



**Dave Yost • Auditor of State**

**Village of Crestline  
Crawford County**

**Fiscal Analysis  
As of December 31, 2015 and February 29, 2016;  
and the Year ending December 31, 2016**

**Local Government Services**



Village of Crestline, Crawford County

Fiscal Analysis

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# Dave Yost • Auditor of State

## Fiscal Analysis

The Auditor of State performed a fiscal analysis of the Village of Crestline pursuant to Sections 118.03 and 118.022 of the Ohio Revised Code. This analysis took the form of a review of the financial conditions at December 31, 2015 and February 29, 2016 and the examination of a financial forecast of the general fund for the year ending December 31, 2016. This analysis indicates that neither a fiscal emergency or fiscal watch exist at the Village of Crestline.

Accordingly, on behalf of the Auditor of State, this report is hereby submitted and filed with Gloria McDonald, Mayor of the Village of Crestline; Allen Moore, President of Council of the Village of Crestline; and Timothy S. Keen, Director of the Office of Budget and Management.

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

Dave Yost  
Auditor of State

February 2, 2017

Village of Crestline, Crawford County

Fiscal Analysis

**Introduction**

As provided by Sections 118.021 and 118.04(A) of the Ohio Revised Code, the Mayor requested that a fiscal analysis be performed by the Auditor of State for the Village of Crestline, Crawford County (the Village). The purpose of the analysis was to determine if the financial condition of the Village justifies the declaration of a fiscal emergency.

A village is placed in fiscal emergency if any one of six conditions described in Section 118.03 of the Ohio Revised Code exists. The six conditions are: 1) default on any debt obligation; 2) failure to make payment of all payroll; 3) an increase in the minimum levy of the village which results in the reduction in the minimum levy of another subdivision; 4) significant past due accounts payable; 5) substantial deficit balances in village funds; and 6) a sizeable deficiency in the village's treasury when the balance is compared to the positive cash balances of the village's funds.

The existence of the conditions described under Condition 4, 5, and 6 of this report at year-end do not constitute a basis for the declaration of fiscal emergency if the Village clearly demonstrates to the satisfaction of the Auditor of State that the conditions no longer exist at the time of the determination.

This report identifies the procedures performed and the conclusions reached with respect to each condition as of December 31, 2015, and February 29, 2016.

**Condition One - Default on Any Debt Obligation**

Section 118.03(A)(1) of the Ohio Revised Code defines a fiscal emergency condition as:

The existence, at the time of the determination by the Auditor of State under Section 118.04 of the Revised Code, of a default on any debt obligation for more than thirty days.

A summary of the Village's outstanding debt as of February 29, 2016, is as follows:

<u>Debt Issue</u>	<u>Interest Rate</u>	<u>Issue Date</u>	<u>Issue Amount</u>
<u>General Obligation Bonds</u>			
Sewer Improvement	3.75%	5/22/2012	\$698,000
<u>Loans Payable</u>			
OPWC West Side Storm Sewer	0.00	1/1/2006	482,498
OPWC Cloverdale Avenue Sanitary Sewer Replacement	0.00	7/1/2007	57,219
OPWC Wiley Street Waterline Replacement	0.00	1/1/2010	116,890
OPWC Wastewater Treatment Plant Phase I	0.00	7/1/2013	250,000
OPWC Countyline, Arnold Street, Scott Street Waterline	0.00	7/1/2014	408,427
OWDA Sewer Planning	1.00	12/9/2010	97,578
OWDA Sanitary Sewer Improvement Phase I	1.00	12/8/2011	319,671
OWDA Bibisch Court and Patterson Street Sewer	1.00	4/24/2014	15,954
OWDA Wastewater Treatment Plant Improvement	1.00	7/31/2014	688,487
OWDA Sewer Separation	1.00	5/28/2015	306,412

(continued)

Village of Crestline, Crawford County

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Debt Issue	Interest Rate	Issue Date	Issue Amount
<u>Capital Leases Payable</u>			
Police Cruisers	4.34	12/2/2013	\$85,596
Vac Sweeper	3.41	9/8/2014	330,589
Ambulance	5.24	5/11/2009	120,261

We obtained a list of outstanding debt and the amortization schedules to identify the last scheduled payments due before February 29, 2016, and reviewed the council minutes for any debt issued.

Conclusion: A fiscal emergency condition does not exist under Ohio Revised Code Section 118.03(A)(1). The Village had not defaulted on any of its debt obligations for more than thirty days as of February 29, 2016.

**Condition Two - Payment of All Payroll**

Section 118.03(A)(2) of the Ohio Revised Code defines a fiscal emergency condition as:

The existence, at the time of the determination by the Auditor of State under Section 118.04 of the Revised Code, of a failure for lack of cash in the funds to make payment of all payroll to employees of the municipal corporation, county, or township in the amounts and at the times required by laws, ordinances, resolutions, or agreements, which failure of payment has continued:

- a. For more than thirty days after such time for payment, or
- b. Beyond a period of extension, or beyond the expiration of ninety days from the original time for payment, whichever first occurs, if the time for payment has been extended for more than thirty days by the written consent of at least two-thirds of the employees affected by such failure to pay, acting individually or by their duly authorized representatives.

