

VILLAGE OF CASTINE

DAYTON REGION, DARKE COUNTY

REGULAR AUDIT

JANUARY 1, 2000 THROUGH DECEMBER 31, 2001



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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Village Council
Village of Castine
133 South Main Street
Castine, Ohio 45304

We have reviewed the Independent Auditor's Report of the Village of Castine, Darke County, prepared by Vanderhorst & Manning CPAs, LLC, for the audit period January 1, 2000 through December 31, 2001. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Village of Castine is responsible for compliance with these laws and regulations.

A handwritten signature in black ink, appearing to read "Jim Petro".

JIM PETRO
Auditor of State

June 14, 2002

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**VILLAGE OF CASTINE
DARKE COUNTY**

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**Vanderhorst & Manning CPAs, LLC
6105 North Dixie Drive
Dayton, OH 45413**

REPORT OF INDEPENDENT AUDITORS'

Village Council
Village of Castine
133 South Main Street
Castine, Ohio 45304

We have audited the accompanying financial statements of the Village of Castine, Darke County, Ohio, (the Village), as of and for the years ended December 31, 2001 and 2000. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Village of Castine, Darke County, Ohio, as of December 31, 2001 and 2000, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued a report dated May 20, 2002, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report on considering the results of our audit.

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

Vanderhorst & Manning CPAs, LLC
Dayton, Ohio

May 20, 2002

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**VILLAGE OF CASTINE
DARKE COUNTY**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2001

	GOVERNMENTAL FUND TYPES		Total
	General	Special Revenue	(Memorandum Only)
Cash Receipts:			
Taxes	\$ 442	\$ 0	\$ 442
Intergovernmental Receipts	29,712	4,733	34,445
Miscellaneous	3,170	0	3,170
Interest	3,552	1,977	5,529
	<u>36,876</u>	<u>6,710</u>	<u>43,586</u>
Total Cash Receipts	\$ 36,876	\$ 6,710	\$ 43,586
Cash Disbursements:			
General Government	\$ 14,613	\$ 0	\$ 14,613
Security of Persons and Property	12,577	0	12,577
Transportation	20,956	0	20,956
Community Environment	0	0	0
Public Health Service	499	0	499
Capital Outlay	0	4,046	4,046
Leisure Time Activities	0	0	0
Basic Utility Services	5,706	0	5,706
	<u>54,351</u>	<u>4,046</u>	<u>58,397</u>
Total Cash Disbursements	\$ 54,351	\$ 4,046	\$ 58,397
Total Receipts Over/ (Under) Disbursements	\$ (17,475)	\$ 2,664	\$ (14,811)
Fund Cash Balances, January 1, 2001	88,955	45,186	134,141
Fund Cash Balances, December 31, 2001	\$ <u>71,480</u>	\$ <u>47,850</u>	\$ <u>119,330</u>

The Notes to the Financial Statements are an integral part of this statement.

**VILLAGE OF CASTINE
DARKE COUNTY**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2000

	GOVERNMENTAL FUND TYPES		Total (Memorandum Only)
	General	Special Revenue	
Cash Receipts:			
Taxes	\$ 292	\$ 0	\$ 292
Intergovernmental Receipts	32,956	3,583	36,539
Miscellaneous	325	0	325
Interest	5,671	1,570	7,241
Total Cash Receipts	<u>\$ 39,244</u>	<u>\$ 5,153</u>	<u>\$ 44,397</u>
Cash Disbursements:			
General Government	\$ 20,096	\$ 0	\$ 20,096
Security of Persons and Property	9,928	0	9,928
Leisure Time Activities	103	0	103
Basic Utility Services	6,032	0	6,032
Transportation	1,356	0	1,356
Total Cash Disbursements	<u>\$ 37,515</u>	<u>\$ 0</u>	<u>\$ 37,515</u>
Total Receipts Over/(Under) Disbursements	\$ 1,729	\$ 5,153	\$ 6,882
Fund Cash Balances, January 1, 2000	<u>87,226</u>	<u>40,033</u>	<u>127,259</u>
Fund Cash Balances, December 31, 2000	<u>\$ 88,955</u>	<u>\$ 45,186</u>	<u>\$ 134,141</u>

The Notes to the Financial Statements are an integral part of this statement.

