VILLAGE OF CRESTON, ILLINOIS

ANNUAL FINANCIAL REPORT

For the Year Ended
April 30, 2023

VILLAGE OF CRESTON, ILLINOIS
TABLE OF CONTENTS

Newkirk & Associates, Inc.
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the Honorable Village President and Board of Trustees
Village of Creston
Creston, Illinois

Opinions

We have audited the accompanying modified cash basis financial statements of the governmental activities, the business-type activities, and each major fund of the Village of Creston, Illinois, as of and for the year ended April 30, 2023, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the Village of Creston, Illinois, as of April 30, 2023, and the respective changes in modified cash basis financial position and, where applicable, cash flows thereof for the year then ended in accordance with the modified cash basis of accounting as described in Note 1.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Village of Creston, Illinois, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter—Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to that matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in Note 1, and for determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists.

2 W. Main Street, Plano, IL 60545 • newkirkcpas.com • (630) 552-1040 • Fax (630) 552-7399

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

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

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

Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of Creston's basic financial statements. The individual fund financial statements – budget vs. actual are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the individual fund financial statements - budget vs. actual are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Newkirk & Associates, Inc.

Plano, Illinois

November 27, 2023

BASIC FINANCIAL STATEMENTS

VILLAGE OF CRESTON, ILLINOIS

STATEMENT OF NET POSITION - MODIFIED CASH BASIS

April 30, 2023

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and investments	$ 1,593,315	$ 619,335	$ 2,212,650
Interfund balances	(12,083)	12,083	-
Capital assets (net of accumulated depreciation)	225,239	916,093	1,141,332
Total assets	$ 1,806,471	$ 1,547,511	$ 3,353,982
LIABILITIES			
Payroll liabilities	$ 1,880	$ 593	$ 2,473
Other payables	58,750	7,940	66,690
Total liabilities	60,630	8,533	69,163
NET POSITION			
Net investment in capital assets	225,239	916,093	1,141,332
Restricted for			
Capital improvements	44,023	-	44,023
Highways and streets	115,536	-	115,536
Unrestricted	1,361,043	622,885	1,983,928
Total net position	1,745,841	1,538,978	3,284,819
TOTAL LIABILITIES AND NET POSITION	$ 1,806,471	$ 1,547,511	$ 3,353,982

See accompanying notes to financial statements

VILLAGE OF CRESTON, ILLINOIS

STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS

For the Year Ended April 30, 2023

FUNCTIONS/PROGRAMS PRIMARY GOVERNMENT	Expenses	Program Revenues Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities				
General government	$ 140,337	$ 55,006	$ -	$ 44,023
Highways and streets	102,440	-	-	-
Culture and recreation	4,590	-	-	-
Total governmental activities	247,367	55,006	-	44,023
Business-Type Activities				
Utiltiies	292,145	280,886	-	-
Total business-type activities	292,145	280,886	-	-
TOTAL PRIMARY GOVERNMENT	$ 539,512	$ 335,892	$ -	$ 44,023

See accompanying notes to financial statements

	Net (Expense) Revenue and Change in Net Assets		
	Primary Government		
	Governmental Activities	Business-Type Activities	Total
	$ (41,308)	$ -	$ (41,308)
	(102,440)	-	(102,440)
	(4,590)	-	(4,590)
	(148,338)	-	(148,338)
	-	(11,259)	(11,259)
	-	(11,259)	(11,259)
	(148,338)	(11,259)	(159,597)
General Revenues			
Taxes			
Property taxes	25,839	-	25,839
Replacement tax	2,523	-	2,523
Sales tax	65,090	-	65,090
Local use tax	25,532	-	25,532
Cannabis tax	987	-	987
Video gaming tax	8,760	-	8,760
Telecommunications tax	11,485	-	11,485
Motor fuel tax	33,332	-	33,332
Income taxes	101,311	-	101,311
Intergovernmental	-	-	-
Investment income	17,562	202	17,764
Miscellaneous	5,123	-	5,123
Total	297,544	202	297,746
Transfers	-	-	-
CHANGE IN NET POSITION	149,206	(11,057)	138,149
NET POSITION, MAY 1	1,596,635	1,550,035	3,146,670
NET POSITION, APRIL 30	$ 1,745,841	$ 1,538,978	$ 3,284,819

VILLAGE OF CRESTON, ILLINOIS

STATEMENT OF ASSETS, LIABILITIES, AND FUND BALALNCES
ARISING FROM CASH TRANSACTIONS
GOVERNMENTAL FUNDS

April 30, 2023

	General	Motor Fuel Tax Fund	Total Governmental Funds
ASSETS			
Cash and investments	$ 1,438,679	$ 154,636	$ 1,593,315
Due from other funds	27,017	-	27,017
TOTAL ASSETS	$ 1,465,696	$ 154,636	$ 1,620,332
LIABILITIES			
Due to other governments	$ 58,750	$ -	$ 58,750
Due to other funds	-	39,100	39,100
Payroll liabilities	1,880	-	1,880
TOTAL LIABILITIES	60,630	39,100	99,730
FUND BALANCE			
FUND BALANCE			
Restricted			
Capital improvements	44,023	-	44,023
Highways and streets	-	115,536	115,536
Unrestricted			
Unassigned	1,361,043	-	1,361,043
TOTAL FUND BALANCE	1,405,066	115,536	1,520,602
TOTAL LIABILITIES AND FUND BALANCE	$ 1,465,696	$ 154,636	$ 1,620,332

