

**VILLAGE OF CRESTLINE
CRAWFORD COUNTY, OHIO**

SINGLE AUDIT

For the Year Ended December 31, 1999



Reichert & Associates, CPA's

206 West Hardin Street
Findlay, Ohio 45840
419-422-6131

**VILLAGE OF CRESTLINE
CRAWFORD COUNTY, OHIO**

SINGLE AUDIT

For the Year Ended December 31, 1999

**VILLAGE OF CRESTLINE
CRAWFORD COUNTY
1/1/99 - 12/31/99**

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

We have reviewed the Independent Auditor's Report of the Village of Crestline, Crawford County, prepared by Reichert & Associates, CPA's, for the audit period January 1, 1999 to December 31, 1999. 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.


JIM PETRO
Auditor of State

July 3, 2000

REICHERT & ASSOCIATES, CPA'S

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419-422-6131
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Report of Independent Accountants

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

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

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated June 8, 1999 on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

Our audit was performed for the purpose of forming an opinion on the financial statements of the Village of Crestline taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

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

June 8, 2000
Findlay, OH 45840

REICHERT & ASSOCIATES, CPA'S
Certified Public Accountants

**VILLAGE OF CRESTLINE
CRAWFORD COUNTY, OHIO**

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

	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	Total (Memorandum Only)
Cash receipts:						
Local taxes	\$85,312	\$0	\$177,593	\$0	\$1,266,528	\$1,529,433
Intergovernmental	369,753	189,546	28,347	0	3,148	590,794
Interest income	100,111	3,745	0	1,134	0	104,990
Charges for services	97,122	70	0	0	0	97,192
Fines, licenses, and permits	32,253	489	0	2,678	0	35,420
Miscellaneous	10,208	18,194	0	7,214	0	35,616
Total cash receipts	694,759	212,044	205,940	11,026	1,269,676	2,393,445
Cash disbursements:						
Current:						
Security of persons and property	947,567	21,627	0	0	511	969,705
Public health services	7,319	0	0	0	0	7,319
Leisure time activities	22,864	0	0	0	0	22,864
Community environment	0	8,751	0	0	0	8,751
Basic utility services	0	0	0	0	0	0
Transportation	0	227,722	0	0	0	227,722
General government	284,520	0	0	0	0	284,520
Debt Service:						
Redemption of principal	0	0	1,860,000	0	0	1,860,000
Interest	0	0	116,148	0	0	116,148
Capital outlay	20,631	78,561	0	126,576	69,159	294,927
Total program disbursements	1,282,901	336,661	1,976,148	126,576	69,670	3,791,956
Total receipts over/(under) program disbursements	(588,142)	(124,617)	(1,770,208)	(115,550)	1,200,006	(1,398,511)
Other financing receipts/(disbursements):						
Proceeds from sale of public debt	0	0	1,686,000	0	0	1,686,000
Transfers-in	766,650	148,068	83,506	252,366	0	1,250,590
Transfers-out	0	0	0	0	(1,167,083)	(1,167,083)
Other uses	(432)	0	(4,603)	(3,339)	(7,770)	(16,144)
Total other financing receipts/(disbursements)	766,218	148,068	1,764,903	249,027	(1,174,853)	1,753,363
Excess of cash receipts and other financing receipts over/(under) cash disbursements and other financing disbursements	178,076	23,451	(5,305)	133,477	25,153	354,852
Fund cash balances January 1, 1999	597,394	272,224	134,094	409,123	59,493	1,472,328
Fund cash balances, December 31, 1999	\$775,470	\$295,675	\$128,789	\$542,600	\$84,646	\$1,827,180
Reserve for encumbrances, December 31, 1999	\$0	\$0	\$0	\$0	\$0	\$0

