

**VILLAGE OF CATAWBA  
CLARK COUNTY, OHIO**

*Financial Statements*  
**(Audited)**

For the Year Ended  
December 31, 2016





# Dave Yost • Auditor of State

Village Council  
Village of Catawba  
115 S. Persimmon Street  
Catawba, Ohio 43010

We have reviewed the *Independent Auditor's Report* of the Village of Catawba, Clark County, prepared by Julian & Grube, Inc., for the audit period January 1, 2016 through December 31, 2016. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Village of Catawba is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost  
Auditor of State

October 1, 2018

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**VILLAGE OF CATAWBA  
CLARK COUNTY, OHIO**

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**Julian & Grube, Inc.**  
*Serving Ohio Local Governments*

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**Independent Auditor's Report**

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

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 Catawba, Clark County, Ohio as of and for the year ended December 31, 2016.

***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 of Catawba'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 of Catawba's internal control. Accordingly, we express no such 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 2 of the financial statements, the Village of Catawba 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 (GAAP), to satisfy these 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 of Catawba 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 of Catawba as of December 31, 2016, and the respective changes in financial position or cash flows thereof for the year then ended.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements by fund type, and related notes of the Village of Catawba, Clark County as of December 31, 2016, for the year 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 2.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated July 30, 2018, on our consideration of the Village of Catawba'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 of Catawba's internal control over financial reporting and compliance.



Julian & Grube, Inc.  
July 30, 2018



**Village of Catawba, Ohio**  
**Clark County**  
*Combined Statement of Receipts, Disbursements  
and Changes in Fund Balances (Regulatory Cash Basis)*  
All Governmental Fund Types  
For the Year Ended December 31, 2016

	General	Special Revenue	Totals (Memorandum Only)
<b>Cash Receipts</b>			
Property and Other Local Taxes	\$6,789	\$4,005	\$10,794
Municipal Income Tax	44,911	0	44,911
Intergovernmental	6,880	13,665	20,545
Fines, Licenses and Permits	5,702	0	5,702
Miscellaneous	111	0	111
<i>Total Cash Receipts</i>	<u>64,393</u>	<u>17,670</u>	<u>82,063</u>
<b>Cash Disbursements</b>			
Current:			
Security of Persons and Property	17,169	0	17,169
Leisure Time Activities	715	0	715
Transportation	0	2,694	2,694
General Government	37,450	0	37,450
<i>Total Cash Disbursements</i>	<u>55,334</u>	<u>2,694</u>	<u>58,028</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>9,059</u>	<u>14,976</u>	<u>24,035</u>
<b>Other Financing Receipts (Disbursements)</b>			
Other Financing Uses	(4,059)	0	(4,059)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(4,059)</u>	<u>0</u>	<u>(4,059)</u>
<i>Net Change in Fund Cash Balances</i>	5,000	14,976	19,976
<i>Fund Cash Balances, January 1</i>	<u>64,667</u>	<u>57,636</u>	<u>122,303</u>
<b>Fund Cash Balances, December 31</b>			
Restricted	0	72,612	72,612
Unassigned (Deficit)	69,667	0	69,667
<i>Fund Cash Balances, December 31</i>	<u>\$69,667</u>	<u>\$72,612</u>	<u>\$142,279</u>

*See accompanying notes to the financial statements*

**Village of Catawba, Ohio**  
**Clark County**  
*Combined Statement of Receipts, Disbursements  
and Changes in Fund Balances (Regulatory Cash Basis)  
All Proprietary and Fiduciary Fund Types  
For the Year Ended December 31, 2016*