See accompanying notes to financial statements

VILLAGE OF CRESTON, ILLINOIS

RECONCILIATION OF FUND BALANCES OF GOVERNMENTAL FUNDS TO THE GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF NET POSITION - MODIFIED CASH BASIS

April 30, 2023

FUND BALANCES OF GOVERNMENTAL FUNDS	$	1,520,602
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds		225,239
NET POSITION OF GOVERNMENTAL ACTIVITIES	$	1,745,841

See accompanying notes to financial statements

VILLAGE OF CRESTON, ILLINOIS

STATEMENT OF REVENUES RECEIVED, EXPENDITURES DISBURSED, AND CHANGES IN FUND BALANCE - MODIFIED CASH BASIS GOVERNMENTAL FUNDS

For the Year Ended April 30, 2023

	General Fund	Motor Fuel Tax Fund	Total Governmental Funds
REVENUES RECEIVED			
Property taxes	$ 25,839	$ -	$ 25,839
Replacement tax	2,523	-	2,523
Sales tax	65,090	-	65,090
Local use tax	25,532	-	25,532
Telecommunications tax	11,485	-	11,485
Income tax	101,311	-	101,311
Cannabis tax	987	-	987
Video gaming tax	8,760	-	8,760
Motor fuel tax	-	33,332	33,332
Investment income	17,562	-	17,562
License and permits	1,670	-	1,670
Liquor license	2,000	-	2,000
Rental income	50,735	-	50,735
Fines and fees	601	-	601
ARPA grant	44,023	-	44,023
Miscellaneous	5,123	-	5,123
Total revenues received	363,241	33,332	396,573
EXPENDITURES DISBURSED			
Current			
General government	137,204	-	137,204
Highways and streets	76,471	-	76,471
Culture and recreation	4,590	-	4,590
Capital Outlay	83,649	-	83,649
Total expenditures disbursed	301,914	-	301,914
Excess of revenue over expenditures	61,327	33,332	94,659
OTHER FINANCING SOURCES (USES)			
Operating transfers in	-	-	-
Operating transfers out	-	-	-
Total other financing sources (uses)	-	-	-
NET CHANGE IN FUND BALANCES	61,327	33,332	94,659
FUND BALANCES, MAY 1	1,343,739	82,204	1,425,943
FUND BALANCES, APRIL 30	$ 1,405,066	$ 115,536	$ 1,520,602

See accompanying notes to financial statements

VILLAGE OF CRESTON, ILLINOIS

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES RECEIVED, EXPENDITURES DISBURSED, AND CHANGES IN FUND BALANCES TO THE GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS

For the Year Ended April 30, 2023

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	$	94,659
Amounts reported for governmental activities in the statement of activities are different because:		
Capital assets acquired in this fiscal year are reported as capital assets on the statement of net position and expenditures on the statement of revenues received, expenditures disbursed, and changes in fund balances		81,900
Depreciation on capital assets is reported as an expense in the statement of activities		(27,353)
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	$	149,206

VILLAGE OF CRESTON, ILLINOIS

STATEMENT OF ASSETS, LIABILITIES, AND NET POSITION
MODIFIED CASH BASIS
ENTERPRISE FUND

April 30, 2023

	Utility Fund
CURRENT ASSETS	
Cash and investments	$ 619,335
Due to other funds	12,083
Total current assets	631,418
LONG-TERM ASSETS	
Depreciable, net of accumulated depreciation	916,093
Total long-term assets	916,093
Total assets	$ 1,547,511
CURRENT LIABILITIES	
Payroll liabilities	593
Due to other funds	-
Due to developer(s)	7,940
Total current liabilities	8,533
LONG-TERM LIABILITIES	
Total long-term liabilities	-
Total liabilities	8,533
NET POSITION	
Net investment in capital assets	916,093
Unrestricted	622,885
Total net position	1,538,978
TOTAL LIABILITIES AND NET POSITION	$ 1,547,511

See accompanying notes to financial statements

VILLAGE OF CRESTON, ILLINOIS

STATEMENT OF REVENUES, EXPENSES, AND CHANGES
IN NET POSITION - MODIFIED CASH BASIS
ENTERPRISE FUND

For the Year Ended April 30, 2023

	Utility Fund
OPERATING REVENUES COLLECTED	
User fees	$ 129,674
Garbage/Recycling charges	41,415
Sewer charges	39,903
Administration fee	6,148
Capital Improvement fee	26,616
Landfill Host fees	37,130
Miscellaneous income	-
Total operating revenues collected	280,886
OPERATING EXPENSES	
Maintenance	38,517
Chemicals and testing supplies	27,806
Payroll expenses	34,217
Equipment	-
Office supplies	651
Utilities	118,270
Engineering	7,092
Tipping fee	-
Depreciation	64,810
Miscellaneous	782
Total operating expenses	292,145
OPERATING INCOME (LOSS)	(11,259)
NONOPERATING REVENUES (EXPENSES)	
Investment income	202
Total nonoperating revenues (expenses)	202
Income (loss) before operating transfers	(11,057)
OTHER FINANCING SOURCES (USES)	
Operating transfers in	-
Operating transfers out	-
Total other financing sources (uses)	-
CHANGE IN NET POSITION	(11,057)
NET POSITION, MAY 1	1,550,035
NET POSITION, APRIL 30	$ 1,538,978