We reviewed the payroll records of the Village as of February 29, 2016. We reviewed the council minutes, ordinances, resolutions, and had a discussion with the Village Administrator to determine the employees of the Village, pay rates, frequency of payroll, and whether any extensions for the payment of payroll existed. We reviewed the cash journal and cancelled checks to determine whether Village employees had been paid within the time specified by Sections 118.03(A)(2) of the Ohio Revised Code. We determined that adequate cash was in the bank account to cover payroll.

Conclusion: A fiscal emergency condition does not exist under Section 118.03(A)(2) of the Ohio Revised Code as of February 29, 2016. All employees have been paid in amounts and at the times required by Village ordinance.

**Condition Three - Increase in Minimum Levy**

Section 118.03(A)(3) of the Ohio Revised Code defines a fiscal emergency condition as:

An increase, by action of the county budget commission pursuant to division (D) of Section 5705.31 of the Revised Code, in the minimum levy of the municipal corporation, county, or township for the current or next fiscal year which results in a reduction in the minimum levies for one or more other subdivisions or taxing districts.

We confirmed with the Crawford County Budget Commission whether there had been an increase, pursuant to division (D) of Section 5705.31 of the Ohio Revised Code, in the minimum levy of the Village for 2016 which resulted in a reduction in the minimum levies for one or more other subdivisions or taxing districts. The confirmation received from the Crawford County Budget Commission indicated that the County Budget Commission had not taken any action to increase the inside millage of the Village for 2016.

Conclusion: A fiscal emergency condition does not exist under Section 118.03(A)(3) of the Ohio Revised Code as of February 29, 2016. The Crawford County Budget Commission has not taken any action to increase the inside millage of the Village by reducing another subdivision's inside millage.

**Condition Four - Past Due Accounts Payable from the General Fund and All Funds**

Section 118.03(A)(4) of the Ohio Revised Code defines a fiscal emergency condition as:

The existence of a condition in which all accounts that, at the end of its preceding fiscal year, were due and payable from the general fund and that either had been due and payable at least thirty days at the end of the fiscal year or to which a penalty has been added for failure to pay by the end of the fiscal year, including, but not limited to, final judgments, fringe benefits payments due and payable, and amounts due and payable to persons and other governmental entities and including any interest and penalties thereon, less the year-end balance in the general fund, exceeded one-sixth of the general fund budget for that year, or in which all accounts that, at the end of its preceding fiscal year, were due and payable from all funds of the municipal corporation, county, or township and that either had been due and payable for at least thirty days at the end of the fiscal year or to which a penalty has been added for failure to pay by the end of the fiscal year less the year-end balance in the general fund and in the respective special funds lawfully available to pay such accounts exceeded one-sixth of the available revenues during the preceding fiscal year, excluding nonrecurring receipts, of the general fund and of all special funds from which such accounts lawfully are payable. Accounts due and payable shall not include any account, or portion thereof, that is being contested in good faith.

We prepared a schedule of accounts payable as of December 31, 2015, that were due and payable from all funds, and that had been due and payable for at least thirty days, or to which a penalty had been added for failure to pay as of December 31, 2015, including, but not limited to, final judgments, fringe benefits payments due and payable, and amounts due and payable to persons and other governmental entities, including any interest and penalties. From this amount, we subtracted the year-end fund balance available to pay such outstanding bills. We then determined if the accounts payable in excess of the available fund balance exceeded one-sixth of the available revenues during 2015, excluding non-recurring receipts, of the general fund and of all special funds from which such accounts are lawfully payable.

Village of Crestline, Crawford County

Fiscal Analysis

Schedule I

All Funds Accounts Payable Over 30 Days Past Due  
Ohio Revised Code Section 118.03(A)(4)  
As of December 31, 2015

<u>Fund</u>	<u>Payables Over 30 Days Past Due</u>	<u>Fund Balance Available</u>	<u>Payables in Excess of Available Balance</u>	<u>One-Sixth of Revenues</u>	<u>Accounts Payable in Excess of Revenues</u>
Street Maintenance and Repair	\$3,843	\$0	\$3,843	\$45,785	\$0

**Conclusion:** Schedule I indicates that a fiscal emergency condition does not exist under section 118.03(A)(4) of the Ohio Revised Code. Accounts payable from all funds which were at least thirty days past due at December 31, 2015, did not exceed the available fund balances. An analysis as of the date of determination was not made because a fiscal emergency condition did not exist at year-end.

