



Dave Yost • Auditor of State



VILLAGE OF CASSTOWN  
MIAMI COUNTY

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

Village of Casstown  
Miami County  
P.O. Box 91  
Casstown, Ohio 45312

To the Village Council:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of the Village of Casstown, Miami County, (the Village) as of and for the years ended December 31, 2015 and 2014.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Village's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Village's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

***Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles***

As described in Note 1B of the financial statements, the Village prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America, to satisfy requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Village does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2015 and 2014, or changes in financial position thereof for the years then ended.

***Opinion on Regulatory Basis of Accounting***

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of the Village of Casstown, Miami County as of December 31, 2015 and 2014, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 1B.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated September 6, 2016, 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 grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.



**Dave Yost**  
Auditor of State  
Columbus, Ohio

September 6, 2016

**VILLAGE OF CASSTOWN  
MIAMI COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2015**

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Totals (Memorandum Only)</u>
<b>Cash Receipts:</b>				
Property and Other Local Taxes	\$10,245	\$4,568		\$14,813
Intergovernmental	18,458	15,282		33,740
Special Assessments		4,600		4,600
Charges for Services		32,781	\$2,505	35,286
Fines, Licenses and Permits	1,338			1,338
Earnings on Investments	1,114	426		1,540
Miscellaneous	6			6
Total Cash Receipts	<u>31,161</u>	<u>57,657</u>	<u>2,505</u>	<u>91,323</u>
<b>Cash Disbursements:</b>				
<b>Current:</b>				
Security of Persons and Property	6,823	8,949		15,772
Public Health Services		45,821		45,821
Leisure Time Activities	260			260
Transportation	347	4,285		4,632
General Government	20,750	313		21,063
<b>Debt Service:</b>				
Principal Retirement		4,962		4,962
Total Cash Disbursements	<u>28,180</u>	<u>64,330</u>		<u>92,510</u>
Excess of Receipts Over (Under) Disbursements	<u>2,981</u>	<u>(6,673)</u>	<u>2,505</u>	<u>(1,187)</u>
Fund Cash Balances, January 1	<u>189,813</u>	<u>202,209</u>	<u>85,344</u>	<u>477,366</u>
<b>Fund Cash Balances, December 31:</b>				
Restricted		195,536		195,536
Committed			87,849	87,849
Assigned	2,753			2,753
Unassigned (Deficit)	190,041			190,041
Fund Cash Balances, December 31	<u>\$192,794</u>	<u>\$195,536</u>	<u>\$87,849</u>	<u>\$476,179</u>

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

VILLAGE OF CASSTOWN  
MIAMI COUNTY

STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGE IN FUND BALANCE (CASH BASIS)  
FIDUCIARY FUND TYPE  
FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>Private-Purpose Trust</u>
<b>Operating Cash Receipts:</b>	
Earnings on Investments	\$225
Total Operating Cash Receipts	<u>225</u>
<b>Operating Cash Disbursements:</b>	
Supplies and Materials	1,025
Total Operating Cash Disbursements	<u>1,025</u>
Net Change in Fund Cash Balance	(800)
Fund Cash Balance, January 1	<u>69,930</u>
Fund Cash Balance, December 31	<u><u>\$69,130</u></u>