See accompanying notes to financial statements

VILLAGE OF CRESTON, ILLINOIS

STATEMENT OF CASH FLOWS
WATER FUND

For the Year Ended April 30, 2023

	Utility Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers and users	$ 280,886
Payments to suppliers	(193,118)
Payments to employees	(34,217)
Net cash from operating activities	53,551
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfers in (out) to other funds	-
Interfund proceeds (payments)	(21,560)
Net cash from noncapital financing activities	(21,560)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchase of capital assets	(3,614)
Net cash from capital and related financing activities	(3,614)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest received	202
Net cash from investing activities	202
NET INCREASE IN CASH AND CASH EQUIVALENTS	28,579
CASH AND CASH EQUIVALENTS, MAY 1	590,756
CASH AND CASH EQUIVALENTS, APRIL 30	$ 619,335
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES	
Operating income (loss)	$ (11,259)
Adjustments to reconcile operating income (loss) to net cash from operating activities	
Depreciation	64,810
Change in assets and liabilities related to operating activities	
Increase in payables	-
NET CASH FROM OPERATING ACTIVITIES	$ 53,551

See accompanying notes to financial statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Village of Creston, Illinois (the Village) have been prepared in conformity with accounting principles generally accepted in the United States of America, as applied to governmental units (hereinafter referred to as GAAP), except as described in Note 1(d). The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the other significant accounting policies:

a. Reporting Entity

The Village is a municipal corporation governed by an elected president and a six-member board of trustees. As required by generally accepted accounting principles, these financial statements present the Village (the primary government) and its component units.

Based on the criteria of GASB Statement No 61, *The Financial Reporting Entity: Omnibus – an amendment of GASB Statements No. 14 and No. 34*, there are no component units for which the Village is considered to be financially accountable for.

b. Fund Accounting

The Village uses funds to report on its financial position – modified cash basis and changes in its financial position – modified cash basis. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts.

Funds are classified into the following categories: governmental and proprietary.

Governmental funds are used to account for all or most of a government's general activities, including the collection and disbursement of restricted or committed monies (special revenue funds), the funds committed, restricted or assigned for the acquisition or construction of capital assets (capital projects funds), the funds committed, restricted or assigned for the servicing of long-term debt (debt service funds) and the management of funds held in trust where the interest earnings can be used for governmental services (permanent fund). The general fund is used to account for all activities of the general government not accounted for in some other fund.

Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful for sound financial administration. Goods or services from such activities can be provided either to outside parties (enterprise funds) or to other departments or agencies primarily within the government (internal service funds).

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position – modified cash basis and the statement of activities – modified cash basis) report information on all of the nonfiduciary activities of the Village. The effect of material interfund activity has been eliminated from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities – modified cash basis demonstrates the degree to which the direct expenses of a given function, segment or program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and standard revenues that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual proprietary funds are reported as separate columns in the fund financial statements.

The Village reports the following major governmental funds:

The General Fund is the general operating fund of the Village and is used to account for all financial resources of the Village unless required to be accounted for in another fund.

The Motor Fuel Tax Fund is used to account for revenues derived from motor fuel taxes and expenditures for highway and street construction and maintenance.

The Village reports the following major proprietary funds:

The Utility Fund accounts for the provision of water, sewer, and garbage services to the residents and businesses of the Village financed by user fees.

d. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements and the enterprise fund are reported using the current financial resources measurement focus and the modified cash basis of accounting, which is a comprehensive basis of accounting other than GAAP. Revenues are recorded at the time of receipt by the Village. Expenses are recorded when the funds are disbursed. Accordingly, the financial statements are not intended to present financial position and changes in financial position in conformity with GAAP. Operating revenues collected/expenditures paid include all revenues/ expenditures directly related to providing enterprise fund services. Incidental revenues/expenditures are reported as nonoperating.

Governmental fund financial statements are reported using the current financial resources measurement focus and the cash basis of accounting. Revenues are recorded at the time of receipt by the Village. Expenditures are recorded when the funds are disbursed. Accordingly, the financial statements are not intended to present financial position and results of operations in conformity with GAAP.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

e. Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, storm water), are reported in the applicable governmental activities columns in the government-wide financial statements. Capital assets are defined by the Village as assets with an initial, individual cost of more than $1,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Property, plant and equipment is depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Equipment	7
Vehicles	5-7
Other improvements	10-15
Buildings	40
Road improvements	10
Infrastructure	40

f. Long-term Liabilities

Long-term liabilities are reported in the government-wide financial statements as liabilities. The governmental fund financial statements do not report long-term liabilities because they do not require the use of current financial resources. There were no long-term liabilities recognized for governmental activities at April 30, 2023.

g. Fund Balance/Net Position

In the fund financial statements, governmental funds report nonspendable fund balance for amounts that are either not in spendable form or legally or contractually required to be maintained intact. Restrictions of fund balance are reported for amounts constrained by legal restrictions from outside parties for use for a specific purpose, or externally imposed by outside entities. None of the restricted fund balance result from enabling legislation adopted by the Village. Committed fund balance is constrained by formal actions of the Village's Board, which is considered the Village's highest level of decision-making authority. Formal actions include resolutions and ordinances approved by the Board. Assigned fund balance represents amounts constrained by the Village's intent to use them for a specific purpose. The authority to assign fund balance remains with the Board. Any residual fund balance is reported as unassigned.