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

**VILLAGE OF CRESTLINE
CRAWFORD COUNTY, OHIO**

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

	Enterprise	Internal Service	Agency	Total (Memorandum Only)
Operating cash receipts:				
Charges for services	\$1,093,700	\$111,260	\$0	\$1,204,960
Miscellaneous	7,981	0	0	7,981
Total operating cash receipts	<u>1,101,681</u>	<u>111,260</u>	<u>0</u>	<u>1,212,941</u>
Operating cash disbursements:				
Personal services	417,879	0	0	417,879
Travel transportation	2,224	0	0	2,224
Contractual services	161,991	114,716	0	276,707
Supplies and materials	83,062	0	0	83,062
Capital outlay	1,257	0	0	1,257
Total operating cash disbursements	<u>666,413</u>	<u>114,716</u>	<u>0</u>	<u>781,129</u>
Operating income/(loss)	<u>435,268</u>	<u>(3,456)</u>	<u>0</u>	<u>431,812</u>
Non-operating cash receipts:				
Interest Income	17,397	0	0	17,397
Miscellaneous	4,999	0	28,615	33,614
Total non-operating cash receipts	<u>22,396</u>	<u>0</u>	<u>28,615</u>	<u>51,011</u>
Non-operating cash disbursements:				
Debt service - Principal	(87,931)	0	0	(87,931)
Debt service - Interest Expense	(81,088)	0	0	(81,088)
Other non-operating cash disbursements	(313)	0	(28,370)	(28,683)
Total non-operating cash disbursements	<u>(169,332)</u>	<u>0</u>	<u>(28,370)</u>	<u>(197,702)</u>
Excess of receipts over/(under) disbursements before interfund transfers				
	288,332	(3,456)	245	285,121
Transfers-out	<u>(83,506)</u>	<u>0</u>	<u>0</u>	<u>(83,506)</u>
Excess of receipts over/(under) disbursements before interfund transfers and advances	204,826	(3,456)	245	201,615
Fund cash balances, January 1, 1999	<u>782,244</u>	<u>12,347</u>	<u>68</u>	<u>794,659</u>
Fund cash balances, December 31, 1999	<u>\$987,070</u>	<u>\$8,891</u>	<u>\$313</u>	<u>\$996,274</u>
Reserve for encumbrances, December 31, 1999	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

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

**VILLAGE OF CRESTLINE
CRAWFORD COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
AS OF DECEMBER 31, 1999**

1. Summary of Significant Accounting Policies

A. Description of the Entity

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

The Village's management believes these financial statements present all activities for which the Village is financially accountable, except employee deferred compensation funds maintained by outside custodians are not included in these financial statements. Assets held by custodians are described in Note 8 to the financial statements.

B. Basis of Accounting

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

C. Cash and Investments

Certificates of deposit, and U.S. Treasury Notes are valued at cost. The investment in STAR Ohio (the State Treasurer's investment pool) is valued at amounts reported by the State Treasurer.

D. Fund Accounting

The Village uses fund accounting to segregate cash and investments that are restricted as to use. The Village classifies its funds into the following types:

General Fund

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

Special Revenue Funds

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

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

CDBG Revenue Loan Fund-This fund receipts loan payments for loans that were made by the Village to low income families to build houses or make other needed structural repairs to their residence.

Debt Service Fund

These funds are used to accumulate resources for the payment of bonds and note indebtedness.

The Village has the following significant Debt Service funds:

**VILLAGE OF CRESTLINE
CRAWFORD COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
AS OF DECEMBER 31, 1999**

Wastewater Renovation Fund- This fund is used to accumulate resources for the payment of bonds and notes for the wastewater renovation project.

City Hall Fund-This fund is used to accumulate resources for the payment of bonds for the renovations that are needed to the City Hall building.

Swimming Pool Fund-This fund is used to accumulate resources for the payment of improvements that are needed to the Crestline Swimming Pool.

Capital Project Funds

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

Water Treatment Plant Fund- Received proceeds of general obligation bonds. The proceeds are being used to construct a new water treatment plant.

Enterprise funds

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

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

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

Fiduciary Funds (Trust and Agency Funds)

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

Local Income Tax Fund- Receives local income tax and disburses to the General Fund, Capital Improvements Fund, and Street Fund.

