounts reported in the Statement of Activities.
- Adjustments to 2014 activities and to prior year fund cash balances were made to properly record income tax receipts and certain expenditures for the Street Construction, Maintenance and Repair Fund, Police and Fire Levy Fund and Capital Improvements Fund. These adjustments also resulted in report changes to present the Police and Fire Levy Fund as a major fund, an additional presentation of its required budgetary statement, and reclassification of expenditures within the Statement of Activities.

The presentation of materially correct financial statements and the related footnotes is the responsibility of management. We recommend that the Village implement control procedures to ensure that amounts recorded and presented in financial statements are properly stated.

Village's Response

These expenditures were paid on the Village's behalf and did not flow through our cash activities or affect our cash balances. The Village will review these types of transactions going forward and will attempt to ensure they are properly recorded. As for the issue of recording income taxes, the draft report was prepared based on information known at that time. Based on the outcome of the review of how taxes had been recorded during 2010 through 2014, adjustments have been determined and corrections to the statements have been made.

FINDING NUMBER 2014-02

Noncompliance - Negative Cash Balance

At December 31, 2014 the financial statements reflect that the General and the Street Construction Maintenance and Repair Funds maintain negative cash balance of (\$6,145) and (\$110,130). The amount reported for the General Fund amount includes several individual funds of the Village that are combined for reporting purposes. The Village's actual General Fund portion of the reported amount is a negative balance of (\$69,739).

Ohio Rev. Code § 5705.10(I) provides that money paid into any fund shall be used only for purposes for which such fund is established. A deficit cash balance indicates money from another fund has been used to pay the obligations of the aforementioned funds.

We recommend that the Village take steps to eliminate negative cash balances.

Village's Response

The Village is aware of the condition and has taken steps to correct the negative fund cash balances. A review of how income tax receipts and other expenditures were recorded was performed and disclosed that amounts previously recorded to the Street Construction Maintenance and Repair Fund should have been recorded to the Police and Fire Levy Fund. A correction for this condition results in the negative balance in the Street Construction Maintenance and Repair Fund.

FINDING NUMBER 2014-03

Noncompliance - Certification of Fund Availability

Ohio Rev. Code § 5705.41(D) requires that no subdivision or taxing unit shall make any contract or give any order involving the expenditure of money unless there is attached thereto a certificate of the fiscal officer of the subdivision that the amount required to meet the obligation has been lawfully appropriated for such purpose and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. This certificate need be signed only by the subdivision's fiscal officer. Every 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 a fiscal officer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are: "then and now" certificates, blanket certificates, and super blanket certificates, which are provided for in sections 5705.41(D)(1) and 5705.41(D)(3), respectively, of the Ohio Revised Code.

1. "Then and Now" certificate - If the fiscal officer can certify that both at the time that the contract or order was made ("then"), and at the time that the fiscal officer is completing the certification ("now"), that sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the Village can authorize the drawing of a warrant for the payment of the amount due. The Village has thirty days from the 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 a resolution or ordinance upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the Village.

2. Blanket Certificate - Fiscal officers may prepare “blanket” certificates for a certain sum of money not in 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 year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.
3. Super Blanket Certificate - The Village may also make expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification is not to extend beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any line item appropriation.

During 2014, all purchase orders tested were not properly certified prior to incurring the obligation. The transactions also had no evidence of the above mentioned exceptions. Failure to properly certify the availability of funds and encumber appropriations can result in overspending of funds and negative cash balances. Unless the Village uses the exceptions noted above, prior certification is not only required by statute but also is a key control in the disbursement process to assure that 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, we recommend that the fiscal officer certify that 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.

We recommend Village officials and employees obtain the Fiscal Officer’s certification of the availability of funds prior to the commitment being incurred. The most convenient certification method is to use purchase orders that include the certification language 5705.41(D) requires to authorize disbursements. The Fiscal Officer should sign the certification at the time the Village incurs a commitment, and only when the requirements of 5705.41(D) are satisfied. The Fiscal Officer should post approved purchase orders to the proper appropriation code to reduce the available appropriation. In the event that “Then and Now” certificates are used when the expenditure exceeds \$3,000 these certificates would need to be approved via a resolution by Council.

Village’s Response

The Village will attempt to ensure certifications are properly performed in the future. We would like to point out that during the audit period, the Village's Fiscal Officer position was vacant.

FINDING NUMBER 2014-04

Noncompliance - Budgetary Compliance

Ohio Rev. Code § 5705.41(B), states that no subdivision shall make any expenditure of money unless it has been lawfully appropriated. For 2014, the Street Construction Maintenance and Repair Fund and the Police and Fire Levy Fund had budgetary expenditures in excess of amounts appropriated totaling \$6,459 and \$5,771, respectively.

In addition, Ohio Rev. Code § 5705.39 prohibits appropriations in excess of estimated resources and Ohio Rev. Code § 5705.36 prohibits appropriations in excess of actual resources. For 2014, the General Fund had appropriations in excess of estimated resources totaling \$86,197 and appropriations in excess of actual resources totaling \$125,678. The Street Construction Maintenance and Repair Fund had appropriations in excess of estimated resources totaling \$115,386 and appropriations in excess of actual resources totaling \$106,124.

We recommend that the Village implement procedures to ensure that expenditures are lawfully appropriated and that appropriations do not exceed estimated and actual resources available.

Village's Response

The issues with the Street Construction Maintenance and Repair Fund are a result of adjustments made based on results of a review of how income tax receipts and other expenditures were recorded during 2014 and prior years. The Village will attempt to ensure appropriations are amended as needed in the future.

**VILLAGE OF CRESTLINE
CRAWFORD COUNTY, OHIO
SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2014**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2013-VOC-001	Appropriations at legal level of control - Ohio Revised Code Section 5705.38(C)	Yes	Corrected for current audit period.
2013-VOC-002	Appropriations exceeded estimated resources - Ohio Revised Code Section 5705.39	No	Applicable condition restated as a portion of finding 2014-04.
2013-VOC-003	Properly certifying available balances - Ohio Revised Code Section 5705.36	Yes	Corrected for current audit period.
2013-VOC-004	Appropriations exceeded actual resources available - Ohio Revised Code Section 5705.36 (A)(4)	No	Applicable condition restated as a portion of finding 2014-04.

This page intentionally left blank.



Dave Yost • Auditor of State

VILLAGE OF CRESTLINE

CRAWFORD COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
MARCH 17, 2016**