



Mary Taylor, CPA  
Auditor of State



VILLAGE OF CATAWBA  
CLARK COUNTY

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Mary Taylor, CPA  
Auditor of State

Village of Catawba  
Clark County  
115 S. Persimmon Street  
Catawba, Ohio 43010

To the Mayor and the Village Council:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to an interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your village to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. Our Report includes an adverse opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

A handwritten signature in black ink that reads "Mary Taylor".

**Mary Taylor, CPA**  
Auditor of State

April 7, 2010

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# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

Village of Catawba  
Clark County  
115 S. Persimmon Street  
Catawba, Ohio 43010

To the Mayor and the Village Council:

We have audited the accompanying financial statements of Village of Catawba, Clark County, (the Village) as of and for the years ended December 31, 2009 and 2008. 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 audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure 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. The Village processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Village because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. We believe our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the Village has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Instead of the combined funds the accompanying financial statements present, GAAP require presenting entity wide statements and also presenting the Village's larger (i.e. major) funds separately. While the Village does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require Villages to reformat their statements. The Village has elected not to follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2009 and 2008 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2009 and 2008, or its changes in financial position or cash flows, where applicable for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of Village of Catawba, Clark County, as of December 31, 2009 and 2008, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

For the years ended December 31, 2009 and 2008, the Village revised its financial presentation from that comparable to the requirements of *Governmental Accounting Standards* No. 34, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments to a format the Auditor of State prescribes or permits.

The Village has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 7, 2010, 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. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.



**Mary Taylor, CPA**  
Auditor of State

April 7, 2010



**VILLAGE OF CATAWBA  
CLARK COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<u>Governmental Fund Types</u>		<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Property and Local Taxes	\$5,447		\$5,447
Municipal Income Tax	31,100		31,100
Intergovernmental	4,441	\$15,766	20,207
Fines, Licenses and Permits	9,949		9,949
Earnings on Investments	50	89	139
Miscellaneous	510		510
Total Cash Receipts	<u>51,497</u>	<u>15,855</u>	<u>67,352</u>
<b>Cash Disbursements:</b>			
<b>Current:</b>			
Security of Persons and Property	13,415		13,415
Leisure Time Activities	150		150
Transportation		5,393	5,393
General Government	27,568		27,568
Total Cash Disbursements	<u>41,133</u>	<u>5,393</u>	<u>46,526</u>
Total Receipts Over/(Under) Disbursements	<u>10,364</u>	<u>10,462</u>	<u>20,826</u>
<b>Other Financing Disbursements:</b>			
Other Financing Uses	(5,335)	(3,581)	(8,916)
Total Other Financing Receipts Disbursements	<u>(5,335)</u>	<u>(3,581)</u>	<u>(8,916)</u>
Excess of Cash Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	5,029	6,881	11,910
Fund Cash Balances, January 1	<u>22,307</u>	<u>45,372</u>	<u>67,679</u>
Fund Cash Balances, December 31	<u><u>\$27,336</u></u>	<u><u>\$52,253</u></u>	<u><u>\$79,589</u></u>

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

**VILLAGE OF CATAWBA  
CLARK COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - ALL PROPRIETARY AND FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<u>Proprietary Fund Types</u>	<u>Fiduciary Fund Types</u>	<b>Totals (Memorandum Only)</b>
	<u>Enterprise</u>	<u>Agency</u>	
<b>Operating Cash Receipts:</b>			
Charges for Services	\$100,046		\$100,046
Fines, Licenses and Permits		\$12,705	12,705
Total Operating Cash Receipts	<u>100,046</u>	<u>12,705</u>	<u>112,751</u>
<b>Operating Cash Disbursements:</b>			
Personal Services	13,932		13,932
Employee Fringe Benefits	2,670		2,670
Contractual Services	8,918		8,918
Supplies and Materials	17,135		17,135
Other		12,705	12,705
Total Operating Cash Disbursements	<u>42,655</u>	<u>12,705</u>	<u>55,360</u>
Operating Income	<u>57,391</u>		<u>57,391</u>
<b>Non-Operating Cash Receipts:</b>			
Earnings on Investments	192		192
Total Non-Operating Cash Receipts	<u>192</u>		<u>192</u>
<b>Non-Operating Cash Disbursements:</b>			
Redemption of Principal	38,124		38,124
Interest and Other Fiscal Charges	5,479		5,479
Other Non-Operating Cash Disbursements	3,581		3,581
Total Non-Operating Cash Disbursements	<u>47,184</u>		<u>47,184</u>
Net Receipts Over Disbursements	10,399		10,399
Fund Cash Balances, January 1	<u>90,518</u>	<u>10</u>	<u>90,528</u>
Fund Cash Balances, December 31	<u>\$100,917</u>	<u>\$10</u>	<u>\$100,927</u>