**Condition Five - Deficit Fund Balances**

Section 118.03(A)(5) of the Ohio Revised Code defines a fiscal emergency condition as:

The existence of a condition in which the aggregate of deficit amounts of all deficit funds at the end of its preceding fiscal year, less the total of any year-end balance in the general fund and in any special fund that may be transferred as provided in Section 5705.14 of the Revised Code to meet such deficit, exceeded one-sixth of the total of the general fund budget for that year and the receipts to those deficit funds during that year other than from transfers from the general fund.

We computed the adjusted aggregate sum of all deficit funds at December 31, 2015, by subtracting all accounts payable and encumbrances from the year-end cash fund balance of each fund. We then determined if the aggregate deficit fund balance exceeded one-sixth of the receipts to those deficit funds. We then identified funds that may be transferred, as provided in Section 5705.14 of the Ohio Revised Code, to meet such deficits to arrive at the unprovided portion of the aggregate deficit.

Schedule II

Deficit Fund Balances  
Ohio Revised Code Section 118.03(A)(5)  
As of December 31, 2015

<u>Funds</u>	<u>Cash Fund Balances</u>	<u>Less Accounts Payable and Encumbrances</u>	<u>Adjusted Aggregate Sum of Funds with Deficit Balances</u>	<u>One-Sixth of Revenues</u>	<u>Unprovided Portion of Aggregate Deficit</u>
Street Maintenance and Repair	(\$69,444)	(\$4,901)	(\$74,345)	\$45,785	(\$28,560)
Capital Improvement	(115,860)	0	(115,860)	9,593	(106,267)
Subtotal	<u>(\$185,304)</u>	<u>(\$4,901)</u>	<u>(\$190,205)</u>	<u>\$55,378</u>	<u>(134,827)</u>
Funds Available for Transfer					<u>157,303</u>
Total Balance Available					<u>\$22,476</u>

Village of Crestline, Crawford County

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Conclusion: A fiscal emergency condition does not exist under section 118.03(A)(5) of the Ohio Revised Code as of December 31, 2015. The total unprovided portion of the aggregate deficit funds as of December 31, 2015, was eliminated with funds available for transfer from the General Fund.

**Condition Six - Treasury Deficiency**

Section 118.03(A)(6) of the Ohio Revised Code defines a fiscal emergency condition as:

The existence of a condition in which, at the end of the preceding fiscal year, moneys and marketable investments in or held for the unsegregated treasury of the municipal corporation, county, or township, minus outstanding checks and warrants were less in amount than the aggregate of the positive balances of the general fund and those special funds the purposes of which the unsegregated treasury is held to meet and such deficiency exceeded one-sixth of the total amount received into the unsegregated treasury during the preceding fiscal year.

We verified the Village's reconciled bank balance to its statement of cash position for all funds as of December 31, 2015, which included subtracting reconciling factors to arrive at the treasury balance. We then determined the aggregate sum of all positive fund cash balances, the purpose of which the unsegregated treasury is held to meet, to determine the treasury deficit. No further calculations were necessary because positive cash balances were greater than the treasury deficit at December 31, 2015.

Schedule III

Treasury Balance  
Ohio Revised Code Section 118.03(A)(6)  
as of December 31, 2015

	Amounts at December 31, 2015
Account Balances	
General Checking Account	\$279,671
Sweep Account	708,017
Payroll Checking Account	21,793
Certificate of Deposit	57,500
Investments	1,000,000
Total Account Balances	<u>2,066,981</u>
Less Reconciling Factors for	
Outstanding Checks - General Checking Account	(16,788)
Outstanding Checks - Payroll Account	(20,294)
Deposits in Transit	75
Voided Checks	95
Change in Value of Investments	(3,053)
Cash on Hand	<u>1,000</u>
Total Treasury Balance	<u>2,028,016</u>

(continued)

Village of Crestline, Crawford County

Fiscal Analysis

Schedule IV

Treasury Balance  
Ohio Revised Code Section 118.03(A)(6)  
as of December 31, 2015

	<u>Amounts at December 31, 2015</u>
Positive Cash Fund Balances	
General	\$249,908
State Highway	6,364
Fire Safety Education	3,203
Permissive Tax	42,729
Police and Fire	213,142
Drug Law Enforcement	18,889
Law Enforcement and Education	7,589
DARE	536
Income Tax	79,659
CDBG General Housing	2,687
CDBG Formula	14,010
CDBG Revolving Loan	6,477
Indigent Driver	8,197
CHIP	23,961
Swimming Pool Capital	14,315
Issue I	1,397
City Hall Capital Projects	511
Mayors Court Improvements	17,290
Water Treatment Plan Capital Project	3,849
Swimming Pool Bond	17,919
Replacement & Improvement	60,000
Water Reserve Debt Service	15,000
Water	1,017,374
Sewer	330,326
Swimming Pool	9,124
Ambulance	19,654
Unclaimed Funds	24
Police Pension	9,436
Fire Pension	6,045
Hayes Estate Trust	13,705
Total Positive Cash Fund Balances	<u>2,213,320</u>
Treasury Deficit	(185,304)
One-Sixth Treasury Receipts	<u>767,439</u>
Treasury Balance	<u><u>\$582,135</u></u>

Conclusion: A fiscal emergency condition does not exist under section 118.03(A)(6) of the Ohio Revised Code. There was no treasury deficiency at December 31, 2015.