**VILLAGE OF CASTINE
DARKE COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2001 AND 2000

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Village of Castine of Darke County, (the Village) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village is directed by a publicly-elected Mayor and six-member Council. The Village provides general governmental services, park operations, leisure time activities, and police services. The Village contracts with the Darke County Sheriff's Office to provide security of persons and property.

The Village's management believes these financial statements present all activities for which the Village is financially accountable.

B. Basis of Accounting

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

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

C. Cash and Investments

Certificates of Deposit are valued at cost.

D. Fund Accounting

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

General Fund:

The General Fund is the general operating fund. It is used to account for all financial resources except those required by law or contract to be restricted.

Special Revenue Funds:

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

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

State Highway Improvement Fund – This fund receives gasoline tax and motor vehicle tax money for constructing, maintaining, and repairing State Highways.

**VILLAGE OF CASTINE
DARKE COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2001 AND 2000

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process

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

Appropriations

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

Estimated Resources

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

Encumbrances

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when individual commitments are made.

A summary of 2001 and 2000 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

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

2. EQUITY IN POOLED CASH AND INVESTMENTS

The Village maintains a cash and investments pool used by all funds. The Ohio Revised Code prescribes allowable deposits and investments.

The carrying amount of cash and investments at December 31 was as follows:

	2001	2000
Demand Deposits	\$ 9,824	\$ 8,664
Star Ohio	40,675	60,166
Certificate of Deposits	<u>68,831</u>	<u>65,311</u>
Total	<u>\$119,330</u>	<u>\$134,141</u>

Deposits: Deposits are insured by the Federal Depository Insurance Corporation.

Investments: Investments in STAR Ohio and mutual funds are not evidenced by securities that exist in physical or book-entry form.

**VILLAGE OF CASTINE
DARKE COUNTY**

**NOTES TO THE FINACIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2001 AND 2000**

3. BUDGETARY ACTIVITY

Budgetary activity for the year ended December 31, 2001, and 2000 was as follows:

2001 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$41,000	\$36,876	\$ (4,124)
Special Revenue	<u>18,800</u>	<u>6,710</u>	<u>(12,090)</u>
Total	<u>\$59,800</u>	<u>\$43,586</u>	<u>\$(16,214)</u>

2001 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 85,650	\$54,351	\$31,299
Special Revenue	<u>36,000</u>	<u>4,046</u>	<u>31,954</u>
Total	<u>\$121,650</u>	<u>\$58,397</u>	<u>\$63,253</u>

2000 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$34,785	\$39,244	\$4,459
Special Revenue	<u>5,500</u>	<u>5,153</u>	<u>(347)</u>
Total	<u>\$40,285</u>	<u>\$44,397</u>	<u>\$4,112</u>

2000 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 88,050	\$37,515	\$50,535
Special Revenue	<u>36,000</u>	<u>0</u>	<u>36,000</u>
Total	<u>\$124,050</u>	<u>\$37,515</u>	<u>\$86,535</u>

4. PROPERTY TAX

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

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

**VILLAGE OF CASTINE
DARKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2001 AND 2000**

4. PROPERTY TAX (Continued)

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

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

5. RETIREMENT SYSTEM

The Village's elected officials belong to the Social Security System. This plan provides retirement benefits, including post-retirement health care, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code. Members of the Social Security System contributed 6.2% of their wages to Social Security. The Village contributed an amount equal to 6.2% of their wages to Social Security. The Village has paid all contributions required through December 31, 2001.

6. RISK MANAGEMENT

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Vehicles
- Errors and omissions

**Vanderhorst & Manning CPAs, LLC
6105 North Dixie Drive
Dayton, OH 45413**

**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND ON
INTERNAL CONTROL REQUIRED BY *GOVERNMENT AUDITING STANDARDS***

Village Council
Village of Castine
133 South Main Street
Castine, Ohio 45304

We have audited the financial statements of the Village of Castine, Darke County (the Village), as of and for the years ended December 31, 2001 and 2000, and have issued our report thereon dated May 20, 2002. We conducted our audits in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of noncompliance that we have reported to the management of the Village in a separate letter dated May 20, 2002.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the specific internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operations that we consider to be material weaknesses. However, we noted other matters involving internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Village in a separate letter dated May 20, 2002.

This report is intended for the information and use of management and Village Council, and is not intended to be and should not be used by anyone other than these specified parties.

Vanderhorst & Manning CPAs, LLC
Dayton, Ohio

May 20, 2002



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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VILLAGE OF CASTINE

DARKE 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
JULY 2, 2002**