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

**VILLAGE OF CASSTOWN  
MIAMI COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2014**

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Totals (Memorandum Only)</u>
<b>Cash Receipts:</b>				
Property and Other Local Taxes	\$9,476	\$4,225		\$13,701
Intergovernmental	15,625	16,093		31,718
Special Assessments		4,419		4,419
Charges for Services		39,031	\$4,037	43,068
Fines, Licenses and Permits	1,530			1,530
Earnings on Investments	170	61		231
Miscellaneous	481			481
Total Cash Receipts	<u>27,282</u>	<u>63,829</u>	<u>4,037</u>	<u>95,148</u>
<b>Cash Disbursements:</b>				
<b>Current:</b>				
Security of Persons and Property	6,293	8,763		15,056
Public Health Services		38,744		38,744
Leisure Time Activities	187			187
Transportation	2,719	6,390		9,109
General Government	28,087	298		28,385
<b>Debt Service:</b>				
Principal Retirement		14,887		14,887
Total Cash Disbursements	<u>37,286</u>	<u>69,082</u>		<u>106,368</u>
Excess of Receipts Over (Under) Disbursements	<u>(10,004)</u>	<u>(5,253)</u>	<u>4,037</u>	<u>(11,220)</u>
Fund Cash Balances, January 1	<u>199,817</u>	<u>207,462</u>	<u>81,307</u>	<u>488,586</u>
<b>Fund Cash Balances, December 31:</b>				
Restricted		202,209		202,209
Committed			85,344	85,344
Assigned	8,052			8,052
Unassigned (Deficit)	181,761			181,761
Fund Cash Balances, December 31	<u>\$189,813</u>	<u>\$202,209</u>	<u>\$85,344</u>	<u>\$477,366</u>

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

VILLAGE OF CASSTOWN  
MIAMI COUNTY

STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGE IN FUND BALANCE (CASH BASIS)  
FIDUCIARY FUND TYPE  
FOR THE YEAR ENDED DECEMBER 31, 2014

	<u>Private-Purpose Trust</u>
<b>Operating Cash Receipts:</b>	
Earnings on Investments	\$34
Total Operating Cash Receipts	<u>34</u>
<b>Operating Cash Disbursements:</b>	
Supplies and Materials	1,863
Total Operating Cash Disbursements	<u>1,863</u>
Net Change in Fund Cash Balance	(1,829)
Fund Cash Balance, January 1	<u>71,759</u>
Fund Cash Balance, December 31	<u><u>\$69,930</u></u>

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

**VILLAGE OF CASSTOWN  
MIAMI COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015 AND 2014**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of Casstown, Miami County, (the Village) as a body corporate and politic. A publicly-elected six-member Council directs the Village. The Village provides park and cemetery operations. The Village contracts with the Miami County Sheriff's department to provide security of persons and property. The Village contracts with Casstown Volunteer Fire Department to receive fire protection services and Elizabeth Township for ambulance/EMS services.

The Village participates in a public entity risk pool, the Public Entities Pool of Ohio (PEP). Note 7 to the financial statements provides additional information for this entity.

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

**B. Accounting Basis**

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D). This basis is similar to the cash receipts and disbursements accounting basis. The Village recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

**C. Deposits**

The Village's cash is deposited in a checking account, a savings account, and certificates of deposit, which are valued at cost.

**D. Fund Accounting**

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

**1. General Fund**

The General Fund accounts for and reports all financial resources not accounted for and reported in another fund.

**2. Special Revenue Funds**

These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Village had the following significant Special Revenue Funds:

**VILLAGE OF CASSTOWN  
MIAMI COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015 AND 2014  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

**Cemetery Operating Fund** – This fund receives receipts from the operation of the cemetery to provide for maintaining the cemetery.

**3. Capital Project Funds**

These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Village had the following significant capital project fund:

**Cemetery Land Purchase Fund** – This fund receives twenty five percent (25%) of the sale of cemetery lots to have funds to purchase additional cemetery land.

**4. Fiduciary Funds**

Fiduciary funds include private purpose trust funds and agency funds. Trust funds account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Village's own programs.

The Village's private purpose trust fund is for the benefit of certain individuals.

**E. Budgetary Process**

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

**1. 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. Appropriations lapse at year end.

**2. Estimated Resources**

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

**3. Encumbrances**

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are canceled, and re-appropriated in the subsequent year.

A summary of 2015 and 2014 budgetary activity appears in Note 3.

VILLAGE OF CASSTOWN  
MIAMI COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015 AND 2014  
(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Village must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

1. **Non-spendable**

The Village classifies assets as *non-spendable* when legally or contractually required to maintain the amounts intact.