**Financial Forecast**

Section 118.022(A)(4) of the Ohio Revised Code defines a fiscal watch condition as:

Based on an examination of the financial forecast approved by the legislative body of a municipal corporation, county, or township, the auditor of state certifies that the general fund deficit at the end of the current fiscal year will exceed one-twelfth of the general fund revenue from the preceding fiscal year.

The Crestline Village Council approved a financial forecast of the general fund for the year ending December 31, 2016. The Auditor of State examined the forecast and issued a report dated October 14, 2016 (see Appendix A). The financial forecast anticipates a positive fund balance of \$301,100 at December 31, 2016.

Conclusion: The financial forecast of the general fund for the year ending December 31, 2016, indicates that a fiscal watch does not exist under Section 118.022(A)(4) of the Ohio Revised Code. The forecast reflects that the general fund has a positive fund balance at December 31, 2016.

**Summary**

A fiscal emergency is the existence of at least one of the conditions defined above. This analysis indicates that a fiscal emergency does not exist at the Village of Crestline.

We performed the procedures necessary to determine whether a financial forecast for fiscal watch as set forth in Section 118.021 of the Ohio Revised Code existed as of December 31, 2016, at the Village of Crestline. The results of our analysis indicate that a fiscal watch does not exist at the Village of Crestline as defined in Section 118.022(A)(4) of the Ohio Revised Code.

Because the above procedures were not sufficient to constitute an audit made in accordance with generally accepted auditing standards, we do not express an opinion on any of the specific accounts and fund balances referred to above. Had we performed additional procedures or had we made an audit of the financial statements in accordance with generally accepted auditing standards, other matters might have come to our attention that would have been reported to you.

**APPENDIX A**

**Village of Crestline  
Crawford County**

**Financial Forecast  
For the Year Ended December 31, 2016**

Village of Crestline, Crawford County

Financial Forecast

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# Dave Yost • Auditor of State

Members of Council  
Village of Crestline  
100 North Seltzer Street  
Crestline, Ohio 44827

## Independent Accountant's Report

We have examined the accompanying forecasted Statement of Revenues, Expenditures, and Changes in Fund Balance of the General Fund of the Village of Crestline for the year ending December 31, 2016. The Village's management is responsible for the forecast. Our responsibility is to express an opinion on the forecast based on our examination.

Our examination was conducted in accordance with the attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included such procedures as we considered necessary to evaluate both the assumptions used by management and the preparation and presentation of the forecast. We believe that our examination provides a reasonable basis for our opinion.

In our opinion, the accompanying forecast is presented in conformity with guidelines for presentation of a forecast established by the American Institute of Certified Public Accountants and the underlying assumptions provide a reasonable basis for management's forecast. However, there will usually be differences between the forecasted and actual results because events and circumstances frequently do not occur as expected and those differences may be material. We have no responsibility to update this report for events and circumstances occurring after the date of this report.

Our examination of the financial forecast was made for the purpose of forming an opinion on whether the financial forecast is presented in conformity with AICPA guidelines for presentation of a forecast and the underlying assumptions provide a reasonable basis for the forecast. The Schedule of Expenditures by Object and Department is presented for purposes of additional analysis and is not a required part of the financial forecast. Such information has been subjected to procedures applied in the examination of the financial forecast and, in our opinion, is fairly stated in all material respects in relation to the financial forecast taken as a whole.

The accompanying Statement of Revenues, Expenditures, and Changes in Fund Balance of the General Fund of the Village of Crestline for the years ended December 31, 2014 and 2015 were compiled by us in accordance with the Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. A compilation is limited to presenting in the form of financial statements information that is the representation of management. We have not audited or reviewed this financial information, and, accordingly, do not express an opinion or any other form of assurance on them. Management has elected to omit substantially all of the disclosures associated with the historical financial statements; these disclosures might influence a user's conclusion regarding the Village's results of operations. Accordingly, these financial statements are not designed for those who are not informed about such matters.

