



OHIO AUDITOR OF STATE
KEITH FABER



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BASIC AUDIT REPORT

Village of Catawba
Clark County
115 South Persimmon Street
Catawba, Ohio 43010

We have completed certain procedures in accordance with Ohio Rev. Code Section 117.01(G) to the accounting records and related documents of the Village of Catawba, Clark County, (the Village) for the years ended December 31, 2023, and 2022.

Our procedures were designed solely to satisfy the audit requirements of Ohio Rev. Code Section 117.11(A). Because our procedures were not designed to opine on the Village's financial statements, we did not follow *generally accepted auditing standards*. We do not provide any assurance on the Village's financial statements, transactions or balances for the years ended December 31, 2023, and 2022.

The Village's management is responsible for preparing and maintaining its accounting records and related documents. Our responsibility under Ohio Rev. Code Section 117.11(A) is to examine, analyze and inspect these records and documents.

Based on the results of our procedures, we found the following significant compliance or accounting issues to report.

Current Year Observations

1. We noted that the Village incorrectly posted Capital Project Fund monies in the General Fund in 2022. **Ohio Rev. Code § 5705.10(F)** states except as provided in divisions (G) and (H) of this section, if a permanent improvement of the subdivision is sold, the amount received from the sale shall be paid into the sinking fund, the bond retirement fund, or a special fund for the construction or acquisition of permanent improvements; provided that the proceeds from the sale of a public utility shall be paid into the sinking fund or bond retirement fund to the extent necessary to provide for the retirement of the outstanding indebtedness incurred in the construction or acquisition of such utility. Proceeds from the sale of property other than a permanent improvement shall be paid into the fund from which such property was acquired or is maintained or, if there is no such fund, into the general fund.

The Village posted \$12,000 in revenues related to the sale of a former school building as General Fund miscellaneous revenue rather than Capital Project Fund miscellaneous revenue. Failure to establish a Capital Projects Fund for the receipt of capital projects revenues misstates the Village's financial activity and statements. The Village should review the Ohio Revised Code and Village Handbook to determine proper postings. The Village made a fund balance adjustment to correct this improper posting of revenue as of October of 2024.

Current Year Observations (Continued)

2. We noted that the Village incorrectly posted American Rescue Plan Act (ARPA) monies in the General Fund instead creating a new Special Revenue Federal Grant Fund. **Ohio Rev. Code § 5705.09(F)** requires the Village to establish a special fund for each class of revenues derived from a source other than the general property tax, which the law requires to be used for a particular purpose.

The Village received \$14,356 in American Rescue Plan Act monies in 2022, and these monies were posted to the General Fund. The Village should have established a new Special Revenue Federal Grant Fund for the activity related to these monies. Since the expenditures were already incurred and were allowable, no adjustment was necessary.

Failure to establish a special fund for the receipts of ARPA monies can result in the Village spending resources on unallowable expenditures. The Village should implement policies and procedures to allow for the proper posting of revenues and expenditures.

3. We noted an other adjusting factor of \$689 on the December 2023 bank reconciliation.

Cash is the asset most susceptible to theft and misappropriation. Monthly reconciliations between the bank and the books provide reasonable assurance that all receipts and expenditures have been correctly posted on the Village's books and have been correctly posted by the bank. Additionally, reconciliations provide the Village with an accurate accounting of its financial position at month end.

On December 31, 2023, the Village's monthly cash reconciliation reflected adjustments to the bank balance for items not posted to the Village's accounting records in the amount of \$689. Additionally, this adjusting factor has not been recorded in the Village's accounting records as of September 30, 2024.

The Village should implement procedures to verify financial transactions reflected on monthly bank statements are timely input into the Village's accounting system. Failure to timely input transactions could lead to the Village basing financial decisions on incomplete information, as well as lead to errors on the monthly bank reconciliations.

4. We noted fourteen stale dated checks that totaled \$7,578 on the December 2023 bank reconciliation. **Ohio Rev. Code § 9.39 states**, in part, that unclaimed money shall be deposited to the credit of a trust fund and shall be retained there until claimed by its lawful owner. If not claimed within a period of five years, the money shall revert to the General Fund of the public office.