E. Budgetary Process

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

Appropriations

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

Estimated Resources

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

**VILLAGE OF CRESTLINE
CRAWFORD COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
AS OF DECEMBER 31, 1999**

Encumbrances

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

A summary of 1999 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

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

G. Unpaid Vacation and Sick Leave

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

2. Equity in Pooled Cash and Investments

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

	<u>1999</u>
Demand deposits	\$454,252
Certificates of deposit	1,000,000

Total deposits	<u>1,454,252</u>
Repurchased Agreement	1,217,039
STAR Ohio	152,163

Total investments	<u>1,369,202</u>
Total deposits and investments	<u>\$2,823,454</u>

Deposits:

Deposits are either (1) insured by the Federal Depository Insurance Corporation, or (2) collateralized by the financial institution's public entity deposit pool

Investments:

Investments in STAR Ohio and mutual funds are not evidenced by securities that exist in physical or book-entry form. The Village has an overnight repurchase agreement for their checking account.

3. Budgetary Activity

Budgetary activity for the year ending December 31, 1999 follows:

**VILLAGE OF CRESTLINE
CRAWFORD COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
AS OF DECEMBER 31, 1999**

1999 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$1,200,440	\$1,461,409	\$260,969
Special Revenue	396,610	360,112	(36,498)
Debt Service	2,018,700	1,975,446	(43,254)
Capital Projects	249,902	263,392	13,490
Enterprise	1,069,500	1,124,077	54,577
Internal Service	111,260	111,260	0
Fiduciary	1,218,230	1,274,675	56,445
Total	<u>\$6,264,642</u>	<u>\$6,570,371</u>	<u>\$305,729</u>

1999 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$1,400,071	\$1,283,333	\$116,738
Special Revenue	616,408	336,661	279,747
Debt Service	2,001,000	1,980,751	20,249
Capital Projects	406,996	129,915	277,081
Enterprise	1,471,537	919,251	552,286
Internal Service	114,716	114,716	0
Fiduciary	1,263,725	1,244,012	19,713
Total	<u>\$7,274,453</u>	<u>\$6,008,639</u>	<u>\$1,265,814</u>

4. Property Tax

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

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

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

**VILLAGE OF CRESTLINE
CRAWFORD COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
AS OF DECEMBER 31, 1999**

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

5. Debt

Debt outstanding at December 31, was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
General Obligation Bonds	650,000	5.88%
General Obligation Notes	1,686,000	4.47%
Water Systems Revenue Bonds	1,340,000	4.7% to 5.90%
Total	<u>\$3,676,000</u>	

All outstanding notes at December 31, 1999, were issued as allowed by law. These notes were of the bond anticipation type and have been renewed. Proceeds from the notes were used to help with improvements made to the wastewater treatment facilities, sewer facilities and the swimming pool. The General Obligation Bonds were used for the payment for construction done on the City Hall.

The Water Systems Revenue Bonds were issued in 1996 with proceeds being used to retire the bond anticipation note for the wastewater treatment plant.

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

<u>Year ending December 31:</u>	<u>General Obligation Bonds</u>	<u>General Obligation Notes</u>	<u>Water Revenue Bonds</u>
2000	103,188	1,750,611	157,418
2001	99,369	0	153,422
2002	95,550	0	154,300
2003	91,731	0	154,800
2004	87,913	0	154,955
Subsequent	382,282	0	1,098,505
Total	<u>\$860,033</u>	<u>\$1,750,611</u>	<u>\$1,873,400</u>

6. Retirement Systems

The Village's law enforcement officers [and firefighters] belong to the Police & Firemen's Disability & Pension Funds (PFDPF). Other full-time employees belong to the Public Employees Retirement System (PERS) of Ohio. PFDPF and PERS are cost-sharing, multiple-employer plans. These plans provide retirement benefits, including post retirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

**VILLAGE OF CRESTLINE
CRAWFORD COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
AS OF DECEMBER 31, 1999**

Contribution rates are also prescribed by the Ohio Revised Code. For 1999, members of PFDPF contributed 10% of their wages to the PFDPF. The Village contributed an amount equal to 19.5% of their wages for law enforcement and 24% for firemen. PERS members contributed 8.5% of their gross salaries. The Village contributed an amount equal to 13.55% of participants' gross salaries. The Village has paid all contributions required through December 31, 1999.