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

Dave Yost  
Auditor of State

October 14, 2016

Village of Crestline, Crawford County  
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget Basis  
For the Years Ended December 31, 2014 and 2015, Actual; and  
Ending December 31, 2016, Forecasted

General Fund

	2014 Actual	2015 Actual	2016 Forecasted	Variance Increase (Decrease)
<u>Revenues</u>				
Municipal Income Taxes	\$783,300	\$759,000	\$845,000	\$86,000
Property Taxes	129,100	140,500	129,500	(11,000)
Charges for Services	66,100	66,100	66,100	0
Fees, Licenses, and Permits	70,200	76,300	73,300	(3,000)
Fines and Forfeitures	79,600	87,700	88,100	400
Intergovernmental	133,300	143,800	137,800	(6,000)
Interest	8,400	9,700	9,900	200
Contributions and Donations	11,900	11,600	12,700	1,100
Other	54,900	35,900	10,300	(25,600)
Total Revenues	<u>1,336,800</u>	<u>1,330,600</u>	<u>1,372,700</u>	<u>42,100</u>
<u>Other Financing Sources</u>				
Transfers In	500	0	0	0
Total Revenues and Other Financing Sources	<u>1,337,300</u>	<u>1,330,600</u>	<u>1,372,700</u>	<u>42,100</u>
<u>Expenditures</u>				
Current:				
General Government				
Council				
Personal Services	14,000	13,900	14,300	400
Contractual Services	2,500	1,800	1,800	0
	<u>16,500</u>	<u>15,700</u>	<u>16,100</u>	<u>400</u>
Mayor				
Personal Services	5,000	5,000	5,500	500
	<u>5,000</u>	<u>5,000</u>	<u>5,500</u>	<u>500</u>
Fiscal Officer				
Personal Services	14,600	8,000	12,100	4,100
Contractual Services	400	100	2,500	2,400
Materials and Supplies	100	0	0	0
	<u>15,100</u>	<u>8,100</u>	<u>14,600</u>	<u>6,500</u>
Treasurer				
Personal Services	3,800	200	6,300	6,100
	<u>3,800</u>	<u>200</u>	<u>6,300</u>	<u>6,100</u>
Village Hall				
Personal Services	11,800	12,600	0	(12,600)
Contractual Services	53,100	45,200	39,900	(5,300)
Materials and Supplies	2,900	2,000	2,200	200
Capital Outlay	400	0	0	0
Other	1,800	1,400	5,200	3,800
	<u>70,000</u>	<u>61,200</u>	<u>47,300</u>	<u>(13,900)</u>
Village Administrator				
Personal Services	28,500	30,200	29,900	(300)
Contractual Services	700	1,200	200	(1,000)
	<u>29,200</u>	<u>31,400</u>	<u>30,100</u>	<u>(1,300)</u>

(continued)

Village of Crestline, Crawford County  
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget Basis  
For the Years Ended December 31, 2014 and 2015, Actual; and  
Ending December 31, 2016, Forecasted

General Fund (continued)				
	2014 Actual	2015 Actual	2016 Forecasted	Variance Increase (Decrease)
Mayor's Court				
Personal Services	\$32,200	\$36,900	\$52,900	\$16,000
Contractual Services	9,700	10,200	8,400	(1,800)
Materials and Supplies	100	200	500	300
	<u>42,000</u>	<u>47,300</u>	<u>61,800</u>	<u>14,500</u>
Village Maintenance				
Contractual Services	26,500	22,200	19,600	(2,600)
Total General Government	<u>208,100</u>	<u>191,100</u>	<u>201,300</u>	<u>10,200</u>
Security of Persons and Property				
Police				
Personal Services	688,200	390,200	2,000	(388,200)
Contractual Services	78,100	38,900	100	(38,800)
Materials and Supplies	42,100	18,100	0	(18,100)
	<u>808,400</u>	<u>447,200</u>	<u>2,100</u>	<u>(445,100)</u>
Fire				
Personal Services	297,500	183,700	1,400	(182,300)
Contractual Services	31,500	22,400	0	(22,400)
Materials and Supplies	6,100	2,700	0	(2,700)
	<u>335,100</u>	<u>208,800</u>	<u>1,400</u>	<u>(207,400)</u>
Street Lighting				
Contractual Services	0	0	45,200	45,200
Total Security of Persons and Property	<u>1,143,500</u>	<u>656,000</u>	<u>48,700</u>	<u>(607,300)</u>
Community Environment				
Harvest Festival				
Contractual Services	13,700	13,500	13,500	0
Materials and Supplies	12,800	9,300	12,600	3,300
	<u>26,500</u>	<u>22,800</u>	<u>26,100</u>	<u>3,300</u>
Leisure Time Activities				
Parks				
Personal Services	10,400	200	200	0
Contractual Services	3,900	4,700	11,900	7,200
Materials and Supplies	4,700	600	100	(500)
	<u>19,000</u>	<u>5,500</u>	<u>12,200</u>	<u>6,700</u>
Swimming Pool				
Contractual Services	9,900	8,800	9,500	700
Materials and Supplies	13,200	11,200	11,500	300
Capital Outlay	0	0	5,000	5,000
	<u>23,100</u>	<u>20,000</u>	<u>26,000</u>	<u>6,000</u>
Total Leisure Time Activities	<u>42,100</u>	<u>25,500</u>	<u>38,200</u>	<u>12,700</u>

(continued)

Village of Crestline, Crawford County  
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget Basis  
For the Years Ended December 31, 2014 and 2015, Actual; and  
Ending December 31, 2016, Forecasted

