



**VILLAGE OF LATTY
PAULDING COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2009



Mary Taylor, CPA
Auditor of State

VILLAGE OF LATTY
PAULDING COUNTY

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Mary Taylor, CPA
Auditor of State

Village of Latty
Paulding County
PO Box 86
Latty, Ohio 45855-0086

To 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 government 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.

Mary Taylor

Mary Taylor, CPA
Auditor of State

April 21, 2010

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Village of Latty
Paulding County
PO Box 86
Latty, Ohio 45855-0086

To the Village Council:

We have audited the accompanying financial statements of the Village of Latty, Paulding 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 the Village of Latty, Paulding 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.

As described in Note 2 to the financial statements, during 2008, the Village changed its financial statement presentation method to conform to presentation methods 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 21, 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 21, 2010

**VILLAGE OF LATTY
PAULDING 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>			<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Property and Local Taxes	\$6,781	\$5,570		\$12,351
Intergovernmental	22,621	19,851		42,472
Earnings on Investments	332	68		400
Miscellaneous	994			994
Total Cash Receipts	<u>30,728</u>	<u>25,489</u>		<u>56,217</u>
Cash Disbursements:				
Current:				
Security of Persons and Property	7,198	2,319		9,517
Transportation		6,484		6,484
General Government	27,187	35		27,222
Capital Outlay			\$11,306	11,306
Total Cash Disbursements	<u>34,385</u>	<u>8,838</u>	<u>11,306</u>	<u>54,529</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>(3,657)</u>	<u>16,651</u>	<u>(11,306)</u>	<u>1,688</u>
Other Financing Receipts / (Disbursements):				
Transfers-In			1,764	1,764
Transfers-Out	(1,937)			(1,937)
Total Other Financing Receipts / (Disbursements)	<u>(1,937)</u>		<u>1,764</u>	<u>(173)</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(5,594)	16,651	(9,542)	1,515
Fund Cash Balances, January 1	<u>37,429</u>	<u>39,551</u>	<u>90,752</u>	<u>167,732</u>
Fund Cash Balances, December 31	<u>\$31,835</u>	<u>\$56,202</u>	<u>\$81,210</u>	<u>\$169,247</u>

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

**VILLAGE OF LATTY
PAULDING COUNTY**

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

	Proprietary Fund Type
	Enterprise
Operating Cash Receipts:	
Charges for Services	\$46,939
Operating Cash Disbursements:	
Personal Services	5,526
Employee Fringe Benefits	778
Contractual Services	16,210
Supplies and Materials	981
Total Operating Cash Disbursements	23,495
Operating Income	23,444
Non-Operating Cash Receipts:	
Special Assessments	12,176
Non-Operating Cash Disbursements:	
Redemption of Principal	26,763
Interest and Other Fiscal Charges	5,002
Total Non-Operating Cash Disbursements	31,765
Excess of Cash Receipts Over Cash Disbursements Before Interfund Transfers	3,855
Transfers-In	173
Net Cash Receipts Over Cash Disbursements	4,028
Fund Cash Balances, January 1	47,459
Fund Cash Balances, December 31	\$51,487

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

**VILLAGE OF LATTY
PAULDING 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>			<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Property and Local Taxes	\$8,194	\$10,148		\$18,342
Intergovernmental	23,120	31,260		54,380
Earnings on Investments	3,736	335		4,071
Miscellaneous	694			694
Total Cash Receipts	<u>35,744</u>	<u>41,743</u>		<u>77,487</u>
Cash Disbursements:				
Current:				
Security of Persons and Property	5,739	2,195		7,934
Transportation		33,776		33,776
General Government	32,149	910		33,059
Total Cash Disbursements	<u>37,888</u>	<u>36,881</u>		<u>74,769</u>
Total Receipts Over/(Under) Disbursements	<u>(2,144)</u>	<u>4,862</u>		<u>2,718</u>
Other Financing Receipts / (Disbursements):				
Transfers-In		58	\$5,135	5,193
Transfers-Out	(7,090)			(7,090)
Total Other Financing Receipts / (Disbursements)	<u>(7,090)</u>	<u>58</u>	<u>5,135</u>	<u>(1,897)</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(9,234)	4,920	5,135	821
Fund Cash Balances, January 1	<u>46,663</u>	<u>34,631</u>	<u>85,617</u>	<u>166,911</u>
Fund Cash Balances, December 31	<u>\$37,429</u>	<u>\$39,551</u>	<u>\$90,752</u>	<u>\$167,732</u>