2. **Restricted**

Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

3. **Committed**

Council can *commit* amounts via formal action (resolution). The Village must adhere to these commitments unless the Council amends the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

4. **Assigned**

Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Village Council or a Village official delegated that authority by resolution, or by State Statute.

5. **Unassigned**

Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Village applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

G. Property, Plant, and Equipment

The Village records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

**VILLAGE OF CASSTOWN  
MIAMI COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015 AND 2014  
(Continued)**

**2. EQUITY IN POOLED DEPOSITS**

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

	<b>2015</b>	<b>2014</b>
Demand deposits	\$143,608	\$147,296
Certificates of deposit	401,701	400,000
Total deposits	\$545,309	\$547,296

**Deposits:** Deposits are insured by the Federal Depository Insurance Corporation; or collateralized by the financial institution's public entity deposit pool.

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2015 and 2014 follows:

**2015 Budgeted vs. Actual Receipts**

<b>Fund Type</b>	<b>Budgeted Receipts</b>	<b>Actual Receipts</b>	<b>Variance</b>
General	\$26,874	\$31,161	\$4,287
Special Revenue	63,870	57,657	(6,213)
Capital Projects	4,037	2,505	(1,532)
Private-Purpose Trust	100	225	125
Total	\$94,881	\$91,548	(\$3,333)

**2015 Budgeted vs. Actual Budgetary Basis Expenditures**

<b>Fund Type</b>	<b>Appropriation Authority</b>	<b>Budgetary Expenditures</b>	<b>Variance</b>
General	\$34,926	\$28,180	\$6,746
Special Revenue	63,319	64,330	(1,011)
Capital Projects			
Private-Purpose Trust	2,000	1,025	975
Total	\$100,245	\$93,535	\$6,710

**2014 Budgeted vs. Actual Receipts**

<b>Fund Type</b>	<b>Budgeted Receipts</b>	<b>Actual Receipts</b>	<b>Variance</b>
General	\$27,279	\$27,282	\$3
Special Revenue	63,227	63,829	602
Capital Projects	4,038	4,037	(1)
Private-Purpose Trust	64	34	(30)
Total	\$94,608	\$95,182	\$574

**2014 Budgeted vs. Actual Budgetary Basis Expenditures**

<b>Fund Type</b>	<b>Appropriation Authority</b>	<b>Budgetary Expenditures</b>	<b>Variance</b>
General	\$41,394	\$37,286	\$4,108
Special Revenue	76,489	69,082	7,407
Capital Projects	1,000		1,000
Private-Purpose Trust	2,000	1,863	137
Total	\$120,883	\$108,231	\$12,652

**VILLAGE OF CASSTOWN  
MIAMI COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015 AND 2014  
(Continued)**

**4. PROPERTY TAX**

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

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

**5. DEBT**

Debt outstanding at December 31, 2015 was as follows:

	<b>Principal</b>	<b>Interest Rate</b>
Ohio Public Works Commission Loan	\$163,756	0%
Total	\$163,756	

The Ohio Public Works Commission (OPWC) loan relates to the Main Street (State Route 55) reconstruction. The original loan amount was \$198,492. The Village will repay the loans in semiannual installments of \$4,962 over 20 years.

Amortization of the above debt is scheduled as follows:

<b>Year ending December 31:</b>	<b>OPWC Loan</b>
2016	\$9,925
2017	9,925
2018	9,925
2019	9,925
2020	9,925
2021-2025	49,623
2026-2030	49,623
2031-2032	14,885
Total	\$163,756

**6. RETIREMENT SYSTEMS**

The Village's employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes the plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2015 and 2014, OPERS members contributed 10% of their gross salaries and the Village contributed an amount equaling 14% of participants' gross salaries. The Village has paid all contributions required through December 31, 2015.

