



OHIO AUDITOR OF STATE  
**KEITH FABER**





# 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, 2021 and 2020.

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, 2021 and 2020.

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 the Village incorrectly posted property tax and delinquent water and sewer assessment revenues in 2020 and 2021.

**Ohio Rev. Code § 5705.10(A)** states all revenue derived from the general levy for current expense within the ten-mill limitation, from any general levy for current expense authorized by vote in excess of the ten-mill limitation, and from sources other than the general property tax, unless its use for a particular purpose is prescribed by law, shall be paid into the general fund.

**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. The prior audit also reported this deficiency.

### Current Year Observations (Continued)

The Village posted property tax revenue at net rather than gross as intergovernmental revenue in most instances in both 2020 and 2021. The Village posted delinquent water and sewer assessment revenues at net rather than gross as General Fund intergovernmental revenue. The Village also posted a property tax settlement including water and sewer delinquent assessments in the Water and Sewer Fund. As a result of the incorrectly classified amounts, the Village's financial statements understated General Fund property taxes, overstated General Fund intergovernmental, and overstated Enterprise Fund charges for services. Additionally, the Village understated the General Fund cash balance by \$952 and overstated the Enterprise Fund cash balance by \$952. The errors were immaterial and did not require adjustments. Our prior audit also reported the deficiency of posting property tax revenues as intergovernmental revenues.

2. We noted that the Village filed its 2020 and 2021 annual financial reports on August 1, 2022; however the deadline was March 1, 2021 and March 1, 2022, respectively. The Village originally filed its 2020 report timely; however it was not complete with financial statement notes. **Ohio Rev. Code § 117.38** states, in part, "each public office, other than a state agency, shall file a financial report for each fiscal year.

The auditor of state may prescribe forms by rule or may issue guidelines, or both, for such reports. If the auditor of state has not prescribed a rule regarding the form for the report, the public office shall submit its report on the form utilized by the public office. The report shall be certified by the proper officer or board and filed with the auditor of state within sixty days after the close of the fiscal year, except that public offices reporting pursuant to generally accepted accounting principles shall file their reports within one hundred fifty days after the close of the fiscal year. The auditor of state may extend the deadline for filing a financial report and establish terms and conditions for any such extension." The Fiscal Officer should implement procedures to verify the complete annual reports are filed timely with the Auditor of State to help avoid penalties and fees. Our prior audit also reported this compliance issue.

3. We noted that, during the engagement period, the Village did not have an established and adopted/approved records retention schedule/policy. **Ohio Rev. Code § 149.43(B)(2)** requires a public office or the person responsible for public records shall organize and maintain public records in a manner that they can be made available for inspection or copying and that a public office shall also have available a copy of its current records retention schedule at a location readily available to the public. Failure to have and follow a records retention schedule/policy could result in public records being disposed of prematurely. The Village should implement procedures to provide that the appropriate policies/schedules are properly established and adopted/approved to help avoid issues with public records requests. It has been noted that the Village has since adopted a records retention schedule/policy as of March 2022. Our prior audit also reported this compliance issue.
4. 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 Village's 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 poster 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)**

5. We noted the Fiscal Officer did not obtain the training required by the Fiscal Integrity Act. **Ohio Rev. Code § 733.81(B)** states, in part, to enhance the background and working knowledge of fiscal officers in government accounting, budgeting and financing, financial report preparation, cybersecurity, and the rules adopted by the auditor of state, the auditor of state shall conduct education programs and continuing education courses for individuals elected or appointed for the first time to the office of fiscal officer, and shall conduct continuing education courses for individuals who continue to hold the office in a subsequent term.

**Ohio Rev. Code § 733.81(C)** states a newly elected or appointed fiscal officer shall complete at least six hours of initial education programs before commencing, or during the first year of, office.

**Ohio Rev. Code § 733.81(D)** states, in part, in addition to the six hours of initial education required under division (B) of this section, a newly elected or appointed fiscal officer shall complete at least a total of eighteen continuing education hours during the fiscal officer's first term of office. An elected or appointed fiscal officer who retains office for a subsequent term shall complete twelve hours of continuing education courses in each subsequent term of office. The auditor of state shall adopt rules specifying the initial education programs and continuing education courses that are required for a fiscal officer who has been appointed. The requirements shall be proportionally equivalent, based on the time remaining in the vacated office, to the requirements for a newly elected or appointed fiscal officer. At least two hours of ethics instruction shall be included in the continuing education hours required by divisions (D)(1) and (2) of this section.

**Ohio Admin Code § 117-14-01** states the auditor of state, pursuant to sections 507.12 and 733.81 of the Revised Code, herein establishes a rule governing the initial training and continuing education of city, township, and village fiscal officers. As used in this chapter, "village fiscal officer" means village fiscal officer, village clerk, and village clerk-treasurer. **Ohio Admin Code § 117-14-01(C)** states for the purposes of this chapter, a nonelected municipal fiscal officer, who has been hired to fill such a position, shall have a term equivalent to that of an elected township fiscal officer, whose term is governed by section 507.01 of the Revised Code. Thus, a nonelected municipal fiscal officer's term shall be four years, and such term shall begin on the first day of April in 2016. All subsequent such terms shall begin on the first day of April quadrennially thereafter.

The Fiscal Officer should complete the required training during each term in office and report the hours in the Fiscal Integrity Act Portal. Failure to complete training can result in financial reporting issues and/or noncompliance. The Fiscal Officer should implement procedures to verify proper training is completed to assist Village officials with the proper knowledge to properly and ethically conduct operations.

6. **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.

The Village did not timely remit 2021 fourth quarter withholding amounts for state (\$53.53) and school districts (\$36.92). The Village completed the remittances for state and school on September 26, 2022. As a result of late filings and payments, the Village has incurred approximately \$1.78 in interest charges.

**Current Year Observations (Continued)**

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 2021 for OPERS; however the Village had actually paid the withholdings and the error has not been cleared.

The Village should implement policies and procedures to verify income taxes are properly and timely remitted to the State Department of Taxation. 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.

7. We noted the Village issued adjustments to its customers' accounts in the utility billing system; however, the Village did not have a formal policy or follow a consistent set of procedures regarding the approval of the adjustments. Failure to properly document utility adjustments could result in errors, irregularities, and/or fraud.

The Village should institute the following recommended procedures for its utility adjustments:

- The Fiscal Officer and/or Mayor should approve all individual adjustments.
- The Village Water/Sewer Clerk should prepare a monthly summary of all utility adjustments to the Board of Public Affairs and Council for their review and approval.
- The Fiscal Officer should document the Council's approval of these adjustments in the Minutes.

Our prior audit also reported this deficiency.



Keith Faber  
Auditor of State  
Columbus, Ohio

September 30, 2022

# OHIO AUDITOR OF STATE KEITH FABER



**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 10/13/2022**

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This report is a matter of public record and is available online at  
[www.ohioauditor.gov](http://www.ohioauditor.gov)