Additionally, Auditor of State Bulletin 91-11 addresses the accounting procedures to follow regarding outstanding, stale-dated warrants/checks issued by the Village. According to the audit bulletin, when the warrant/check becomes stale-dated (90 days from issue date) a memorandum pay-in should be made to the unclaimed moneys fund, the warrant/check number and name of the payee should be posted and identified unclaimed, on the cash journal and receipt ledger. The original entry should not be reversed. At this time the warrant/check should be removed from the list of outstanding warrants/checks. If the rightful owner claims the unpaid money, a warrant/check would be paid from the Trust Fund. If the liability remains unclaimed for a period of five years from the date the money was placed in the Trust Fund, the money shall then be paid to the General Fund. If, after the five-year period, the rightful owner claims the unpaid money, a warrant/check would be paid from the General Fund. It is recommended that warrants/checks be printed with the statement "Void After 90 Days."

Current Year Observations (Continued)

The Village should establish and implement policies and procedures in accordance with the Ohio Rev. Code Section 9.39 and Auditor of State Bulletin 91-11 regarding outstanding stale dated warrants/checks. This will reduce the number of long outstanding checks from monthly reconciliations and will allow the General Fund access to unclaimed funds that might never be claimed by their rightful owners.

5. We noted the Village incorrectly posted property tax and current/delinquent water and sewer assessment revenues in 2023 and 2022. **Ohio Rev. Code § 5705.10(D)** states except as otherwise provided by resolution adopted pursuant to section 3315.01 of the Revised Code, all revenue derived from a source other than the general property tax and which the law prescribes shall be used for a particular purpose, shall be paid into a special fund for such purpose. Except as otherwise provided by resolution adopted pursuant to section 3315.01 of the Revised Code or as otherwise provided by section 3315.40 of the Revised Code, all revenue derived from a source other than the general property tax, for which the law does not prescribe use for a particular purpose, including interest earned on the principal of any special fund, regardless of the source or purpose of the principal, shall be paid into the general fund.

Ohio Rev. Code § 743.06 states money collected for water-works purposes shall be deposited weekly with the treasurer of the municipal corporation, and shall be kept as a separate and distinct fund.

Ohio Rev. Code § 729.52 states the funds received from the collection of sewer rentals under section 729.49 of the Revised Code shall be deposited weekly with the treasurer of the municipal corporation. Money so deposited shall be kept as a separate and distinct fund and shall be known as the sewer fund.

The Village posted General Fund property tax revenue at net rather than gross as intergovernmental revenue in all instances in both 2023 and 2022. The Village posted current/delinquent water and sewer assessment revenues at net rather than gross as General Fund intergovernmental revenue. As a result of the incorrectly classified amounts, the Village's financial statements understated General Fund property taxes, overstated General Fund intergovernmental, and understated Enterprise Fund charges for services. Additionally, the Village overstated the General Fund cash balance by \$2,636 and understated the Enterprise Fund cash balance by \$2,636. The errors were immaterial and did not require adjustments. Our prior audit also reported this noncompliance issue.

6. We noted the Village has a public records policy; however, the Village did not create a poster and display/post it in a conspicuous place in all branches of the Village. **Ohio Rev. Code § 149.43(E)(2)** states, in part, that the public office shall create a poster that describes its public records policy and shall post the poster in a conspicuous place in the public office and in all locations where the public office has branch offices.

Failure to properly display/post the public records policy could cause the public to become misinformed of the requirements regarding public records and/or the Village not meeting public records requests as required by Ohio law.

The Village should create the required poster and display/post the policy in a conspicuous place in the Village offices to provide public records information to the Village citizens. Our prior audit also reported this compliance issue.

Current Year Observations (Continued)

7. **26 U.S.C. § 3403** states that the employer “shall be liable for the payment of the tax required to be deducted and withheld under this chapter, and shall not be liable to any person for the amount of any such payment.”

Ohio Rev. Code § 5747.07(B)(3) states, in part, that if an employer's actual or required payments were more than two thousand dollars during the twelve-month period ending on the thirtieth day of June of the preceding calendar year, the employer shall make the payment of undeposited taxes for each month during which they were required to be withheld no later than fifteen days following the last day of that month. The employer shall file the return prescribed by the tax commissioner with the payment.

Ohio Rev. Code § 145.47(B) states the head of each state department, institution, board, and commission, and the fiscal officer of each local authority subject to this chapter, shall transmit to the system for each contributor subsequent to the date of coverage an amount equal to the applicable per cent of each contributor's earnable salary at such intervals and in such form as the system shall require. The head of each state department and the fiscal officer of each local authority subject to this chapter shall transmit promptly to the system a report of contributions at such intervals and in such form as the system shall require, showing thereon all the contributions and earnable salary of each contributor employed, together with warrants, checks, or electronic payments covering the total of such deductions. A penalty shall be added when such report, together with warrants, checks, or electronic payments to cover the total amount due from the earnable salary of all amenable employees of such employer, is filed thirty or more days after the last day of such reporting period. The system, after making a record of all receipts under this division, shall deposit the receipts with the treasurer of state for use as provided by this chapter.