The Village's flow of funds assumption prescribes that the funds with the highest level of constraint are expended first. If restricted or unrestricted funds are available for spending, the restricted funds are spent first. Additionally, if different levels of unrestricted funds are available for spending the Village considers committed funds to be expended first followed by assigned and then unassigned funds.

The Village has not established fund balance reserve policies for their governmental funds.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

g. Fund Balance/Net Position (continued)

In the government-wide financial statements, restricted net position is legally restricted by outside parties for a specific purpose. None of the Village's net position is restricted as a result of enabling legislation adopted by the Village.

h. Property Taxes

The Village's property tax is levied each year, on all taxable real property located in the Village, on or before the second Tuesday in December. Property taxes attach as an enforceable lien on property as of the January 1 prior to levy passage. Property taxes are payable in two installments in early June and September of the year following passage of the levy. The Village receives significant distributions of tax receipts approximately one month after these due dates. The Village also receives one-half the road and bridge taxes, which townships levy.

The Property Tax Extension Limitation Law imposes mandatory property tax limitations on the ability of taxing districts in Illinois to raise revenues through unlimited property tax increases. The increase in property tax extensions is limited to the lesser of 5% or the percentage increase in the Consumer Price Index for all Urban Consumers. The amount of the limitation may be adjusted for new property added or annexed to the tax base or due to voter approved increases.

j. Cash and Investments

For the purpose of reporting cash and cash equivalents, the Village considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. The Village considers certificates of deposit with a maturity of more than three months when purchased to be investments. Investments are valued at market value.

2. INTERFUND BALANCES AND TRANSFERS

There are amounts due from the Motor Fuel Tax Fund to the General Fund for unreimbursed expenditures in the amount of $39,100. Also the General Fund owes the Utility Fund $12,083 for expenditures that were paid out of the wrong account. These will be repaid within one year.

3. LEGAL DEBT MARGIN

The Village's aggregate indebtedness is subject to a statutory limitation of 8.625% of its equalized assessed value at December 31, 2022. At April 30, 2023, the maximum allowed indebtedness of the Village is $835,133 based on an assessed valuation of $9,682,697. At April 30, 2023, the remaining legal debt margin of the Village was $835,133.

4. PROPERTY TAX CALENDAR

The following information gives significant dates on the property tax calendar of the Village:

- Property tax lien date is January 1
- Property taxes are due to the County Collector in two installments, June 1 and September 1
- The annual tax levy ordinance for 2021 was passed on December 7, 2021
- Significant amounts of property taxes for 2021 were distributed to the Village during June, July, September, October, and November 2022
- The annual tax levy ordinance for 2022 was passed on December 6, 2022
- Significant amounts of property taxes for 2022 will be distributed to the Village during June, July, September, October, and November 2023

5. CASH AND INVESTMENTS

The Village may invest in all investments allowed by Illinois Compiled Statutes. These include deposits/investments insured by the Federal Deposit Insurance Corporation (FDIC), obligations or securities guaranteed by the United States of America, direct obligations of any bank as defined by the Illinois Banking Act, certain money market mutual funds, and the Illinois Funds (a money market fund created by the State legislature under the control of the State Treasurer that maintains a $1 share value).

It is the policy of the Village to invest its funds in a manner which will provide the highest investment return with the maximum security while meeting the daily cash flow demands of the Village and conforming to all state and local statutes governing the investment of public funds, using the "prudent person" standard for managing the overall portfolio.

Deposits with Financial Institutions

Custodial credit risk for deposits with financial institutions is the risk that in the event of bank failure, the Village's deposits may not be returned to it. At April 30, 2023 the Village had $225,055 that was uninsured and uncollateralized, and therefore deposits were exposed to custodial credit risk. The Village has no foreign currency risk for deposits at April 30, 2023.

Investments

Credit risk is the risk that the issuer of a debt security will not pay its par value upon maturity. The Village limits its exposure to credit risk by pre-qualifying all financial institutions and other intermediaries with which the Village conducts business. At April 30, 2023, the Village has investments of $512,601 in Illinois Funds, a Local Government Investment Pool (LGIP) with an S&P rating of AAAm.

Concentration of credit risk is the risk that the Village has a high percentage of its investments invested in one type of investment. The Village places no limit on the amount the Village may invest in any one issuer. More than 5% of the Village's investments are in certificates of deposit (35%) and Illinois Funds (65%).

5. CASH AND INVESTMENTS (Continued)

Investments (continued)

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The Village's investment policy establishes their guidelines on interest rate risk at year end. At April 30, 2023, the Village held one certificate of deposit valued at $278,107 with an eighteen-month original maturity at 0.75% interest rate.