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

**VILLAGE OF CATAWBA  
CLARK COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>Governmental Fund Types</u>		<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Property and Local Taxes	\$5,322		\$5,322
Municipal Income Tax	33,388		33,388
Intergovernmental	5,311	\$16,095	21,406
Charges for Services	590		590
Fines, Licenses and Permits	5,023		5,023
Earnings on Investments	87	176	263
Miscellaneous	3,902		3,902
Total Cash Receipts	<u>53,623</u>	<u>16,271</u>	<u>69,894</u>
<b>Cash Disbursements:</b>			
<b>Current:</b>			
Security of Persons and Property	11,359		11,359
Leisure Time Activities	150		150
Transportation		1,629	1,629
General Government	33,586		33,586
Total Cash Disbursements	<u>45,095</u>	<u>1,629</u>	<u>46,724</u>
Total Receipts Over/(Under) Disbursements	<u>8,528</u>	<u>14,642</u>	<u>23,170</u>
<b>Other Financing Disbursements:</b>			
Other Financing Uses	(4,469)	(11,876)	(16,345)
Total Other Financing Disbursements	<u>(4,469)</u>	<u>(11,876)</u>	<u>(16,345)</u>
Excess of Cash Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	4,059	2,766	6,825
Fund Cash Balances, January 1	<u>18,248</u>	<u>42,606</u>	<u>60,854</u>
Fund Cash Balances, December 31	<u>\$22,307</u>	<u>\$45,372</u>	<u>\$67,679</u>

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

**VILLAGE OF CATAWBA  
CLARK COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - ALL PROPRIETARY AND FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>Proprietary Fund Types</u>	<u>Fiduciary Fund Types</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
<b>Operating Cash Receipts:</b>			
Charges for Services	\$99,069		\$99,069
Fines, Licenses and Permits		\$4,391	4,391
Total Operating Cash Receipts	<u>99,069</u>	<u>4,391</u>	<u>103,460</u>
<b>Operating Cash Disbursements:</b>			
Personal Services	13,566		13,566
Employee Fringe Benefits	2,569		2,569
Contractual Services	13,323		13,323
Supplies and Materials	24,626		24,626
Other		4,391	4,391
Total Operating Cash Disbursements	<u>54,084</u>	<u>4,391</u>	<u>58,475</u>
Operating Income	<u>44,985</u>		<u>44,985</u>
<b>Non-Operating Cash Receipts:</b>			
Earnings on Investments	416		416
Other Non-Operating Cash Receipts	3		3
Total Non-Operating Cash Receipts	<u>419</u>		<u>419</u>
<b>Non-Operating Cash Disbursements:</b>			
Redemption of Principal	36,940		36,940
Interest and Other Fiscal Charges	6,631		6,631
Other Non-Operating Cash Disbursements	6,243		6,243
Total Non-Operating Cash Disbursements	<u>49,814</u>		<u>49,814</u>
Net Receipts Under Disbursements	(4,410)		(4,410)
Fund Cash Balances, January 1	<u>94,928</u>	<u>10</u>	<u>94,938</u>
Fund Cash Balances, December 31	<u>\$90,518</u>	<u>\$10</u>	<u>\$90,528</u>

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

**VILLAGE OF CATAWBA  
CLARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2009 AND 2008**

**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 Catawba, Clark County, (the Village) as a body corporate and politic. A publicly-elected five-member Council directs the Village. The Village provides water and sewer utilities, park operations, and police services. The Village contracts with Pleasant Township Fire Department to receive fire protection services.