The Village did not timely remit 2023 fourth quarter withholding amounts for state (\$61.32), federal (\$523.40), school (\$53.36), local (\$104.85), and Ohio Public Employees Retirement System pension (\$702.35).

The Village's Uniform Accounting Network (UAN) system issues notifications of unpaid withholding amounts. The Village's UAN system indicated the Village had unpaid withholdings in 2023 for state, federal, and school, as these amounts were not paid until October 24, 2024.

The Village should implement policies and procedures to verify income taxes and pension withholdings are properly and timely remitted to the State Department of Taxation, the U.S. Department of the Treasury, the Regional Income Tax Agency, and the Ohio Public Employees Retirement System. Failure to do so could result in assessment of fines and penalties against the Village as well as possible findings for recovery being issued in future audits. Additionally, the Village should investigate UAN error messages and notifications and actively resolve any problems identified. Our prior audit also reported this compliance issue.

8. We noted the Mayor did not attend public records training. **Ohio Rev. Code §§ 109.43(B) and 149.43(E)(1)** require all state and local elected officials, or their designees, to attend 3 hours of training on Ohio's Public Records and Open Meetings Laws during each term of office. The training received must be certified by the Ohio Attorney General.

The Mayor, with term ending December 31, 2023, did not, during his term of office, attend a required Certified Training or have an appropriate designee attend the training as required by Ohio Rev. Code §§ 109.43(B) and 149.43(E)(1), due to deficiencies in internal controls over public record laws training procedures and monitoring. This could result in improper education of public offices regarding the offices' duties related to public records requests as well as improper withholding of information from stakeholders.

Current Year Observations (Continued)

The elected officials, or their designee(s), should, during their term of office, attend public records training and maintain proof of completion of the training.

9. We noted that the Village incorrectly posted debt payments on a police cruiser during 2022 and 2023.

Sound financial reporting is the responsibility of the Fiscal Officer and Village Council and is essential to ensure the information provided to the readers of the financial statements is complete and accurate.

These payments were incorrectly recorded as General Fund capital outlay rather than debt service. As a result, the Village's financial statements overstated General Fund Security of Persons & Property and understated General Fund debt service.

The Township should have procedures in place to provide for accurate and complete recording of financial activity and balances in the accounting records and financial statements to assist in the effective management and reporting of financial resources.

Current Status of Matters Reported in our Prior Engagement

1. Our prior audit for the years ended December 31, 2021, and 2020 included noncompliance with Ohio Rev. Code § 5705.10(A) for improperly posting General Fund property taxes to the incorrect fund. The Village properly posted property taxes to the General Fund for 2022 and 2023.
2. Our prior audit for the years ended December 31, 2021, and 2020 included noncompliance with Ohio Rev. Code § 117.38 for the late filing of the 2021 and 2020 financial reports. The Village filed its financial reports timely for 2022 and 2023.
3. Our prior audit for the years ended December 31, 2021, and 2020 included noncompliance with Ohio Rev. Code § 149.43(B)(2) for not having a records retention schedule adopted during the audit period. The Village approved a records retention schedule.
4. Our prior audit for the years ended December 31, 2021, and 2020 included noncompliance with Ohio Rev. Code § 733.81(B), Ohio Rev. Code § 733.81(C), and Ohio Admin Code § 117-14-01 for not completing training required by the Fiscal Integrity Act. The Fiscal Officer still has time to fulfill the required training for her appointed term.
5. Our prior audit for the years ended December 31, 2021, and 2020 included a recommendation for the Village regarding utility adjustments. The Board of Public Affairs approved 2022 and 2023 utility adjustments.



Keith Faber
Auditor of State
Columbus, Ohio

October 30, 2024

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VILLAGE OF CATAWBA

CLARK COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

This is a true and correct copy of the report, which is required to be filed pursuant to Section 117.26, Revised Code, and which is filed in the Office of the Ohio Auditor of State in Columbus, Ohio.



Certified for Release 11/12/2024

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This report is a matter of public record and is available online at
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