6. CAPITAL ASSETS

Capital asset activity for the year ended April 30, 2023 was as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
GOVERNMENTAL ACTIVITIES					
Capital assets not being depreciated					
Land	5,000	-	-	-	5,000
Farm Land	47,620	-	-	-	47,620
Capital assets being depreciated					
Equipment	112,433	81,900	-	-	194,333
Infrastructure	127,529	-	-	-	127,529
Building and improvements	71,700	-	-	-	71,700
Total capital assets being depreciated	311,662	81,900	-	-	393,562
Less accumulated depreciation for					
Equipment	74,067	20,977	-	-	95,044
Infrastructure	47,823	6,376	-	-	54,199
Building and improvements	71,700	-	-	-	71,700
Total accumulated depreciation	193,590	27,353	-	-	220,943
Total capital assets being depreciated, net	118,072	54,547	-	-	172,619
GOVERNMENTAL ACTIVITIES CAPITAL ASSETS, NET	$ 170,692	$ 54,547	$ -	$ -	$ 225,239

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
BUSINESS-TYPE ACTIVITY					
Capital assets being depreciated					
Equipment and vehicles	304,958	3,614	10,605	-	297,967
Sanitary Sewer	2,054,540	-	-	-	2,054,540
Total capital assets being depreciated	2,359,498	3,614	10,605	-	2,352,507
Less accumulated depreciation for					
Equipment and vehicles	148,359	13,446	10,605	-	151,200
Sanitary Sewer	1,233,851	51,364	-	-	1,285,215
Total accumulated depreciation	1,382,210	64,810	10,605	-	1,436,415
Total capital assets being depreciated, net	977,288	(61,196)	-	-	916,092
BUSINESS-TYPE ACTIVITY CAPITAL ASSETS, NET	$ 977,288	$ (61,196)	$ -	$ -	$ 916,092

6. CAPITAL ASSETS (Continued)

Depreciation expense was charged to the functions as follows:

Governmental Activities		
Streets and highways		25,969
General government		1,384
TOTAL	$	27,353
Business-Type Activities		
Utilities		64,810
TOTAL	$	64,810

7. RISK MANAGEMENT

The Village is exposed to various risks of loss, including but not limited to, property and casualty, general and public officials' liability, and workers' compensation. The Village purchases commercial insurance. There are annual deductibles for the plans ranging from $500 to $1,000. The Village's policy is to record any related expenditures in the year in which they pay the deductible. The Village is not aware of any additional deductibles that may be owed as of April 30, 2023. The Village has not made any significant changes in coverage nor did claims exceed coverage in the current fiscal year or the two prior years.

8. RELATED PARTY TRANSACTIONS

The Village paid Jack Kerns $3,350 during the year ending April 30, 2023. Jack Kerns is a relation of Michael Kerns, Trustee. The payments were for landscaping work and snow removal.

The Village paid Dement Township $878 during the year ending April 30, 2023. Penelope Payton, Village Treasurer, is the Supervisor of Dement Township. The payment was for road salt for snow removal and was executed as an arm's length transaction. No additional amounts were due to Dement Township as of April 30, 2023.

9. SUBSEQUENT EVENTS

The Village received $44,023 in ARPA funds during the year ended April 30, 2022 and an additional $44,023 in the year ended April 30, 2023. The funds are for the Village to put in a new watermain. $5,250 of the funds were spent on engineering fees for the project by April 30, 2023. The watermain project was completed in July 2023.

On September 19, 2023 the Village received $6,750,000 as part of an agreement with Rochelle Wate Disposal, LLC as part of the closure of the landfill on the corner of Mulford and Creston Road. $2,250,025 of the proceeds were paid in legal fees to the Village's attorney.

SUPPLEMENTARY INFORMATION

VILLAGE OF CRESTON, ILLINOIS

SCHEDULE OF REVENUES RECEIVED, EXPENDITURES DISBURSED, AND CHANGES IN FUND BALANCE - MODIFIED CASH BASIS - BUDGET AND ACTUAL
GENERAL FUND

For the Year Ended April 30, 2023

	Original Budget	Final Budget	Actual	Variance Over (Under)
REVENUES RECEIVED				
Taxes				
Property taxes	$ 25,000	$ 25,000	$ 25,839	$ 839
Replacement tax	-	-	2,523	2,523
Cannabis tax	1,100	1,100	987	(113)
Video gaming tax	9,000	9,000	8,760	(240)
Sales tax	50,000	50,000	65,090	15,090
Local use tax	25,000	25,000	25,532	532
Telecommunications tax	11,500	11,500	11,485	(15)
Income tax	90,000	90,000	101,311	11,311
License and permits	1,000	1,000	1,670	670
Investment income	2,500	2,500	17,562	15,062
Liquor license	3,000	3,000	2,000	(1,000)
Rental income	45,035	45,035	50,735	5,700
Fines and fees	-	-	601	601
ARPA grant	40,000	40,000	44,023	4,023
Miscellaneous	-	-	5,123	5,123
Total revenues receieved	303,135	303,135	363,241	60,106
EXPENDITURES DISBURSED				
Current				
General Government				
Salaries	59,600	59,600	45,688	(13,912)
Payroll expenses	5,400	5,400	3,641	(1,759)
Audit	7,000	7,000	6,900	(100)
Legal fees	12,000	10,000	7,003	(2,997)
Maintenance	67,000	67,000	1,366	(65,634)
Mosquito control	10,000	10,000	9,669	(331)
Dues	6,500	6,500	150	(6,350)
Office supplies	3,500	3,500	2,060	(1,440)
Computer internet/software	4,000	4,000	3,997	(3)
Land planning	21,000	32,000	30,549	(1,451)
Property tax expense	8,100	8,100	8,072	(28)
Insurance	15,000	15,000	14,326	(674)
Utilities	4,500	4,500	2,865	(1,635)
Miscellaneous	1,625	1,625	918	(707)
Total general government	225,225	234,225	137,204	(97,021)
Current				
Highways and streets				
Street & sidewalk maintenance	66,000	53,000	39,753	(13,247)
Buildings & grounds maintenance	12,000	12,000	12,576	576
Storm water drainage	5,000	22,000	21,926	(74)
Snow removal	5,000	5,000	2,216	(2,784)
Total highways and streets	88,000	92,000	76,471	(15,529)