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 the Auditor of State prescribes or permits. 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 Auditor of State prescribes or permits.

**C. Deposits and Investments**

The Village's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

**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 reports all financial resources except those required to be accounted for in another fund.

**2. Special Revenue Funds**

These funds account for proceeds from specific sources (other than from private-purpose 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.

**VILLAGE OF CATAWBA  
CLARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2009 AND 2008  
(Continued)**

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

**3. Enterprise Funds**

These funds account for operations that are similar to private business enterprises, where management intends to recover the significant costs of providing certain goods or services through user charges. The Village had the following significant Enterprise Funds:

**Water Fund** - This fund receives charges for services from residents to cover water service costs.

**Sewer Fund** - This fund receives charges for services from residents to cover sewer service costs.

**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.

Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Village disburses these funds as directed by the individual, organization or other government. The Village's agency fund accounts for the mayor's court activity.

**E. Budgetary Process**

The Ohio Revised Code requires that each fund (except certain agency funds) 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. The County Budget Commission must also approve the annual appropriation measure. 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 also 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 2009 and 2008 budgetary activity appears in Note 3.

**F. 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 CATAWBA  
CLARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2009 AND 2008  
(Continued)**

**2. EQUITY IN POOLED DEPOSITS AND INVESTMENTS**

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

	<b>2009</b>	<b>2008</b>
Demand deposits	\$180,516	\$158,207
Total deposits	\$180,516	\$158,207

**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, 2009 and 2008 follows:

**2009 Budgeted vs. Actual Receipts**

<b>Fund Type</b>	<b>Budgeted Receipts</b>	<b>Actual Receipts</b>	<b>Variance</b>
General	\$ 47,850	\$ 51,497	\$ 3,647
Special Revenue	16,350	15,855	(495)
Enterprise	91,580	100,238	8,658
Total	\$155,780	\$167,590	\$11,810

**2009 Budgeted vs. Actual Budgetary Basis Expenditures**

<b>Fund Type</b>	<b>Appropriation Authority</b>	<b>Budgetary Expenditures</b>	<b>Variance</b>
General	\$ 70,400	\$ 46,468	\$ 23,932
Special Revenue	60,192	8,974	51,218
Enterprise	181,222	89,839	91,383
Total	\$311,814	\$145,281	\$166,533

**2008 Budgeted vs. Actual Receipts**

<b>Fund Type</b>	<b>Budgeted Receipts</b>	<b>Actual Receipts</b>	<b>Variance</b>
General	\$ 47,070	\$ 53,623	\$ 6,553
Special Revenue	13,556	16,271	2,715
Enterprise	91,529	99,488	7,959
Total	\$152,155	\$169,382	\$17,227

**2008 Budgeted vs. Actual Budgetary Basis Expenditures**

<b>Fund Type</b>	<b>Appropriation Authority</b>	<b>Budgetary Expenditures</b>	<b>Variance</b>
General	\$ 64,702	\$ 49,564	\$ 15,138
Special Revenue	55,878	13,505	42,373
Enterprise	180,393	103,898	76,495
Total	\$300,973	\$166,967	\$134,006

**VILLAGE OF CATAWBA  
CLARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2009 AND 2008  
(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.

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.

**5. LOCAL INCOME TAX**

The Village levies a municipal income tax of one percent on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village.

Employers within the Village withhold income tax on employee compensation and remit the tax to the Village either monthly or quarterly, as required. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually.