7. Risk Management

The Village is a member of the Ohio Municipal League Joint Self Insurance Pool (the Pool). The Pool assumes the risk of loss up to the limits of the Village's policy. The Pool may assess supplemental premiums. The following risks are covered by the Pool:

- General liability and casualty
- Public official's liability
- Vehicle

The Village also provides health insurance and dental and vision coverage to full-time employees through a self insurance plan. The plan is administered by American Benefits. The Village has an individual excess loss insurance policy for which it is responsible to pay claims up to a maximum of \$10,000 per employee, per year. The Village also has an aggregate excess loss insurance policy.

8. Custodians of Other Village Assets

The following funds are maintained by custodians, as legally required. These assets, and the related receipts and disbursements, are not reflected in the accompanying financial statements.

Deferred Compensation Assets

Certain employees may elect to participate in the Ohio Deferred Compensation Program. Amounts withheld from these employees are tax deferred, and are invested by the Program as directed by the employees. At December 31, 1999, the Program held \$183,925 in deferred compensation assets for the Village.

Restricted Moneys

The Village has investments in a money market fund in the amount of \$159,190 as of December 31, 1999, which is being held at Huntington National Bank as security in the event that the Village would default on a payment due for the Water System Mortgage Revenue bonds.

9. Subsequent Event

On March 6, 2000, the Village approved the rollover of Wastewater Renovation notes in the amount of \$1,176,000.

10. Contingent Liabilities

The Village is a defendant in one lawsuit. Although the outcome of this suit is not presently determinable, counsel believes that the resolution of these matters will not materially adversely affect the Village's financial condition.

VILLAGE OF CRESTLINE, CRAWFORD COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 1999

Federal Grantor/ Pass-Through Grantor/ Program Title	Catalog of Federal Domestic Assistance Number	Program or Loan Amount	12/31/99 Loan Balances
<u>U.S. Department of Housing and Urban Development Passed through Ohio Department of Development</u>			
Community Development Revolving Loan Program	14.228		<u>\$79,018</u>
Total Ohio Department of Development			<u>\$79,018</u>
<u>U.S. Department of Agriculture</u>			
Community Facility Loan #01	10.766	\$1,205,000	\$650,000
Total U. S. Department of Agriculture		<u>\$650,000</u>	
TOTAL LOAN BALANCES OF FEDERAL AWARDS			<u>\$729,018</u>
Federal Grantor/ Pass-Through Grantor/ Program Title	CFDA#	Program Amount	12/31/99 Expenditures
<u>U.S. Department of Justice Passed through the Ohio Office of Criminal Justice</u>			
Community Oriented Policing Services (COPS) Grant Number 95CFWX2014	16.710	\$7,500	<u>\$625</u>
Law Enforcement Grant Number 97-LE-LEB-3110	16.579	\$10,766	\$10,766
Number 98-LE-LEB-3110	16.579	\$5,000	<u>5,000</u>
Total Law Enforcement Grants			<u>\$15,766</u>
Total U. S. Department of Justice			<u>\$16,391</u>
TOTAL PROGRAM EXPENDITURES			<u>\$16,391</u>
TOTAL SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS			<u>\$745,409</u>

The accompanying notes are an integral part of this schedule.

VILLAGE OF CRESTLINE
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 1999

(1) **Scope of Audit:**

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

The village received a significant amount of Federal Programs from the United States Department of Agriculture and the Department of Justice.

Single audit testing procedures were performed for program transactions occurring during the year ended December 31, 1999.