VILLAGE OF CRESTON, ILLINOIS

SCHEDULE OF REVENUES RECEIVED, EXPENDITURES DISBURSED, AND CHANGES IN FUND BALANCE - MODIFIED CASH BASIS - BUDGET AND ACTUAL (CONTINUED)
GENERAL FUND

For the Year Ended April 30, 2023

	Original Budget	Final Budget	Actual	Variance Over (Under)
EXPENDITURES DISBURSED (continued)				
Current				
Culture and recreation				
Community Activities	3,000	5,000	4,590	(410)
Total culture and recreation	3,000	5,000	4,590	(410)
Capital Outlay	100,000	85,000	83,649	(1,351)
Total expenditures disbursed	416,225	416,225	301,914	(114,311)
Excess (deficiency) of revenue over expenditures	(113,090)	(113,090)	61,327	174,417
OTHER FINANCING SOURCES (USES)				
Operating transfers in	-	-	-	-
Operating transfers out	-	-	-	-
				-
Total other financing sources (uses)	-	-	-	-
NET CHANGE IN FUND BALANCE	$ (113,090)	$ (113,090)	61,327	$ 174,417
FUND BALANCE, MAY 1			1,343,739	
FUND BALANCE, APRIL 30			$ 1,405,066	

VILLAGE OF CRESTON, ILLINOIS

SCHEDULE OF REVENUES RECEIVED, EXPENDITURES DISBURSED, AND CHANGES IN FUND BALANCE - MODIFIED CASH BASIS - BUDGET AND ACTUAL
MOTOR FUEL TAX FUND

For the Year Ended April 30, 2023

	Original Budget	Final Budget	Actual	Variance Over (Under)
REVENUES RECEIVED				
Motor fuel tax	$ 30,271	$ 30,271	$ 33,332	$ 3,061
Investment income	-	-	-	-
Total revenues received	30,271	30,271	33,332	3,061
EXPENDITURES DISBURSED				
Current				
Highways and streets	-	-	-	-
Total highways and streets	-	-	-	-
Total expenditures disbursed	-	-	-	-
Excess (deficiency) of revenue over expenditures	30,271	30,271	33,332	3,061
OTHER FINANCING SOURCES (USES)				
Operating transfers in	-	-	-	-
Operating transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
NET CHANGE IN FUND BALANCE	$ 30,271	$ 30,271	33,332	$ 3,061
FUND BALANCE, MAY 1			82,204	
FUND BALANCE, APRIL 30			$ 115,536	

1. LEGAL COMPLIANCE AND ACCOUNTABILITY

Budgets are adopted on a cash basis of accounting which is not consistent with generally accepted accounting principles (GAAP). Annual appropriated budgets are adopted (at the fund level) for all of the funds on the cash basis with a line item budget by fund. The annual appropriated budget is legally enacted and provides for a legal level of control at the fund level.

The Village adopted its annual budget and appropriation ordinance for the year ended April 30, 2023 at its July 5, 2022 meeting. A supplemental budget and appropriation ordinance was passed on July 5, 2023 to amend the original budget.

The line item budget is used by management for control purposes in the day-to-day operations. The Board of Trustees may make transfers between line items while retaining the total appropriation for the fund. The Board of Trustees also may increase the appropriation amount by following the same procedures as required for the original appropriation. The amounts shown on the financial statements reflect the original and final budget as adopted by the Board of Trustees.

Budget revenues are based on estimates approved by the Board of Trustees.

ENTERPRISE FUND

VILLAGE OF CRESTON, ILLINOIS

SCHEDULE OF REVENUES, EXPENSES, AND CHANGES
IN NET POSITION - MODIFIED CASH BASIS -
BUDGET AND ACTUAL
UTILITY FUND

For the Year Ended April 30, 2023

	Original Budget	Final Budget	Actual	Variance Over (Under)
OPERATING REVENUES RECEIVED				
Charges for services				
User fees	$ 110,700	$ 110,700	$ 129,674	$ 18,974
Garbage/Recycling charges	42,000	42,000	41,415	(585)
Sewer charges	41,000	41,000	39,903	(1,097)
Administration fee	6,200	6,200	6,148	(52)
Capital Improvement fee	27,000	27,000	26,616	(384)
Landfill Host fees	36,000	36,000	37,130	1,130
Miscellaneous income	-	-	-	-
Total operating revenues received	262,900	262,900	280,886	17,986
OPERATING EXPENSES				
Maintenance	149,000	143,600	38,517	(105,083)
Chemicals and testing supplies	30,000	33,000	27,806	(5,194)
Payroll expenses	32,100	38,600	34,217	(4,383)
Uncapitalized equipment	70,000	32,000	-	(32,000)
Office supplies	2,500	1,400	651	(749)
Utilities	129,000	129,000	118,270	(10,730)
Engineering	24,750	24,000	7,092	(16,908)
Tipping fee disbursements	18,000	18,000	-	(18,000)
Depreciation	-	-	64,810	64,810
Miscellaneous	1,000	1,000	782	(218)
Total operating expenses	456,350	420,600	292,145	(128,455)
OPERATING INCOME (LOSS)	(193,450)	(157,700)	(11,259)	146,441
NONOPERATING REVENUES (EXPENSES)				
Investment income	500	500	202	(298)
Total nonoperating revenues (expenses)	500	500	202	(298)
NET INCOME (LOSS) BEFORE TRANSFERS	(192,950)	(157,200)	(11,057)	146,143
TRANSFERS				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total transfers	-	-	-	-
NET INCOME (LOSS)	$ (192,950)	$ (157,200)	(11,057)	$ 146,143
NET POSITION, MAY 1			1,550,035	
NET POSITION, APRIL 30			$ 1,538,978	