	General Fund (continued)			Variance
	2014 Actual	2015 Actual	2016 Forecasted	Increase (Decrease)
<u>Other Financing Uses</u>				
Transfers Out	\$0	\$117,500	\$1,009,200	\$891,700
Total Expenditures	1,420,200	1,012,900	1,323,500	310,600
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(82,900)	317,700	49,200	(268,500)
Cash Balance (Deficit), January 1	17,100	(65,800)	251,900	317,700
Cash Balance (Deficit), December 31	(65,800)	251,900	301,100	49,200
Estimated Encumbrances, December 31	400	1,800	0	(1,800)
Unencumbered Fund Balance (Deficit), December 31	<u>(\$66,200)</u>	<u>\$250,100</u>	<u>\$301,100</u>	<u>\$51,000</u>

Village of Crestline, Crawford County  
Schedule of Expenditures by Object and Department - Budget Basis  
For the Years Ended December 31, 2014 and 2015, Actual; and  
Ending December 31, 2016, Forecasted

General Fund

Object/Department	2014 Actual	2015 Actual	2016 Forecasted	Variance Increase (Decrease)
<u>Personal Services</u>				
Council	\$14,000	\$13,900	\$14,300	\$400
Mayor	5,000	5,000	5,500	500
Fiscal Officer	14,600	8,000	12,100	4,100
Treasurer	3,800	200	6,300	6,100
Village Hall	11,800	12,600	0	(12,600)
Village Administrator	28,500	30,200	29,900	(300)
Mayor's Court	32,200	36,900	52,900	16,000
Police	688,200	390,200	2,000	(388,200)
Fire	297,500	183,700	1,400	(182,300)
Parks	10,400	200	200	0
	1,106,000	680,900	124,600	(556,300)
<u>Contractual Services</u>				
Council	2,500	1,800	1,800	0
Fiscal Officer	400	100	2,500	2,400
Village Hall	53,100	45,200	39,900	(5,300)
Village Administrator	700	1,200	200	(1,000)
Mayor's Court	9,700	10,200	8,400	(1,800)
Village Maintenance	26,500	22,200	19,600	(2,600)
Police	78,100	38,900	100	(38,800)
Fire	31,500	22,400	0	(22,400)
Street Lighting	0	0	45,200	45,200
Harvest Festival	13,700	13,500	13,500	0
Parks	3,900	4,700	11,900	7,200
Swimming Pool	9,900	8,800	9,500	700
	230,000	169,000	152,600	(16,400)
<u>Materials and Supplies</u>				
Fiscal Officer	100	0	0	0
Village Hall	2,900	2,000	2,200	200
Mayor's Court	100	200	500	300
Police	42,100	18,100	0	(18,100)
Fire	6,100	2,700	0	(2,700)
Harvest Festival	12,800	9,300	12,600	3,300
Parks	4,700	600	100	(500)
Swimming Pool	13,200	11,200	11,500	300
	82,000	44,100	26,900	(17,200)
<u>Capital Outlay</u>				
Village Hall	400	0	0	0
Swimming Pool	0	0	5,000	5,000
Total Capital Outlay	400	0	5,000	5,000
<u>Other</u>				
Village Hall	1,800	1,400	5,200	3,800
<u>Other Financing Uses</u>				
Transfers Out	0	117,500	1,009,200	891,700
Total Expenditures and Other Financing Uses	\$1,420,200	\$1,012,900	\$1,323,500	\$310,600

Village of Crestline, Crawford County  
Summary of Significant Forecast Assumptions and Accounting Policies  
For the Year Ending December 31, 2016

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**Note 1 - 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. Prior to April 30, 2011, Crestline was classified as a city.

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 elected to two-year terms. The Mayor is elected and serves a four-year term. 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 thorough administrative and managerial requirements and procedures.

**Note 2 - Nature of the Forecast**

This financial forecast, to the best of the knowledge and belief of the Village of Crestline, presents the expected revenues, expenditures, and changes in fund balances of the General Fund for the forecasted period. Accordingly, the forecast reflects the Village’s judgment of the expected conditions and its expected course of action as of October 14, 2016, the date of this forecast. The assumptions disclosed herein are those that management believes are significant to the forecast. There will usually be differences between the forecasted and actual results because events and circumstances frequently do not occur as expected and those differences may be material.

The forecast presents only the General Fund of the Village. This presentation differs from the presentation in the historical financial statements which includes certain other funds combined with the General Fund. For presentation in the forecast, the General Fund does not include certain items which are combined with the General Fund in the Village’s audited financial statements for the years ended December 31, 2014 and 2015.

**Note 3 - Summary of Significant Accounting Policies**

**A. Basis of Accounting**

This financial forecast has been prepared on a basis of cash receipts, disbursements, and encumbrances, which is consistent with the budget basis of accounting used to prepare the historical budget and actual financial statements. Under this basis of accounting, certain revenue and related assets are recognized when received rather than when earned and certain expenditures are recognized when paid rather than when the obligation is incurred. However, by virtue of Ohio law, the Village is required to maintain the encumbrance method of accounting. This method requires purchase orders, contracts, and other commitments for the expenditure of monies to be recorded as the equivalent of an expenditure in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance.