	Proprietary Fund Types	Fiduciary Fund Types	Totals
	Enterprise	Agency	(Memorandum Only)
<b>Operating Cash Receipts</b>			
Charges for Services	\$112,685	\$0	\$112,685
Fines, Licenses and Permits	\$0	\$6,536	6,536
<i>Total Operating Cash Receipts</i>	<u>112,685</u>	<u>6,536</u>	<u>119,221</u>
<b>Operating Cash Disbursements</b>			
Personal Services	17,892	0	17,892
Employee Fringe Benefits	2,991	0	2,991
Contractual Services	9,807	0	9,807
Supplies and Materials	46,005	0	46,005
Other	0	6,536	6,536
<i>Total Operating Cash Disbursements</i>	<u>76,695</u>	<u>6,536</u>	<u>83,231</u>
<i>Operating Income (Loss)</i>	<u>35,990</u>	<u>0</u>	<u>35,990</u>
<b>Non-Operating Receipts (Disbursements)</b>			
Miscellaneous Receipts	49	0	49
Principal Retirement	(2,501)	0	(2,501)
Interest and Other Fiscal Charges	(165)	0	(165)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(2,617)</u>	<u>0</u>	<u>(2,617)</u>
<i>Net Change in Fund Cash Balances</i>	33,373	0	33,373
<i>Fund Cash Balances, January 1</i>	<u>266,491</u>	<u>0</u>	<u>266,491</u>
<i>Fund Cash Balances, December 31</i>	<u>\$299,864</u>	<u>\$0</u>	<u>\$299,864</u>

*See accompanying notes to the financial statements*

**Village of Catawba, Ohio**  
*Clark County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2016*

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**Note 1 - Reporting 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 politic and corporate. A publicly-elected six-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.

***Joint Ventures, Jointly Governed Organizations, Public Entity Risk Pools and Related Organizations***

The Village belongs to the *Ohio Plan Risk Management Joint Self-Insurance Pool* which is a public entity risk pool. Note 7 to the financial statements provides additional information for this organization. The Village's management believes these financial statements present all activities for which the Village is financially accountable.

**Note 2 - Summary of Significant Accounting Policies**

***Basis of Presentation***

The Village's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (cash basis) for all fund types.

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 and losses at the time of sale as receipts or disbursements, respectively.

***Fund Accounting***

The Village uses funds to segregate cash and investments that are restricted as to use. The Village classifies its funds into the following types:

***General Fund:*** The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Village for any purpose provided it is expended or transferred according to the general laws of Ohio.

***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 Fund:

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

***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 and Business' to cover Water Service costs.

**Village of Catawba, Ohio**  
*Clark County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2016*

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***Sewer Fund:*** This fund receives charges for services from Residents and Business' to cover Sewer Service costs.

***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.

***Basis of Accounting***

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 Board 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.

***Budgetary Process***

The Ohio Revised Code requires that each fund (except certain agency funds) be budgeted annually.

***Appropriations:*** Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control; unless Approved by Village Council prior to the disbursement, or supplement appropriation can be approved by the Village Council prior to the disbursement so that it would not exceed the fund; and appropriations may not exceed estimated resources. The Village Council must annually approve appropriation measures and subsequent amendments. Appropriations lapse at year end.

***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.

***Encumbrances:*** The Ohio Revised Code requires the Village to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over and need not be reappropriated.

A summary of 2016 budgetary activity appears in Note 4.

***Capital Assets***

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, Ohio**  
*Clark County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2016*

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***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:

***Nonspendable*** The Village classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

***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.

***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.

***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.

***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.

**Note 3 - Compliance**

The Village is in noncompliance with Ohio Revised Code Section 5705.36.

**Village of Catawba, Ohio**  
*Clark County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2016*

**Note 4 - Budgetary Activity**

Budgetary activity for the year ending 2016 follows:

2016 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$50,910	\$64,393	\$13,483
Special Revenue	19,989	17,670	(2,319)
Enterprise	110,500	112,734	2,234
Total	\$181,399	\$194,797	\$13,398

2016 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$85,872	\$59,393	\$26,479
Special Revenue	40,294	2,694	37,600
Enterprise	166,577	79,361	87,216
Total	\$292,743	\$141,448	\$151,295

**Note 5 - 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:

Demand deposits	2016
	\$ 442,143

Deposits are insured by the Federal Deposit Insurance Corporation or collateralized by securities specifically pledged by the financial institution to the Village.

