



**Auditor of State
Betty Montgomery**

VILLAGE OF CASSTOWN
MIAMI COUNTY

TABLE OF CONTENTS

<u>TITLE</u>	<u>PAGE</u>
Independent Accountants' Report.....	1
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types - For the Year Ended December 31, 2003	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - Proprietary and Similar Fiduciary Fund Types - For the Year Ended December 31, 2003	4
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types - For the Year Ended December 31, 2002	5
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - Proprietary and Similar Fiduciary Fund Types - For the Year Ended December 31, 2002	6
Notes to the Financial Statements	7
Independent Accountants' Report on Compliance and on Internal Control Required by <i>Government Auditing Standards</i>	13

This page intentionally left blank.

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

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

July 27, 2004

**VILLAGE OF CASSTOWN
MIAMI COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2002**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Property Tax and Other Local Taxes	\$9,679	\$4,133		\$13,812
Special Assessments	5,693			5,693
Intergovernmental Receipts	21,274	12,932		34,206
Charges for Services			\$4,200	4,200
Fines, Licenses, and Permits	25			25
Earnings on Investments	7,144	1,217		8,361
Miscellaneous	1,238			1,238
	<u>45,053</u>	<u>18,282</u>	<u>4,200</u>	<u>67,535</u>
Total Cash Receipts				
Cash Disbursements:				
Current:				
Security of Persons and Property	3,788	4,843		8,631
Public Health Services	927			927
Leisure Time Activities	100			100
Transportation	15,755	2,384		18,139
General Government	16,291			16,291
Capital Outlay			3,761	3,761
	<u>36,861</u>	<u>7,227</u>	<u>3,761</u>	<u>47,849</u>
Total Cash Disbursements				
Total Receipts Over/(Under) Disbursements	<u>8,192</u>	<u>11,055</u>	<u>439</u>	<u>19,686</u>
Other Financing Receipts and (Disbursements):				
Transfers-In			4,530	4,530
Transfers-Out	(5,176)			(5,176)
	<u>(5,176)</u>			<u>(5,176)</u>
Total Other Financing Receipts/(Disbursements)			<u>4,530</u>	<u>(646)</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>3,016</u>	<u>11,055</u>	<u>4,969</u>	<u>19,040</u>
Fund Cash Balances, January 1	<u>115,865</u>	<u>39,575</u>	<u>73,447</u>	<u>228,887</u>
Fund Cash Balances, December 31	<u>\$118,881</u>	<u>\$50,630</u>	<u>\$78,416</u>	<u>\$247,927</u>

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

**VILLAGE OF CASSTOWN
MIAMI COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - PROPRIETARY AND SIMILAR FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2002**

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Nonexpendable Trust</u>	
Operating Cash Receipts:			
Charges for Services	\$42,663		\$42,663
Earnings on Investments		\$3,169	3,169
Miscellaneous		1,000	1,000
Total Operating Cash Receipts	<u>42,663</u>	<u>4,169</u>	<u>46,832</u>
Operating Cash Disbursements:			
Personal Services	20,813		20,813
Travel Transportation	148		148
Contractual Services	845	755	1,600
Supplies and Materials	9,425		9,425
Capital Outlay	9,103		9,103
Total Operating Cash Disbursements	<u>40,334</u>	<u>755</u>	<u>41,089</u>
Operating Income/(Loss)	<u>2,329</u>	<u>3,414</u>	<u>5,743</u>
Non-Operating Cash Receipts:			
Other Non-Operating Receipts	1,469		1,469
Total Non-Operating Cash Receipts	<u>1,469</u>		<u>1,469</u>
Non-Operating Cash Disbursements:			
Other Non-Operating Cash Disbursements	429		429
Total Non-Operating Cash Disbursements	<u>429</u>		<u>429</u>
Excess of Receipts Over/(Under) Disbursements Before Interfund Transfers and Advances	3,369	3,414	6,783
Transfers-In	646		646
Net Receipts Over/(Under) Disbursements	4,015	3,414	7,429
Fund Cash Balances, January 1	<u>52,377</u>	<u>55,806</u>	<u>108,183</u>
Fund Cash Balances, December 31	<u>\$56,392</u>	<u>\$59,220</u>	<u>\$115,612</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, 2003 AND 2002**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Village of Casstown, Miami 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 six-member Council. The Village provides general governmental services, including cemetery operations. The Village contracts with the Miami County Sheriff's department to provide security of persons and property. The Village contracts with Casstown Fire Department to provide fire protection services.

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 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 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:

1. General Fund

The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

2. Special Revenue Fund

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 highway streets through the Village.

**VILLAGE OF CASSTOWN
MIAMI COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fire Levy Fund – This receives proceeds from a property tax levy for fire protection for Village residents.

3. Capital Project Fund

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through enterprise or trust funds). The Village had the following significant capital project funds:

Cemetery Land Purchase and Maintenance Fund - This fund receives proceeds from the selling of burial plots. The proceeds are to be used for the acquisition and maintaining of the land.

4. Enterprise Fund

This fund account for operations that are similar to private business enterprises where management intends that the significant costs of providing certain goods or services will be recovered through user charges. The Village had the following significant Enterprise Fund:

Cemetery Operating Fund - This fund receives charges for services to manage the cemetery.