VILLAGE OF CRESTON, ILLINOIS

AUDITOR'S COMMUNICATION TO THE BOARD OF TRUSTEES

For the Year Ended
April 30, 2023

VILLAGE OF CRESTON, ILLINOIS

TABLE OF CONTENTS

N Newkirk & Associates, Inc.
Certified Public Accountants

November 27, 2023

The Honorable President
Members of the Board of Trustees
Village of Creston
110 N. Main Street
PO Box 36
Creston, IL 60113

Ladies and Gentlemen:

As part of our audit process, we are required to have certain communications with those charged with governance at the beginning of our audit process and at the conclusion of the audit. Those communications include information related to the planned scope and timing of our audit, as well as other information required by Auditing Standards. Our communication at the beginning of our audit process was provided to you on May 22, 2023.

Auditing standards also require the communication of internal control related matters to those charged with governance. Our management letter is enclosed within this document.

This information is intended solely for the information and use of the Board of Trustees and management of the Village of Creston and is not intended to be and should not be used by anyone other than these specified parties.

Sincerely,

Newkirk & Associates, Inc

Newkirk & Associates, Inc.
By: Andrea Meyer, CPA
Shareholder

November 27, 2023

To the Honorable Village President and Board of Trustees
Village of Creston, Illinois
110 N. Main Street
PO Box 36
Creston, IL 60113

We have audited the financial statements of the governmental activities, the business-type activities, and each major fund of the Village of Creston for the year ended April 30, 2023. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated May 22, 2023. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Village are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year. We noted no transactions entered into by the Village during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. There were no significant estimates affecting the financial statements.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole, except for the entries on the attached schedule of adjustments.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated November 27, 2023.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Village's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Village's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We were engaged to report on the Individual Fund Financial Statements with Appropriations, which accompany the financial statements but are not Required Supplementary Information (RSI). With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with the modified cash basis of accounting, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Restriction on Use

This information is intended solely for the information and use of the Board of Trustees and management of the Village of Creston and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

Newkirk & Associates, Inc

Newkirk & Associates, Inc.

By: Andrea C. Meyer, CPA

Shareholder

Village of Creston

Year End: April 30, 2023

Adjusting Journal Entries

Number	Date	Name	Account No	Debit	Credit
1	4/30/2023	Miscellaneous Income	01-00-4065 GF	2,221.42	
1	4/30/2023	Transfers	01-00-6440 GF		-2,221.42
		To correct May MFT transaction			
2	4/30/2023	Motor Fuel Fund	03-05-1018 MFT	11,029.73	
2	4/30/2023	Transfers	03-05-6440 MFT		-11,029.73
		To record transfers from the general fund to MFT fund			
3	4/30/2023	Illinois Fund	01-00-1015 GF	10.10	
3	4/30/2023	IL Fund Income Reinvest	01-00-4036 GF		-10.10
		Adjust IL Funds to actual			
4	4/30/2023	Landfill Revenue	02-03-1031 WS		-2,875.51
4	4/30/2023	Landfill Revenue Sharing	02-03-1032 WS		-1,437.75
4	4/30/2023	Landfill Host Fees	02-03-4073 WS	4,313.26	
		To reverse a duplicate cash receipt			
5	4/30/2023	Certificates of Deposit	01-00-1016 GF		-1,028.44
5	4/30/2023	Certificate of Deposit Interest	01-00-4081 GF	1,028.44	
		Adjust CD balance to confirmation and renewal notice			
6	4/30/2023	Real Estate Tax	01-00-4020 GF	9,226.84	
6	4/30/2023	Income Tax	01-00-4040 GF		-9,226.84
		Reclass Feb income tax recorded as real estate tax			

7	4/30/2023	Water Department Operator	02-03-6320 WS		-6,590.40
7	4/30/2023	Water Samples	02-03-6333 WS	6,590.40	
		To reclass Vendor payments to MGD water systems from Water operator salary account to the proper expense account			
8	4/30/2023	Video Gaming Revenue	01-00-4015 GF	275.00	
8	4/30/2023	Municipal Retailer Tax	01-00-4030 GF		-1,326.33
8	4/30/2023	Income Tax	01-00-4040 GF	1,326.33	
8	4/30/2023	Miscellaneous Income	01-00-4065 GF		-275.00
		To correct recording of IL Revenue			
9	4/30/2023	Accounts Receivable	02-03-1100 WS	20,053.65	
9	4/30/2023	Deferred Income	02-03-2500 WS	2,745.16	
9	4/30/2023	Water	02-03-4301 WS		-21,654.35
9	4/30/2023	Accounts Receivable	02-04-1100 WS		-1,144.46
		Adjust water A/R and deferred revenue to cash basis			
10	4/30/2023	Cash	01-00-1011 GF	21,560.04	
10	4/30/2023	Due to Water Sewer	01-00-2607 GF		-21,560.04
		To record general fund due to for 5/31/22 GJE			
11	4/30/2023	General Fund - Water Department	02-03-1011 WS	3,892.74	
11	4/30/2023	Utility Fund	02-03-1019 WS		-3,892.74
		To record correct cash March and April entry to post payroll to correct cash account			
12	4/30/2023	Utility Fund	02-03-1019 WS	3,113.91	
12	4/30/2023	Water	02-03-4301 WS		-3,113.91
		Adjust Cash Balance to Reconciliation			