**Note 6 - Taxes**

***Property Taxes***

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.

**Village of Catawba, Ohio**  
*Clark County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2016*

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Public utilities are also taxed on personal and real property located within the Village.

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

***Income Taxes***

The Village levies a municipal income tax of 1% 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.

**Note 7 - Risk Management**

The Village of Catawba belongs to the Ohio Plan Risk Management, Inc. (OPRM) - formerly known as 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.

OPRM coverage programs 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. Until November 1, 2016, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 10% of the first \$1,000,000 property treaty. Effective November 1, 2016, the OPRM retained 50% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 762 members as of December 31, 2016.

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. Also, there has been no significant reduction from the prior year.

**Village of Catawba, Ohio**  
*Clark County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2016*

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2016.

	2016
Assets	\$14,765,712
Liabilities	<u>(9,531,506)</u>
Members' Equity	<u>\$ 5,234,206</u>

You can read the complete audited financial statements for OPRM at the Plan's website, [www.ohioplan.org](http://www.ohioplan.org).

Workers' Compensation coverage is provided by the State of Ohio. The Village pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs (if material).

***Risk Pool Membership***

The Village is a member of the Ohio Plan Risk Management Joint Self Insurance Pool (the Pool). The Pool assumes the risk of loss up to the limits of the Village's policy. The Pool may make supplemental assessments if the experience of the overall pool is unfavorable. The Pool covers the following risks:

- General liability and casualty;
- Public official's liability; and
- Vehicle.

The Pool reported the following summary of assets and actuarially-measured liabilities available to pay those liabilities as of December 31, 2016:

	2016
Cash and investments	\$14,643,667
Actuarial liabilities	\$9,112,030

**Note 8 - Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

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

The Ohio Revised Code also prescribes contribution rates. 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, 2016.

<i>Retirement Rates</i>	<i>Year</i>	<i>Member Rate</i>	<i>Employer Rate</i>
<i>OPERS – Local</i>	<i>2016</i>	<i>10%</i>	<i>14%</i>



**Village of Catawba, Ohio**  
*Clark County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2016*

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**Social Security**

Some of the Village’s employees which include Village Council, Mayor and OBPA contributed to social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Village contributed an amount equal to 6.2 percent of participants’ gross salaries. The Village has paid all contributions required through December 31, 2016.

**Note 9 - Postemployment Benefits**

The Village does not have any postemployment plans other than those paid into for OPERS or SSI, and to date has not had someone retire.

OPERS offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients of both the traditional pension and the combined plans. OPERS contributes 2 percent of the employer contribution to fund these benefits.

**Note 10 - Debt**

Debt outstanding at December 31, 2016 was as follows:

	Principal	Interest Rate
Ohio Water Development Authority Loan #3893	\$2,589	4%
Ohio Water Development Authority Loan #4417	\$1,900	0%
Total	\$4,489	

The Ohio Water Development Authority (OWDA) loan #3893 relates to a water and sewer plant expansion project the Ohio Environmental Protection Agency mandated. The OWDA approved up to 14,987.50 in loan to the Village for this project in 2004. The Village will repay the loan in semiannual installments of \$682, including interest, over 15 years.

The Ohio Water Development Authority (OWDA) loan #4417 for the Water Planning Capital Improvement; the OWDA approved 19,000.00 in a loan to the Village for this project in 2008. The Village paid off this loan in 2017.

The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

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

	OWDA#3893	OWDA#4417
Year ending:		
December 31:	<u>Loan</u>	<u>Loan</u>
2017	\$1,358	\$1,942
2018	\$1,362	\$0

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**Julian & Grube, Inc.**  
*Serving Ohio Local Governments*

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**Independent Auditor's Report on Internal Control Over Financial Reporting and on  
Compliance and Other Matters Required by *Government Auditing Standards***

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

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 Catawba, Clark County, Ohio, as of and for the year ended December 31, 2016, and the related notes to the financial statements, and have issued our report thereon dated July 30, 2018, wherein we noted the Village of Catawba 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 of Catawba'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 of Catawba'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 of Catawba'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. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

Village Council  
Village of Catawba

***Compliance and Other Matters***

As part of reasonably assuring whether the Village of Catawba'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 an instance of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings and responses as item 2016-001.