(2) **Basis of Presentation:**

The accompanying Schedule of Expenditures of Federal Awards has been prepared in conformity with requirements of Circular A-133 which requires that at least expenditures be shown in the schedule. The schedule has been prepared on the cash basis of accounting.

Some Federal Revenue was received on a reimbursement basis. Certain Federal Programs require that the Village contribute non-Federal funds (matching funds) to support the Federally-funded programs. The Village has complied with the matching requirements. The expenditure of non-Federal matching funds is not included on the Schedule.

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Report of Independent Accountants on Compliance and on Internal Control Required by *Government Auditing Standards*

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

We have audited the accompanying financial statements of the Village of Crestline, Crawford County, Ohio, as of and for the year ended December 31, 1999, and have issued our report thereon dated June 8, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 1999-001 and 1999-002.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Village's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgement, could adversely affect the Village of Crestline's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. A reportable condition is described in the accompanying schedule of findings as item 1999-003.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. . Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. However, we believe none of the reportable conditions that are described above are material weaknesses. We also noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Village in a separate letter dated June 8, 2000.

This report is intended for the information and use of the audit committee, management, and federal awarding and pass-through entities and Village Council, and is not intended to be and should not be used by anyone other than these specified parties.

June 8, 2000
Findlay, Ohio

REICHERT & ASSOCIATES, CPA'S
Certified Public Accountants

REICHERT & ASSOCIATES, CPA'S

206 West Hardin Street
Findlay, Ohio 45840

REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Crestline Village Council
Crestline, Ohio 44827

Compliance

We have audited the compliance of Village of Crestline with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended December 31, 1999. Village of Crestline's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility the Village's management. Our responsibility is to express an opinion on the Village's compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Village of Crestline 's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Village 's compliance with those requirements.

As described in item 1999-004 in the accompanying schedule of findings and questioned costs, the Village of Crestline did not comply with requirements regarding special provisions that are applicable to it Community Facility Loan Program. Compliance with such requirements is necessary, in our opinion, for the Village of Crestline to comply with the requirements applicable to that program.

In our opinion, the Village, except for the noncompliance described in the preceding paragraph, the Village of Crestline complied, in all material respects, with the requirements referred to above that are applicable to its major federal program year ended December 31, 1999.

Internal Control Over Compliance

The management of the Village of Crestline is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Village 's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

We noted certain matters involving the internal control over compliance and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance, that in our judgement, could adversely affect the Village of Crestline's ability to administer a major federal program in accordance with the applicable requirements of laws, regulations, contracts, and grants.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk the noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses, and accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above we consider item 1999-004 to be a material weakness.

This report is intended for the information of the audit committee, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

June 8, 2000
Findlay, Ohio

REICHERT & ASSOCIATES, CPA'S
Certified Public Accountants

VILLAGE OF CRESTLINE

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 §.505
FOR THE YEAR ENDED DECEMBER 31, 1999**

1. SUMMARY OF AUDITOR'S RESULTS

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unqualified
<i>(d)(1)(ii)</i>	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	Yes
<i>(d)(1)(iii)</i>	Was there any reported material non-compliance at the financial statement level (GAGAS)?	Yes
<i>(d)(1)(iv)</i>	Were there any material internal control weakness conditions reported for major federal programs?	Yes
<i>(d)(1)(iv)</i>	Were there any other reportable internal control weakness conditions reported for major federal programs?	Yes
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Qualified
<i>(d)(1)(vi)</i>	Are there any reportable findings under §.510?	Yes
<i>(d)(1)(vii)</i>	Major Programs (list):	Community Facility Loan CFDA #10.766
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A\B Programs	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	Yes

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

Finding Number	1999-001
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Timely Posting of Financial Activity

Ohio Rev. Code Section 733.28 states, in part, that the Village clerk shall keep the books of the Village and exhibit accurate statements of all monies received and expended.

In 1999, the financial activity of the Village was not posted in a timely manner throughout the year. The Village began to catch up on posting in September and was caught up by January of 2000. As a result, the Village Council did not receive financial information for this time period.