5. Fiduciary Fund (Trust Fund)

Trust funds are used to account for resources restricted by legally binding trust agreements. If the agreement requires the Village to maintain the corpus of the trust, the fund is classified as a nonexpendable trust fund. Other trust funds are classified as expendable. The Village had the following significant fiduciary fund:

Non-Expendable Trust Fund

Cemetery Endowment Fund – Amounts donated are maintained in perpetuity. Investment earning are used for grave upkeep as specified by the donation.

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, and appropriations may not exceed estimated resources. The Council must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year end.

**VILLAGE OF CASSTOWN
MIAMI COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2. Estimated Resources

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

3. Encumbrances

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

A summary of 2003 and 2002 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:

	2003	2002
Demand deposits	\$152,489	\$111,592
Certificates of deposit	251,162	251,947
Total deposits	\$403,651	\$363,539

Deposits: Deposits are either (1) insured by the Federal Depository Insurance Corporation, (2) collateralized by the financial institution's public entity deposit pool.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2003 and 2002 follows:

2003 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$42,929	\$45,469	\$2,540
Special Revenue	19,602	20,449	847
Capital Projects	6,188	5,993	(195)
Enterprise	30,948	34,209	3,261
Fiduciary	3,000	3,187	187
Total	\$102,667	\$109,307	\$6,640

**VILLAGE OF CASSTOWN
MIAMI COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

2003 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$74,510	\$30,258	\$44,252
Special Revenue	35,252	7,457	27,795
Capital Projects	15,350	0	15,350
Enterprise	45,575	30,627	14,948
Fiduciary	1,500	853	647
Total	<u>\$172,187</u>	<u>\$69,195</u>	<u>\$102,992</u>

2002 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$40,988	\$45,053	\$4,065
Special Revenue	19,868	18,282	(1,586)
Capital Projects	9,300	8,730	(570)
Enterprise	50,503	44,778	(5,725)
Fiduciary	4,200	4,169	(31)
Total	<u>\$124,859</u>	<u>\$121,012</u>	<u>(\$3,847)</u>

2002 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$64,185	\$42,037	\$22,148
Special Revenue	45,841	7,227	38,614
Capital Projects	5,438	3,761	1,677
Enterprise	58,625	40,763	17,862
Fiduciary	1,500	755	745
Total	<u>\$175,589</u>	<u>\$94,543</u>	<u>\$81,046</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 payments, 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.

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.

**VILLAGE OF CASSTOWN
MIAMI COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)**

5. RETIREMENT SYSTEMS

The Village's employees and Clerk belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2003 and 2002, PERS members contributed 8.5% of their wages. The Village contributed an amount equal to 13.55% of participants' gross salaries from January 1, 2002 through December 31, 2003. The Village has paid all contributions required through December 31, 2003.

6. RISK MANAGEMENT

A. Risk Pool Membership

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. PEP is a member of the American Public Entity Excess Pool (APEEP). Member governments pay annual contributions to fund PEP. PEP pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

B. Casualty Coverage

PEP retains casualty risks up to \$250,000 per claim, including loss adjustment expenses. PEP pays a percentage of its contributions to APEEP. APEEP reinsures claims exceeding \$250,000, up to \$1,750,000 per claim and \$5,000,000 in the aggregate per year. Governments can elect additional coverage, from \$2,000,000 to \$10,000,000 from the General Reinsurance Corporation.

If losses exhaust PEP's retained earnings, APEEP covers PEP losses up to \$5,000,000 per year, subject to a per-claim limit of \$2,000,000.

C. Property Coverage

PEP retains property risks, including automobile physical damage, up to \$100,000 on any specific loss with an annual aggregate of \$1,250,000 for 2002. There is no aggregate for 2003 and future accident years. Beginning in 2003, PEP retains property risks, including automobile physical damage, up to \$100,000 on any specific loss in any one occurrence. The Travelers Indemnity Company reinsures losses exceeding \$100,000. APEEP's Guarantee Fund pays losses and loss adjustment expenses exceeding operating contributions.

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

VILLAGE OF CASSTOWN
MIAMI COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)

6. RISK MANAGEMENT (Continued)

D. Financial Position

PEP's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31:

Casualty Coverage	2003	2002
Assets	\$25,288,098	\$20,174,977
Liabilities	(12,872,985)	(8,550,749)
Retained earnings	\$12,415,113	\$11,624,228

Property Coverage	2003	2002
Assets	\$3,158,813	\$2,565,408
Liabilities	(792,061)	(655,318)
Retained earnings	\$2,366,752	\$1,910,090



**Auditor of State
Betty Montgomery**

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

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

To the Village Council:

We have audited the accompanying financial statements of the Village of Casstown, Miami County, (the Village), as of and for the years ended December 31, 2003 and 2002, and have issued our report thereon dated July 27, 2004. We conducted our audit 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.

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 an immaterial instance of noncompliance that we have reported to management of the Village in a separate letter dated July 27, 2004.

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 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 operation that we consider to be material weaknesses. However, we noted a matter involving the internal control over financial reporting that does not require inclusion in this report, that we have reported to management of the Village in a separate letter dated July 27, 2004.

Village of Casstown
Miami County
Independent Accountants' Report on Compliance and on Internal Control
Required by *Government Auditing Standards*
Page 2

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

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

July 27, 2004



**Auditor of State
Betty Montgomery**

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140

Telephone 614-466-4514
800-282-0370

Facsimile 614-466-4490

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 5, 2004**