***Village of Catawba's Response to Finding***

The Village of Catawba's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. We did not subject the Village of Catawba's response to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

***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 of Catawba's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Village of Catawba's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Julian & Grube, Inc.  
July 30, 2018

VILLAGE OF CATAWBA  
CLARK COUNTY, OHIO

SCHEDULE OF FINDINGS AND RESPONSES  
DECEMBER 31, 2016

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS	
Finding Number	2016-001

Material Noncompliance

Ohio Revised Code Sections 5705.36, in part, requires the Fiscal Officer to certify to the County Auditor the total amount from all sources which are available for expenditures from each fund in the tax budget along with any unencumbered balances that existed at the end of the preceding year.

The Village did not file the proper unencumbered balances in their certificate of available resources with the County Auditor for the year ended December 31, 2016.

By not certifying accurate unencumbered balances, the Village does not have proper estimated resources in which to appropriate against with certain funds, which could cause appropriations to exceed estimated resources.

We recommend the Village properly certify all fund balances after careful review of prior year ending fund balances, outstanding encumbrances, and any reclassifications made. This will enable the County Auditor to perform the proper certification with accurate information. This will in turn provide the Village a more accurate depiction of available resources when determining appropriations.

Client Response: The Fiscal Officer will review fund balances in the future to ensure that amounts certified to the County Auditor are accurate.

**VILLAGE OF CATAWBA  
CLARK COUNTY, OHIO**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2016**

<b>Finding Number</b>	<b>Year Initially Occurred</b>	<b>Finding Summary</b>	<b>Status</b>	<b>Additional Information</b>
2013-001	2013	<u>Noncompliance</u> - Ohio Rev. Code § 102.03(D) states no public official or employee shall use or authorize the use of the authority or influence of office or employment to secure anything of value or the promise or offer of anything of value that is of such a character as to manifest a substantial and improper influence upon the public official or employee with respect to that person's duties. Ohio Rev. Code § 102.03 (E) states that no public official or employee shall solicit or accept anything of value that is of such a character as to manifest a substantial and improper influence upon the public official or employee with respect to that person's duties. During the June 4, 2013 meeting, the Village Council voted to appoint Amanda Herron to the position of Fiscal Officer upon the retirement of the outgoing fiscal officer. Council members Roberts, Marx, Warner and Cordell voted to hire Amanda Herron. On July 5, 2013, Amanda Herron married Councilman Matthew Warner. Councilman Warner had a personal interest in hiring of the Fiscal Officer and should have abstained from the hiring process.	Finding no Longer Valid	The Fiscal Officer involved in this finding no longer works for the Village. Also, no other conflicts of interest were noted during the audit period.
2013-002	2013	<u>Noncompliance/Significant Deficiency</u> - Ohio Rev. Code § 733.28 requires that the Village Clerk shall keep the books of the Village, exhibit accurate statements of all moneys received and expended, of all the property owned by the Village and the income derived there from, and of all taxes and assessments. The Village's Clerk did not keep accurate financial records from July 2013 through December 2013.	Corrective Action Taken and Finding is Fully Correct	N/A
2013-003	2013	<u>Significant Deficiency</u> - Cash is the asset most susceptible to theft and misappropriation. Monthly reconciliations between the bank and the books provide a reasonable assurance that all receipts and expenditures have been correctly posted on the entity's books and have been correctly posted by the bank. The Village did not perform bank to book reconciliations over the Mayor's Court bank account during the audit period.	Corrective Action Taken and Finding is no Longer Valid	N/A



# Dave Yost • Auditor of State

VILLAGE OF CATAWBA

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  
OCTOBER 16, 2018