

**VILLAGE OF CATAWBA**

**CLARK COUNTY**

**JANUARY 1, 2014 TO DECEMBER 31, 2015  
AGREED UPON PROCEDURES**





# Dave Yost • Auditor of State

Village Council  
Village of Catawba  
15 South Persimmon Street  
Catawba, Ohio 43010

We have reviewed the *Independent Accountants' Report on Applying Agreed-Upon Procedures* of the Village of Catawba, Clark County, prepared by Julian & Grube, Inc., for the period January 1, 2014 through December 31, 2015. Based upon this review, we have accepted this report in lieu of the audit required by Section 117.11, Revised Code.

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

July 18, 2016

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

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**INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES**

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

We have performed the procedures enumerated below, with which the Village Council and Mayor, and the management of the Village of Catawba (the Village) and the Auditor of State have agreed, solely to assist the Council and Mayor in evaluating receipts, disbursements and balances recorded in their cash-basis accounting records for the years ended December 31, 2015 and 2014, including mayor's court receipts, disbursements and balances, and certain compliance requirements related to these transactions and balances. Management is responsible for recording transactions; and management, the Mayor, and / or the Council are responsible for complying with the compliance requirements. This agreed-upon procedures engagement was conducted in accordance with the American Institute of Certified Public Accountants' attestation standards and applicable attestation engagement standards included in the Comptroller General of the United States' *Government Auditing Standards*. The sufficiency of the procedures is solely the responsibility of the parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

This report only describes exceptions exceeding \$10.

**Cash**

1. We tested the mathematical accuracy of the December 31, 2015 and December 31, 2014 bank reconciliations. We found no exceptions.
2. We agreed the January 1, 2014 beginning fund balances recorded in the Fund Ledger Report to the December 31, 2013 balances in the prior year audited statements. We found no exceptions. We also agreed the January 1, 2015 beginning fund balances recorded in the Fund Ledger Report to the December 31, 2014 balances in the Fund Ledger Report. We found no exceptions.
3. We agreed the totals per the bank reconciliations to the total of the December 31, 2015 and 2014 fund cash balances reported in the Fund Status Reports. The amounts agreed.
4. We confirmed the December 31, 2015 bank account balance with the Village's financial institution. We found no exceptions. We also agreed the confirmed balances to the amounts appearing in the December 31, 2015 bank reconciliation without exception.

5. We selected five reconciling debits (such as outstanding checks) haphazardly from the December 31, 2015 bank reconciliation:
  - a. We traced each debit to the subsequent January bank statement. We found one outstanding check in the amount of \$60 to the Treasurer of State that was stale dated in the General Fund. We brought this to management's attention. They corrected the General Fund balance for this item. However, because we did not test all reconciling debits, our report provides no assurance regarding whether or not other similar errors occurred.
  - b. We traced the amounts and dates to the check register, to determine the debits were dated prior to December 31. We noted no exceptions.
6. We selected all three reconciling credits (such as deposits in transit) haphazardly from the December 31, 2015 bank reconciliation:
  - a. We traced each credit to the subsequent January bank statement. We found no exceptions.
  - b. We agreed the credit amounts to the Receipts Register. Each credit was recorded as a December receipt for the same amount recorded in the reconciliation.

#### **Property Taxes, Intergovernmental and Other Confirmable Cash Receipts**

1. We selected a property tax receipt from one *Statement of Semiannual Apportionment of Taxes* (the Statement) for 2015 and one from 2014:
  - a. We traced the gross receipts from the *Statement* to the amount recorded in the Receipt Register Report. We found one receipt not recorded in the system in the amount of \$2,543 for gross property tax receipts. It was further noted the Village was delinquent on payments to OPERS and thus, the \$2,543 receipt had been garnished in lieu of payment. This corresponding expenditure for pension expense was also not recorded in the system. Thus, fund balance of the General Fund was not affected.
  - b. We determined whether the receipt was allocated to the proper funds as required by Ohio Rev. Code Sections 5705.05-.06 and 5705.10. We found one receipt in the amount of \$1,434 for a special assessment recorded in the General Fund that should have been recorded in the Water and Sewer Operating Funds. We brought this to management's attention. They corrected the General, Water Operating and Sewer Operating Fund balances for this item. However, because we did not test all receipts, our report provides no assurance regarding whether or not other similar errors occurred.
  - c. We determined whether the receipt was recorded in the proper year. The receipt was recorded in the proper year.
2. We scanned the Receipt Register Report to determine whether it included two real estate tax receipts for 2015 and 2014. We noted the Receipts Register Report included the proper number of tax receipts for each year.
3. We selected five receipts from the State Distribution Transaction Lists (DTL) from 2015 and five from 2014. We also selected five receipts from the County Auditor's Vendor Activity Reports from 2015 and five from 2014.
  - a. We compared the amount from the above reports to the amount recorded in the Receipt Register Report. The amounts agreed.