**VILLAGE OF CASSTOWN  
MIAMI COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015 AND 2014  
(Continued)**

**7. RISK MANAGEMENT**

The Village is exposed to various risks of property and casualty losses, and injuries to employees.

The Village insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

The Village belongs to the Public Entities Pool of Ohio (PEP), a risk-sharing pool available to Ohio local governments. PEP provides property and casualty coverage for its members. York Insurance Services Group, Inc. (York) functions as the administrator of PEP and provides underwriting, claims, loss control, risk management, and reinsurance services for PEP. PEP is a member of the American Public Entity Excess Pool (APEEP), which is also administered by York. Member governments pay annual contributions to fund PEP. PEP pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

**A. Casualty and Property Coverage**

APEEP provides PEP with an excess risk-sharing program. Under this arrangement, PEP retains insured risks up to an amount specified in the contracts. At December 31, 2015, PEP retained \$350,000 for casualty claims and \$100,000 for property claims.

The aforementioned casualty and property reinsurance agreement does not discharge PEP's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.

**B. Financial Position**

PEP's financial statements (audited by other auditor's) conform with generally accepted accounting principles, and reported the following assets, liabilities and net position at December 31, 2014 and 2015 (the latest information available):

	<b>2014</b>	<b>2015</b>
Assets	\$35,402,177	\$38,307,677
Liabilities	(12,363,257)	(12,759,127)
Net Position	\$23,038,920	\$25,548,550

At December 31, 2014 and 2015, respectively, the liabilities above include approximately \$11.1 million and \$11.5 million of estimated incurred claims payable. The assets above also include approximately \$10.8 million and \$11.0 million of unpaid claims to be billed. The Pool's membership increased from 488 members in 2014 to 499 members in 2015. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2015, the Village's share of these unpaid claims collectible in future years is approximately \$5,000.

Based on discussions with PEP, the expected rates PEP charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to PEP for each year of membership.

<b>Contributions to PEP</b>	
<b>2014</b>	<b>2015</b>
\$6,293	\$6,823

**VILLAGE OF CASSTOWN  
MIAMI COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015 AND 2014  
(Continued)**

**7. RISK MANAGEMENT (Continued)**

After one year of membership, a member may withdraw on the anniversary of the date of joining PEP, if the member notifies PEP in writing 60 days prior to the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's contribution. Withdrawing members have no other future obligation to PEP. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

**8. CONTINGENT LIABILITIES**

The Village is defendant in a lawsuit. Although management cannot presently determine the outcome of the suit, it is possible that the resolution of this matter could materially adversely affect the Village's financial condition.

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Village of Casstown  
Miami County  
P.O. Box 91  
Casstown, Ohio 45312

To the Village Council:

We have audited in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements by fund type of the Village of Casstown, Miami County, (the Village) as of and for the years ended December 31, 2015 and 2014, and the related notes to the financial statements and have issued our report thereon dated September 6, 2016 wherein we noted the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

### ***Internal Control Over Financial Reporting***

As part of our financial statement audit, we considered the Village's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Village's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Village's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings that we consider a material weakness. We consider finding 2015-001 to be a material weakness.

### ***Compliance and Other Matters***

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

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[www.ohioauditor.gov](http://www.ohioauditor.gov)

***Purpose of this Report***

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Village's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Village's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

**Dave Yost**  
Auditor of State  
Columbus, Ohio

September 6, 2016

**VILLAGE OF CASSTOWN  
MIAMI COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2015 AND 2014**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2015-001**

**Material Weakness – Financial Statement Misstatements**

The Village's financial statements for 2015 and 2014 contained errors related to accounting for financial activity during the audit period as follows:

- In 2014, the Village classified its debt payments in the transportation line item instead of in the principal retirement line item in the Street Construction, Maintenance, and Repair Fund. The amount was \$14,887. This error was reclassified in the financial statements.
- **Ohio Rev. Code Section 5735.28** states that wherever a municipal corporation is on the line of the state highway system as designated by the director of transportation as an extension or continuance of the state highway system, seven and one-half per cent of the amount paid to any municipal corporation pursuant to sections 4501.04, 5735.23, and 5735.27 of the Revised Code shall be used by it only to construct, reconstruct, repave, widen, maintain, and repair such highways, to purchase, erect, and maintain traffic lights and signals, and to erect and maintain street and traffic signs and markers on such highways, or to pay principal, interest, and charges on bonds and other obligations issued pursuant to Chapter 133 of the Revised Code or incurred pursuant to section 5531.09 of the Revised Code for such purposes. In 2014, the Village posted three such receipts incorrectly as they were not allocated between the Street Fund (92.5%) and State Highway Fund (7.5%): an auto registration receipt of \$144 was posted entirely to the State Highway Fund, a gasoline tax receipt of \$675 was posted entirely to the State Highway Fund, and a gasoline tax receipt of \$669 was posted entirely to the Street Fund. In 2015, the Village posted two such receipts incorrectly as they were not allocated between the Street Fund (92.5%) and State Highway Fund (7.5%): a state and local government highway distribution receipt of \$340 was posted entirely to the General Fund and a gasoline tax receipt of \$609 was posted entirely to the State Highway Fund. All of the above errors were corrected in the financial statements and in the Village's accounting system, with the exception of the \$340 receipt.
- In 2015, the Village posted the second half homestead and rollback reimbursement of \$1,556 as property tax revenue instead of intergovernmental revenue (\$1,089 related to the general fund and \$467 related to the fire levy fund). This error was reclassified in the financial statements.
- **Auditor of State Bulletin 2011-004** states that committed fund balance classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority. The Village had a capital projects fund for cemetery land purchase, which, according to a Village ordinance, received 25% of the proceeds from the sale of cemetery plots. This treatment meets the definition of committed fund balance, and a reclassification entry was made to reclassify the 2015 and 2014 year-end fund balances of \$87,849 and \$85,344, respectively, from restricted to committed fund balance. This error was reclassified in the financial statements.

**FINDING NUMBER 2015-001  
(Continued)**

- **Auditor of State Bulletin 2011-004** additionally states that when the appropriation measure is adopted for the subsequent year, and those appropriations exceed estimated receipts, the excess is assigned as it uses existing fund balance at year-end. This would be applicable to the general fund as it is the only fund with a positive unassigned fund balance. The Village failed to properly classify the amount by which appropriations exceeded estimated receipts for the subsequent fiscal year in the amount of \$2,753 for 2015 and \$8,052 for 2014. These amounts should have been classified as assigned fund balance rather than unassigned fund balance in the General Fund. This error was reclassified in the financial statements.

Failure to post revenues and expenditures to the correct funds and account codes could result in misstated financial statements, incorrect fund balances, and expenditures being paid for with money that does not really exist in a fund. Failure to classify fund balances correctly could lead to materially misstated financial statements.

The Village should review Auditor of State Bulletin 2011-04 and implement procedures to determine that all ending balances comply with its requirements. The Village should utilize the Uniform Accounting Network Accounting & General Manual to determine proper classifications for receipts and disbursements.

**Officials' Response:**

We did not receive a response from Village Officials' to this finding.

VILLAGE OF CASSTOWN  
MIAMI COUNTY

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2015 AND 2014

Finding Number	Finding Summary	Status	Additional Information
2013-001	Material Weakness - Financial Statement Misstatements	Not corrected	Finding was not corrected and is repeated as Finding Number 2015-001
2013-002	<b>Ohio Rev. Code Sections 5705.10(D) and 727.01</b> – Posting special assessment activity to a separate fund.	Corrective Action taken and finding is fully corrected	

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# Dave Yost • Auditor of State

**VILLAGE OF CASSTOWN**

**MIAMI 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  
OCTOBER 11, 2016**