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

**VILLAGE OF LATTY
PAULDING COUNTY**

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

	Proprietary Fund Type
	Enterprise
Operating Cash Receipts:	
Charges for Services	\$53,805
Operating Cash Disbursements:	
Personal Services	5,187
Employee Fringe Benefits	728
Contractual Services	18,423
Supplies and Materials	5,840
Total Operating Cash Disbursements	30,178
Operating Income	23,627
Non-Operating Cash Receipts:	
Special Assessments	14,061
Non-Operating Cash Disbursements:	
Capital Outlay	5,000
Redemption of Principal	26,204
Interest and Other Fiscal Charges	5,554
Total Non-Operating Cash Disbursements	36,758
Excess of Cash Receipts Over Cash Disbursements Before Interfund Transfers	930
Transfers-In	1,897
Net Cash Receipts Over Cash Disbursements	2,827
Fund Cash Balances, January 1	44,632
Fund Cash Balances, December 31	\$47,459

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

**VILLAGE OF LATTY
PAULDING 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 Latty, Paulding County, (the Village) as a body corporate and politic. A publicly-elected six-member Council directs the Village. The Village provides sewer utilities, park operations, and police services. The Village contracts with the Village of Scott to provide emergency medical services, and is a member of the Paulding Community Fire Association which provides fire protection.

The Village participates in a jointly governed organization, the Paulding Community Fire Association, and a public entity risk pool, the Ohio Government Risk Management Plan. Notes 8 and 9 to the financial statements provides additional information for these entities.

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.

STAR Ohio is recorded at share values STAR Ohio reports.

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.

**VILLAGE OF LATTY
PAULDING COUNTY**

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

1. Summary of Significant Accounting Policies (Continued)

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 Fund:

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

Street Levy Fund – This fund receives street levy money for the construction, reconstruction/repair, and maintenance of the village streets.

3. Capital Project Funds

These funds account for receipts restricted to acquiring or constructing major capital projects (except those financed through enterprise or trust funds). The Village had the following significant Capital Project Fund:

Village Hall Fund – This fund receives transferred money from the General Fund receipts for the construction of a new village hall.

4. 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:

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

OWDA Sewer Debt Retirement Fund - This fund receives special assessment revenue and charges for service from residents for the purpose of making payments on Ohio Water Development Authority loans.

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 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.

**VILLAGE OF LATTY
PAULDING COUNTY**

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

1. Summary of Significant Accounting Policies (Continued)

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 reappropriated in the subsequent year.

A summary of 2009 and 2008 budgetary activity appears in Note 4.

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.

2. Changes in Financial Statement Presentation

In 2007, the Village reported the financial statements on the cash basis of accounting comparable to the requirements of Governmental Accounting Standard No. 34. For 2008, the Village reported on a regulatory basis. The Village no longer presents entity wide financial statements. The fund financial statements now present a column for each fund type, rather than a separate column for each major fund with nonmajor funds aggregated and presented in a single column.

3. 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:

	<u>2009</u>	<u>2008</u>
Demand deposits	\$152,422	\$60,661
STAR Ohio	68,312	154,530
Total deposits and investments	<u>\$220,734</u>	<u>\$215,191</u>

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

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

**VILLAGE OF LATTY
PAULDING COUNTY**

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

4. Budgetary Activity

Budgetary activity for the years ending December 31, 2009 and 2008 follows:

2009 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$33,600	\$30,728	(\$2,872)
Special Revenue	24,415	25,489	1,074
Capital Projects	1,265	1,764	499
Enterprise	69,472	59,288	(10,184)
Total	\$128,752	\$117,269	(\$11,483)

2009 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$36,322	\$36,322	
Special Revenue	8,838	8,838	
Capital Projects	11,306	11,306	
Enterprise	55,260	55,260	
Total	\$111,726	\$111,726	

2008 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$33,100	\$35,744	\$2,644
Special Revenue	41,711	41,801	90
Capital Projects	3,500	5,135	1,635
Enterprise	69,900	69,763	(137)
Total	\$148,211	\$152,443	\$4,232

2008 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$50,325	\$44,978	\$5,347
Special Revenue	55,191	36,881	18,310
Enterprise	79,665	66,936	12,729
Total	\$185,181	\$148,795	\$36,386

**VILLAGE OF LATTY
PAULDING COUNTY**

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

5. 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.

