



Dave Yost • Auditor of State



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Village of Castine
Darke County
235 North Main Street
Castine, Ohio 45304

We have completed certain procedures in accordance with Ohio Rev. Code Section 117.01(G) to the accounting records and related documents of the Village of Castine, Darke County, (the Village) for the years ended December 31, 2013 and 2012.

Our procedures were designed solely to satisfy the audit requirements of Ohio Rev. Code Section 117.11(A). Because our procedures were not designed to opine on the Village's financial statements, we did not follow *generally accepted auditing standards*. We do not provide any assurance on the Village's financial statements, transactions or balances for the years ended December 31, 2013 or 2012.

The Village's management is responsible for preparing and maintaining its accounting records and related documents. Our responsibility under Ohio Rev. Code Section 117.11(A) is to examine, analyze and inspect these records and documents.

Current Year Observations

1. Federal income taxes, State income taxes and School District income taxes were not withheld from any Council member, Mayor or Fiscal Officer's compensation during 2012 or 2013 (except state). While Medicare and state taxes in the amounts of \$69.03 and \$68.31 was withheld from various employees compensation during 2013 and has not been remitted for payment.

The Village should contact the taxing agencies and rectify such issues and begin withholding federal, state and local taxes from its employees and remit them to the respective agencies. Failure to do so could result in assessment of fines and penalties by the Internal Revenue Service, Ohio Department of Taxation and the Local taxing authority.

2. Social security was not withheld from any Council member, Mayor or Fiscal Officers compensation during 2012; while \$295.12 social security was withheld from various employees compensation during 2013 and has not been remitted for payment. Ohio Public Employees Retirement System (OPERS) pension was not withheld from any Council member, Mayor or Fiscal Officer's compensation during 2012 or 2013. Village Council Members paid on a "per meeting" basis are NOT eligible to participate in OPERS, while the Mayor and Fiscal Officer are paid salary and eligible to participate in OPERS.

The Village should determine the eligibility of the Mayor, Village Council and the Fiscal Officer to participate in the OPERS and begin withholding retirement contributions to the system. If it is determined that the above named individuals are exempt from participation in the OPERS, the Village should begin withholding Social Security from their pay checks. Failure to do so could result in assessment of penalties against the Village, and loss of credit towards retirement for the employees.

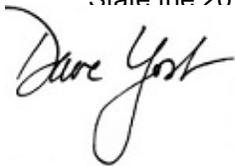
Current Year Observations (Continued)

3. There was no evidence that the Village integrated budgetary estimated receipts or appropriations into the 2013 QuickBooks accounting system. The fiscal officer should periodically compare amounts recorded in the Quickbooks ledgers to amounts recorded on the Amended Official Certificate of Estimated Resources and Annual appropriation measures to assure they agree. If the amounts do not agree, the Village Council may be using inaccurate information for budgeting and monitoring purposes.
4. We noted that General Fund disbursements of \$18,185 exceeded appropriations of \$15,455 for the year ended December 31, 2013. Ohio Rev. Code Section 5705.41(B) states no subdivision or taxing unit is to expend money unless it has been appropriated. Because appropriations authorize spending, expending more money than appropriated potentially allows for deficit spending. The Village should amend appropriations if necessary, or reduced spending so that disbursements do not exceed appropriations.
5. The Village's savings account at Greenville National Bank had a balance of \$920.93 at December 31, 2013, and was not accounted for in the Village's Quickbooks accounting system as part of the available fund cash balance.

Reconciling cash is a critical control in assuring all transactions are posted accurately and in the proper accounting period. Failure to include all accounts on the bank reconciliation results in inaccurate fund cash balance information. The fiscal officer should include all accounts on the bank reconciliation and in the accounting system.

Also, the Village's small size requires Village Council involvement with critical accounting processes (such as bank reconciliation) to compensate for the inability to segregate these duties. The absence of these reviews may be a material weakness in internal accounting control, resulting in inaccurate cash balances, or even undetected theft.

6. The Village has not filed the 2012 or 2013 annual financial statements with the Auditor of State as required. Ohio Rev. Code Section 117.38, states that cash-basis entities must file annual reports with the Auditor of State within sixty days of the fiscal year end. The Auditor of State may prescribe by rule or guidelines the forms for these reports. However, if the Auditor of State has not prescribed a reporting form, the public office shall submit its report on the form used by the public office. Any public office not filing the report by the required date shall pay a penalty of \$25 for each day the report remains unfiled, not to exceed \$750. The AOS may waive these penalties, upon the filing of the past due financial report. The fiscal officer should file with the Auditor of State the 2012 and 2013 annual reports



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April 21, 2014



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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
MAY 8, 2014**