13	4/30/2023	Due to MFT Fund	01-00-2606 GF	11,029.73	
13	4/30/2023	Transfer	01-00-4340 GF		-11,029.73
13	4/30/2023	Due to Other Funds	03-05-1551 MFT		-11,029.73
13	4/30/2023	Transfers	03-05-6440 MFT	11,029.73	
		Reclass movement of FY22 MFT funds from General To MFT out of transfers and into due to/due from			
14	4/30/2023	Water Department New Equipment	02-03-6310 WS		-3,614.00
14	4/30/2023	Equipment	02-04-1540 WS	3,614.00	
		Reclass Fumaco to asset			
15	4/30/2023	Equipment	02-04-1540 WS		-10,605.00
15	4/30/2023	Accumulated Depreciation	02-04-1550 WS	10,605.00	
		Record disposal of 2003 GMC			
16	4/30/2023	Accumulated Depreciation	02-04-1550 WS		-64,809.95
16	4/30/2023	Sewer Depreciation	02-04-6499 WS	64,809.95	
		FY23 Depreciation Expense			

Newkirk & Associates, Inc.
Certified Public Accountants

The Honorable President, Members of the Board of Trustees, and Village Treasurer
Village of Creston, Illinois
110 N. Main Street
PO Box 36
Creston, IL 60113

In planning and performing our audit of the financial statements of the governmental activities, the business-type activities, and each major fund, of the Village as of and for the year ended April 30, 2023, in accordance with the modified cash basis of accounting, we considered the Village of Creston's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Village's internal control. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below and on the following pages, we identified certain deficiencies in internal control that we consider to be material weaknesses.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control listed on the following pages to be material weaknesses.

This information is intended solely for the information and use of management, the Board of Trustees and others within the Village of Creston, and is not intended to be and should not be used by anyone other than these specified parties.

Newkirk & Associates, Inc

Newkirk & Associates, Inc.

Plano, Illinois

November 27, 2023

2 W. Main Street, Plano, IL 60545 • newkirkcpas.com • (630) 552-1040 • Fax (630) 552-7399

MATERIAL WEAKNESSES

We consider the following deficiencies to be material weaknesses in internal control:

1. Segregation of Duties

With a limited number of staff at the Village, proper segregation of duties is difficult to accomplish. A fundamental element of internal control is the segregation of certain key duties. In general, the principal incompatible duties to be segregated include:

- Custody of assets, in particular cash
- Authorization or approval of related transaction affecting those assets
- Recording or reporting of related transactions
- Execution of the transaction or transaction activity

An essential feature of segregation of duties within an organization is that no one employee has exclusive control over any transaction or group of transactions. We noted specific lack of segregation of duties listed below. This list would not be considered to be all inclusive as we did not perform a review of all control structures throughout the Village.

In regard to cash receipts, the Village Treasurer control the processes of creating water bills, collecting payments, recording deposits, taking deposits to the bank, and reconciling the bank account.

In regard to cash disbursements (including payroll) the Village Treasurer has access to check stock, records all transactions, and reconciles bank accounts. Bank account reconciliations are not reviewed.

We further noted a direct familial relationship between the clerk and treasurer beginning in 2022 which makes segregation of duties even more difficult.

As a result of the lack of segregation of duties it was specifically noted there were some errors and omissions on bank reconciliations and general ledger accounts. Specifically, expenditures were paid out of the general account but should have been paid out of a different account the due to/due from journal entry was only recorded in one of the accounts. The lack of proper accounting on the general ledger created errors in the bank reconciliation which were not corrected until the audit. There have also been vendor payments recorded in the Water operator salary account for the prior three years. We noted receipts were not always kept for debit card purchases.

A lack of segregation of duties results in a reasonable possibility that a material misstatement of the Village's financial statements will not be prevented, or detected and corrected on a timely basis.

With limited staff it is important that the board and other officials remain diligent in their monitoring of financial transactions. A detailed review of financial reports, budget vs. actual results, bank reconciliations, water billing adjustments, and water billing collections greatly enhances internal controls. These reviews should be performed by someone other than the employee responsible for executing and recording the transactions. In all cases, we recommend the Village reassign duties or increase approval processes in order to more fully segregate conflicting duties.

2. Preparation of Financial Statements

The Village Board of Trustees and management share the ultimate responsibility for the Village's internal control system. While it is acceptable to outsource various accounting functions, the responsibility for internal control cannot be outsourced.

The Village engages us to assist in preparing its financial statements and accompanying disclosures. However, as independent auditors, we cannot be considered part of the Village's internal control system. As part of its internal control over the preparation of its financial statements, including disclosures, the Village should implement a comprehensive review procedure to ensure that the financial statements, including disclosures, are complete and accurate. Such review procedures should be performed by an individual possessing a thorough understanding of applicable accounting principles and sufficient financial reporting and accounting knowledge to the extent necessary to enable them to review the Village's financial statements and related disclosures, to provide a high level of assurance that potential omissions or other errors that are less than material, but more than inconsequential, would be identified and corrected.