6. Debt

Debt outstanding at December 31, 2009 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
1992 Ohio Water Development Authority Loan	\$188,686	2.00%
1992 Ohio Water Development Authority Loan	9,447	7.84%
2007 Ohio Water Development Authority Loan	7,160	0.00%
Total	<u>\$205,293</u>	

The 1992 Ohio Water Development Authority (OWDA) loans relate to a sewer system expansion project that was mandated by the Ohio Environmental Protection Agency. The original loan amounts were \$588,700. The loan will be repaid in semiannual installments over 25 years. The loan is secured by sewer receipts. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

The 2007 Ohio Water Development Authority (OWDA) loan relates to a waste water study that was mandated by the Ohio Environmental Protection Agency. The loan will be repaid in annual installments beginning in 2008 over the next ten years. The loan is secured by sewer receipts. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

**VILLAGE OF LATTY
PAULDING COUNTY**

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

6. Debt (continued)

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

Year ending December 31:	1992 OWDA Loan	1992 OWDA Loan	2007 OWDA Loan
2010	\$29,153	\$1,725	\$895
2011	29,153	1,734	895
2012	29,153	1,744	895
2013	29,153	1,754	895
2014	29,153	1,765	895
2015-2017	58,306	3,568	2,685
Total	<u>\$204,071</u>	<u>\$12,290</u>	<u>\$7,160</u>

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.

Social Security

Effective July 1, 1991, all officials and employees not otherwise covered by OPERS have an option to become a member of the Social Security System. As of December 31, 2009, two Council members and one Board of Public Affairs member have elected Social Security. Council's liability is 6.2 percent of wages.

8. Risk Management

Risk Pool Membership

The Village belongs to the Ohio Government Risk Management Plan (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments ("Members"). The Plan is legally separate from its member governments.

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio. These coverage programs, referred to as Ohio Plan Risk management ("OPRM"), are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss, except OPRM retain 15% of the premium and losses on the first \$250,000 casualty treaty and 10% of the first \$1,000,000 property treaty. Members are only

**VILLAGE OF LATTY
PAULDING COUNTY**

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

8. Risk Management (continued)

responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had over 650 members as of December 31, 2008. The Village participates in this coverage.

In August, 2007, OGRMP formed the Ohio Plan Healthcare Consortium ("OPHC"), as authorized by Section 9.833 of the Ohio Revised Code. The OPHC was established to provide cost effective employee benefit programs for Ohio political sub-divisions and is a self-funded, group purchasing consortium that offers medical, dental, vision and prescription drug coverage as well as life insurance for its members. The OPHC is sold through seventeen appointed independent agents in the State of Ohio. Coverage programs are developed specific to each member's healthcare needs and the related premiums for coverage are determined through the application of uniform underwriting criteria. Variable plan options are available to members. These plans vary primarily by deductibles, coinsurance levels, office visit co-pays and out-of pocket maximums. OPHC had 40 members as of December 31, 2008. The Village does not participate in this coverage.

Plan members are responsible to notify the Plan of their intent to renew coverage by their renewal date. If a member chooses not to renew with the Plan, they have no other financial obligation to the Plan, but still need to promptly notify the Plan of any potential claims occurring during their membership period. The former member's covered claims, which occurred during their membership period, remain the responsibility of the Plan.

Settlement amounts did not exceed insurance coverage for the past three fiscal years.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31: 2008 and 2007, (the latest information available, and include amounts for both OPRM and OPHC):

	2008	2007
Assets	\$10,471,114	\$11,136,455
Liabilities	<u>(5,286,781)</u>	<u>(4,273,553)</u>
Members' Equity	<u>\$5,184,333</u>	<u>\$6,862,902</u>

You can read the complete audited financial statements for The Ohio Government Risk Management Plan at the Plan's website, www.ohioplan.org.

9. Jointly Governed Organizations

The Paulding County Fire Association (PCFA) is jointly governed organization which provides fire fighting services to three townships and three villages (member subdivisions) within Paulding County. The PCFA relies upon its member subdivisions for the funding of its operations. Each member subdivision has a vote on the operating budget of the PCFA. The member subdivision's share of the PCFA budget is based on a ratio which incorporates the number of fire runs taking place within its subdivision and plus current subdivision valuation in relation to overall fire runs and valuation. The Village of Paulding serves as fiscal agent for the PCFA. The Village's share of the budget was \$1,269 and \$1,122, respectively in 2009 and 2008.

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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 Latty
Paulding County
PO Box 86
Latty, Ohio 45855-0086

To the Village Council:

We have audited the financial statements of the Village of Latty, Paulding County, (the Village) as of and for the years ended December 31, 2009 and 2008, and have issued our report thereon dated April 21, 2010 wherein we noted the Village changed its financial statement presentation method to conform to presentation methods 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 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 to opine 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 statement 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.

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 21, 2010.

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



Mary Taylor, CPA
Auditor of State

April 21, 2010

**VILLAGE OF LATTY
PAULDING COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2009 AND 2008**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2007-001	Ohio Revised Code §135.21 for the crediting of interest to improper funds	Yes	
2007-002	Significant Deficiency over financial reporting	Yes	.



Mary Taylor, CPA
Auditor of State

VILLAGE OF LATTY

PAULDING 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**