Village Council should adopt policies and procedures to ensure that all financial activity is posted to the Village's financial statements on a daily basis. The policies should address contingency plans to ensure, in the absence of the clerk/treasurer, that financial activity is summarized and posted in a timely manner by authorized personnel.

Finding Number	1999-002
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Certification by Fiscal Officer

Ohio Rev. Code Section 5705.41(D) states that no subdivision shall make any contract or order any expenditure of money unless the certificate of the fiscal officer is attached. The fiscal officer must certify that the amount required to meet such a commitment has been lawfully appropriated and is in the treasurer's possession or in the process of collection to the credit of an appropriated fund, free from any previous encumbrance. This section does allow exceptions when then and now certificates are utilized and when amounts are less than \$1,000. If either exception is not met, contracts and orders for expenditure lacking prior certification shall be null and void.

Neither of the above exceptions applied in the test of disbursements. Almost all of the twenty five expenditures tested expended funds without obtaining certification of the clerk.

It is recommended that the clerk/treasurer certify all expenditures of money prior to the purchase or service is received.

Finding Number	1999-003
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The Village council did not receive monthly financial reports for the fiscal year 1999.

For each regular meeting, we recommend the Council receive monthly reports showing beginning fund balances, detail of monthly receipts and expenditures by fund, and ending fund balances. Furthermore, the fund report, revenue report, and appropriations ledger should be made available to Council for ongoing review and monitoring purposes. This information can help answer questions such as the following:

- Are current receipts sufficient to cover current costs?
- Is actual receipt and disbursement activity comparable to budgeted amounts?
- Does the detailed listing of activity indicate any unusual transactions or fluctuations?

We recommend that the clerk/treasurer prepare monthly financial reports to present to Council and/or the finance committee for monitoring purposes. It is also recommended that the Council sign or initial the monthly financial reports to evidence their review.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

Finding Number	1999-004
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**U.S. Department of Agriculture
Community Facility Loan #01 Program (CFDA#10.766)**

Criteria:

Special Provisions:

Telephone communications with the Rural Development Office in Findlay, Ohio and a letter dated April 16, 1996 revealed there are special reporting requirements that were not complied with. These requirements include:

An annual budget which is due prior to the beginning of the calendar year is to be submitted the Rural Development Office on form FmHA 442-2 or the village can use its own format.

The latest report of examination prepared or reviewed by the Auditor of State is to be submitted.

A balance sheet as of the end of the year being completed. The village can use Form FmHA 442-3.

An additional information sheet listing the Mayor, Clerk-Treasurer and other members of the governing body.

Condition:

The village has not complied with these provisions for 1999.

Cause:

The clerk-treasurer was sick for least eight months and resigned. An interim clerk-treasurer was appointed with limited knowledge in this area. The village administrator was also recently hired and again had limited knowledge of these special provisions. In previous years the Rural Development Office would send first and second requests for this information but these were not sent out this year.

Recommendation:

The rural development office in Findlay, Ohio still wants this information and we recommend sending this to them now and in the future until the loan is paid off in 2009.

VILLAGE OF CRESTLINE
CRAWFORD COUNTY, OHIO

**STATUS OF PRIOR AUDIT'S
FINDINGS, CITATIONS, AND RECOMMENDATIONS**

<u>CITATIONS</u>	<u>Status</u>	<u>Explanation if not fully Implemented</u>
Timely Posting of Financial Activity Ohio Revised Code 733.28	Not Corrected	Village has hired consultant to bring books up to date.
Certificate of Fiscal Officer ORC 5705.41D	Not Corrected	Village is working to correct.
 <u>REPORTABLE CONDITION</u>		
Timely Cash Reconciliations	Corrected	N/A
Legislative Monitoring	Not Corrected.	Village is working to correct.



STATE OF OHIO
OFFICE OF THE AUDITOR

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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.

By: Susan Babbitt

Date: JULY 25, 2000