Village of Crestline, Crawford County  
Summary of Significant Forecast Assumptions and Accounting Policies  
For the Year Ending December 31, 2016

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B. Fund Accounting

The Village maintains its accounting records in accordance with the principles of “fund” accounting. Fund accounting is a concept developed to meet the needs of governmental entities in which legal or other restrictions require the recording of specific receipts and disbursements. The transactions of each fund are reflected in a self-balancing group of accounts, an accounting entity which stands separate from the activities reported in other funds. The Village uses various fund types and funds to report on its financial position and the results of its operations.

The fund types and restrictions associated with each are as follows:

Governmental Funds

General Fund - The General Fund is the operating fund of the Village and is used to account for all financial resources, except those required to be accounted for in another fund. The General Fund balance is available to the Village for any purpose provided it is disbursed or transferred in accordance with Ohio law.

Special Revenue Funds - Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to disbursement for specific purposes other than for debt service or capital projects.

Debt Service Funds - Debt service funds are used to account for and report resources that are restricted, committed, or assigned to the disbursement of principal, interest, and related costs.

Capital Projects Funds - Capital projects funds are used to account for and report resources that are restricted, committed, or assigned for the acquisition or construction of major capital facilities and other capital assets (other than those financed by enterprise funds).

Proprietary 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.

Fiduciary Funds

Fiduciary fund reporting focuses on net position and changes in net 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, therefore, not available to support the Village’s own programs. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

Village of Crestline, Crawford County  
Summary of Significant Forecast Assumptions and Accounting Policies  
For the Year Ending December 31, 2016

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C. Budgetary Process

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of the budgetary documents within an established timetable. The major documents prepared are the certificate of estimated resources and the appropriations ordinance, both of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriations ordinance are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. All funds, other than agency funds, are legally required to be budgeted and appropriated.

Estimated Resources - On or about September 1, the County Budget Commission issues an official certificate of estimated resources to the Village which states the projected receipts of each fund. On or about January 1, the certificate of estimated resources is amended to include any unencumbered balances from the preceding year. Prior to December 31, the Village must revise its budget so that total contemplated expenditures from any funds during the ensuing year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriation measure.

Appropriations - A temporary appropriation measure to control cash disbursements may be passed on or about January 1 of each year if the annual appropriations for the full year are not ready for approval by Village Council. The temporary appropriation measure remains in place until the annual appropriation measure is adopted for the entire year. By March 31, an annual appropriation ordinance must be legally enacted by the Village Council. The appropriation measure may be amended or supplemented during the year as new information becomes available.

Encumbrances - The Village uses the encumbrance method of accounting. Under this system, purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve a portion of the applicable appropriation.

D. Property, Plant and Equipment

Capital assets acquired or constructed for general governmental services are recorded as expenditures. Depreciation is not recorded for these capital assets as the purpose of the financial statements for the governmental services is to report the expenditure of resources, not costs.

**Note 4 - General Operating Assumptions**

The Village will continue to operate and maintain current service levels and pay all obligations. In addition, the Village will continue to monitor and limit expenditures on materials, supplies, and capital outlay. The forecast contains those expenditures the Village has determined to be necessary to preserve the health, welfare, and safety of the citizens of the Village.

Village of Crestline, Crawford County  
Summary of Significant Forecast Assumptions and Accounting Policies  
For the Year Ending December 31, 2016

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**Note 5 - Revenues and Other Financing Sources Assumptions**

**A. Municipal Income Taxes**

The Village levies a voted municipal income tax of two percent 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 seventy-five percent of the tax paid to another municipality up to a maximum of 1.5 percent. 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. Of the Village's income tax, the first three-quarters of the tax is distributed to the General Fund (86 percent), the Street Construction, Maintenance, and Repair Fund (5 percent), and the Capital Improvements Fund (9 percent). The remaining one-quarter income tax is recorded in the Police and Fire Levy fund.

The General Fund's share of income tax revenue, net of refunds, is expected to increase based on actual collections received in 2016 to date and the average monthly estimated collections for the remainder of the year.

**B. General and Tangible Personal Property Taxes**

All property tax revenues are based on property valuations and levy rates.

Property taxes include amounts levied against all real and public utility property located in the Village. Real property tax revenues received in 2016 represent the collection of 2015 taxes. Real property taxes received in 2016 were levied after October 1, 2015, on the assessed values as of January 1, 2015, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenues received in 2016 represent the collection of 2015 taxes. Public utility real and tangible personal property taxes received in 2016 became a lien on December 31, 2014, were levied after October 1, 2015, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

The amount forecasted for property taxes is based on actual collections received in 2016. While the second-half manufactured home taxes had not yet been received, the amount from this settlement is not significant to forecast.