**6. DEBT**

Debt outstanding at December 31, 2009 was as follows:

	<b>Principal</b>	<b>Interest Rate</b>
OWDA Loan # 1509	\$ 27,863	7.36%
OWDA Loan # 1510	4,165	7.36%
OWDA Loan # 2635	81,337	2.00%
OWDA Loan # 4417	13,300	0.00%
OWDA Loan # 3893	9,637	4.28%
Total	<b>\$136,302</b>	

The Ohio Water Development Authority (OWDA) loan relates to a water and sewer plant expansion project the Ohio Environmental Protection Agency mandated. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

Amortization of the above debt, including interest, is scheduled as follows:

<b>Year ending December 31:</b>	<b>OWDA Loan</b>
2010	\$ 43,752
2011	43,752
2012	43,752
2013	3,264
2014	3,264
2015-2018	8,575
Total	<b>\$146,359</b>



**VILLAGE OF CATAWBA  
CLARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2009 AND 2008  
(Continued)**

**7. 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 2009 and 2008, 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, 2009.

**8. RISK MANAGEMENT**

**A. Commercial Insurance**

The Village has obtained commercial insurance for the following risks:

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

The Village is uninsured for the following risks:

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

**B. Risk Pool Membership**

The Village belongs to the Ohio Municipal Joint Self-Insurance Pool, (the "Pool"), an unincorporated non-profit association available to municipal corporations and their instrumentalities. The Pool is a separate legal entity per Section 2744 of the Ohio Revised Code. The Pool provides property and casualty insurance for its members. The Pool pays judgments, settlements and other expenses resulting for covered claims that exceed the members' deductibles.

The Pool cedes certain premiums to reinsurers or excess reinsurers. The Pool is contingently liable should any reinsurer be unable to meet its reinsurance obligations.

Members may withdraw at the end of any coverage period upon 60 days' prior notice to the Pool. A withdrawing member not providing the required notification remains responsible for its unpaid claims, and also remains liable for additional assessments (if any) for years during which they were members.

The Pool's financial statements (audited by other auditors) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained deficit at December 31, 2008 and 2007 (the latest information available):

	<u>2008</u>	<u>2007</u>
Assets	\$2,552,519	\$ 2,405,834
Liabilities	(2,814,306)	(2,877,385)
Accumulated deficit	<u>(\$ 261,787)</u>	<u>(\$ 471,551)</u>

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# Mary Taylor, CPA

## Auditor of State

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

Village of Catawba  
Clark County  
115 S. Persimmon Street  
Catawba, Ohio 43010

To the Mayor and the Village Council:

We have audited the financial statements of Village of Catawba, Clark County (the Village) as of and for the years ended December 31, 2009 and 2008, and have issued our report thereon dated April 7, 2010 wherein we noted the Village prepared its financial statements using accounting practices the Auditor of State prescribes or permits rather than accounting principles generally accepted in the United States of America. We also noted the Village uses the Auditor of State's Uniform Accounting Network (UAN) to process its financial transactions. *Government Auditing Standards* considers this service to impair the Auditor of State's independence to audit the Village. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. We also noted the Village revised its financial presentation from that comparable to the *Governmental Accounting Standard No. 34, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments* to a format the Auditor of State prescribes or permits. 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 the Comptroller General of the United States' *Government Auditing Standards*.

#### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of opining on the effectiveness of the Village's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Village's internal control over financial reporting.

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 more than a reasonable possibility that a material misstatement of the Village's financial statements will not be prevented, or detected and timely corrected.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

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[www.auditor.state.oh.us](http://www.auditor.state.oh.us)

### **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, providing an opinion 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*.

We did note a certain matter not requiring inclusion in this report that we reported to the Village's management in a separate letter dated April 7, 2010.

We intend this report solely for the information and use of management, Mayor, the Village Council and others within the Village. We intend it for no one other than these specified parties.

A handwritten signature in cursive script that reads "Mary Taylor".

**Mary Taylor, CPA**  
Auditor of State

April 7, 2010



**Mary Taylor, CPA**  
Auditor of State

**VILLAGE OF CATAWABA**

**CLARK 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 11, 2010**