



OHIO AUDITOR OF STATE
KEITH FABER



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Village of Catawba
Clark County
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, 2019 and 2018.

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, 2019 and 2018.

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 posted tax revenue, in the amount of \$338.60, as intergovernmental revenue in the General Fund in 2018. To improve financial reporting, the Fiscal Officer should review revenue posting classifications to verify amounts are accurately reported. Failure to properly record revenues can result in misstated financial reports. The prior audit also reported this deficiency.
2. 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.
3. **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."

Current Year Observations (Continued)

Ohio Rev. Code Section 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 2019 third quarter withholding amounts for federal (\$442.37), state (\$92.24), school district (\$33.34), and village taxes (\$100.76) or fourth quarter amounts for village (\$118.30) taxes. The Village completed the remittances for federal on July 27, 2020, state and school on July 30, 2020, and village on July 30, 2020. As a result of late filings and payments, the Village has incurred approximately \$9 in interest charges. It is likely the Village will be assessed additional interest and/or penalties.

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 2014, 2015, 2017, 2018, and 2019; however the Village had actually paid most of the withholdings. The Village had not taken any steps to investigate possible unpaid amounts and/or clear paid amounts from the system.

The Village should implement policies and procedures to verify income taxes are properly and timely remitted to the Internal Revenue Service, State Department of Taxation, and Regional Income Tax Authority. 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.

This matter will be referred to the Internal Revenue Service and State Department of Taxation.

4. We noted the Village filed its 2018 annual financial report on March 11, 2019; however the deadline was March 1, 2019. **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.
5. We noted the Village does not have an adopted records retention schedule policy. **Ohio Rev. Code §149.43(B)(2)** states, in part, a public office also "shall have available a copy of its current records retention schedule at a location readily available to the public." The Village did not have an approved records retention schedule on file as required. Failure to have and follow a records retention schedule could result in public records being disposed of prematurely. The Village should implement procedures to provide that appropriate policies/schedules are approved to help avoid issues with public records requests.

Current Year Observations (Continued)

6. We noted the Village did not display a poster of its adopted public records policy in the office. **Ohio Rev. Code § 149.43(E)(2)** states, in part, “all public offices shall adopt a public records policy in compliance with this section for responding to public records requests. 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. The public office may post its public records policy on the internet web site of the public office if the public office maintains an internet web site.” The Village did not create a public records policy poster. Failure to display a poster of the public records policy could result in the public being unaware of process for requesting public records. The Village should create a poster of its public records policy and conspicuously display it at its office to inform citizens about the process of requesting public records.

Current Status of Matters Reported in Prior Engagement

7. In addition to the financial reporting matter reported in item 1 above, the prior audit for the years ended December 31, 2017 and 2016 included non-compliance with Ohio Revised Code § 5705.41(D) for not properly encumbering. There were no instances of non-compliance identified for 2018 or 2019.



Keith Faber
Auditor of State
Columbus, Ohio

August 3, 2020

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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 8/13/2020

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