**C. Charges for Services**

For the Village, charges for services revenue consists of a contract with Sandusky Township, Richland County to provide fire protection services. The Township pays this contractual obligation in two installments each year totaling \$66,100 annually.

Village of Crestline, Crawford County  
Summary of Significant Forecast Assumptions and Accounting Policies  
For the Year Ending December 31, 2016

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D. Fees, Licenses, and Permits

Fees, licenses, and permits primarily consist of cable franchise fees, building permits, and solicitor permits. These receipts are fairly consistent from year to year. The amount forecasted is the average of the prior two years.

E. Fines and Forfeitures

The Village expects revenues received from the Crawford County Municipal Court and the Mayor's Court to be consistent with prior years; therefore, the forecasted amount for 2016 was determined by applying the average monthly receipts to date to the remaining months of 2016.

F. Intergovernmental

Intergovernmental revenue consists mainly of local government and local government revenue assistance. Other revenue is received from liquor and beer permits, homestead and rollback, and cigarette tax.

The Village expects local government and local government revenue assistance receipts for the remainder of 2016 to be consistent with the monthly distributions received to date.

State law grants tax relief in the form of a ten percent reduction in real property tax bills. In addition, a two and one-half percent rollback is granted on residential property taxes. Tax relief is also granted to qualified elderly and disabled homeowners based on their income. The State reimburses the Village for the loss of real property taxes as a result of the above (rollback and homestead). Property tax allocation revenue is based on actual settlements. All other intergovernmental revenue is assumed to be fairly consistent with prior years.

G. Interest

The Village expects interest receipts to remain consistent with prior years. The forecasted amount is based on the monthly average of actual interest receipts received for the year to date.

H. Other

The forecasted amount for other revenue is based on the amount already received for 2016. Revenues for the remainder of the year are not expected to be significant.

I. Transfers In

The Village does not anticipate any transfers into the General Fund for 2016.

Village of Crestline, Crawford County  
Summary of Significant Forecast Assumptions and Accounting Policies  
For the Year Ending December 31, 2016

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**Note 6 - Expenditures and Other Financing Uses Assumptions**

**A. Personal Services**

Personal services expenditures represent the salaries and wages paid to elected officials and Village employees, employer contributions to the State pension systems, health care benefits, life insurance, workers' compensation, and other compensation and benefits. The amounts forecasted for salaries and wages are based on the current pay rates and existing staff levels. Employee benefits are also based on existing rates and staff levels for the year.

The Village provides employees with medical, dental, life, and vision insurance. Medical insurance is provided by Anthem and dental, vision, and life insurance is provided by Guardian. The Village currently pays 85 percent of the premiums for medical insurance and 100 percent of the premiums for dental and life insurance. Vision insurance is optional, so the entire premium is paid by the employee. The risk of loss transfers entirely to the insurance providers.

All full-time employees, paid from the General Fund, participate in OPERS. OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. Employees are required to contribute 10 percent of their annual-covered salary and the Village is required to contribute 14 percent of annual-covered salary.

The decrease in the amount forecasted for personal services is primarily due to the salaries and benefits for police and firefighters being paid from the Police and Fire Levy Fund in 2016.

**B. Contractual Services**

Total expenditures for contractual services in the General Fund have decreased from prior years primarily due to police and fire operations now being accounted for in the Police and Fire Levy special revenue fund. Additionally, a concerted effort has been made by all departments to limit expenditures for contractual services. The increase in street lighting costs is due to this expense being paid from the Street Maintenance and Repair Fund in prior years.

**C. Materials and Supplies**

Forecasted expenditures for materials and supplies have decreased from prior years primarily due to police and fire operations now being accounted for in the Police and Fire Levy special revenue fund.

**D. Transfers Out**

The Village expects to transfer \$1,009,200 from the General Fund to the Police and Fire Levy Fund special revenue fund.

**Note 7 - Encumbrances**

The Village uses the encumbrance method of accounting. Under this system, purchase orders, contracts, and other commitments for the expenditure of funds are recorded in order to reserve a portion of the applicable appropriation. The estimated encumbrances at year-end are not significant; therefore, nothing is forecasted.

Village of Crestline, Crawford County  
Summary of Significant Forecast Assumptions and Accounting Policies  
For the Year Ending December 31, 2016

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**Note 8 - Other Funds**

The Village has numerous funds on the books that are restricted for specific purposes. These funds are anticipated to have sufficient resources to meet their obligations during the forecasted period, except for the Police and Fire Levy special revenue fund.

Police and Fire Levy Fund - The Police and Fire Levy Fund accounts for the voted income tax receipts restricted to police and fire operations. The General Fund subsidizes this fund with transfers and expects the total amount to be transferred in 2016 to be \$1,009,200. This amount has been included in the forecast.

**Note 9 - Pending Litigation**

The Village currently has no pending litigation.



# 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  
FEBRUARY 2, 2017