- b. We determined whether these receipts were allocated to the proper funds. We found one receipt in the amount of \$24 for permissive tax recorded in the General Fund that should have been recorded in a segregated Permissive Tax Fund. We found one receipt in the amount of \$202 for permissive tax of which \$15 was recorded in the State Highway Fund with the remainder receipted in the Street Construction Maintenance and Repair Fund. The total receipt in the amount of \$202 should have been recorded in the segregated Permissive Tax Fund. We found one receipt in the amount of \$120 for permissive tax of which \$9 was recorded in the State Highway Fund with the remainder receipted in the Street Construction Maintenance and Repair Fund. The total receipt in the amount of \$120 should have been recorded in the segregated Permissive Tax Fund. We brought these to management's attention. They corrected the General, State Highway, Street Construction Maintenance and Repair Fund and Permissive Tax Fund balances for these items. However, because we did not test all receipts, our report provides no assurance regarding whether or not other similar errors occurred.
- c. We determined whether the receipts were recorded in the proper year. We found no exceptions.

#### **Income Tax Receipts**

1. We obtained the December 31, 2015 and 2014 Monthly Distribution Summary reports submitted by the Regional Income Tax Agency (RITA), the agency responsible for collecting income taxes on behalf of the Village. We agreed the total gross income taxes per year to the Village's Receipt Register Report. The amounts were not consistently recorded at gross.

#### **Water and Sewer Operating Funds**

1. We haphazardly selected 10 Water and Sewer Operating Fund collection cash receipts from the year ended December 31, 2015 and 10 Water and Sewer Operating Fund collection cash receipts from the year ended 2014 recorded in the Receipt Register Report and determined whether the:
  - a. Receipt amount per the Receipt Register Report agreed to the amount recorded to the credit of the customer's account in the Customer Balance Report. The amounts agreed.
  - b. Amount charged for the related billing period:
    - i. Agreed with the debit to accounts receivable in the Customer Balance Report for the billing period. We found no exceptions.
    - ii. Complied with rates in force during the audit period plus any applicable late penalties, plus unpaid prior billings. We found no exceptions.
  - c. Receipt was posted to the proper funds, and was recorded in the year received. We found no exceptions.
2. We read the Customer Delinquent Report.
  - a. We noted this report listed \$3,707 and \$3,212 of accounts receivable as of December 31, 2015 and 2014, respectively.
  - b. Of the total receivables reported in the preceding step, \$63 and \$275 were recorded as more than 90 days delinquent.

3. We read the Customer Balance Report.
  - a. We noted this report listed a total of \$1,858 and \$3,156 non-cash receipts adjustments for the years ended December 31, 2015 and 2014, respectively.
  - b. We selected five non-cash adjustments from 2015 and five non-cash adjustments from 2014, and noted that the President of the Board of Public Affairs approved each adjustment.

**Debt**

1. From the prior audit documentation, we noted the following loans outstanding as of December 31, 2013. These amounts agreed to the Villages January 1, 2014 balances on the summary we used in step 3.

Issue	Principal outstanding as of December 31, 2013:
OWDA Loan #4417	\$7,600
OWDA Loan #3893	\$6,083

2. We inquired of management, and scanned the Receipt Register Report and Payment Register Detail Report for evidence of debt issued during 2015 or 2014 or debt payment activity during 2015 or 2014. All debt noted agreed to the summary we used in step 3.
3. We obtained a summary of debt activity for 2015 and 2014 and agreed principal and interest payments from the related debt amortization schedules to Water and Sewer Operating Fund payments reported in the Payment Register Detail Report. We also compared the date the debt service payments were due to the date the Village made the payments. We found one payment in the amount of \$2,749 for collective principal and interest payments for OWDA loans #4417 and #3893 of which \$683 relating to loan #3893 was recorded in the Water Operating Fund that should have been recorded in the Sewer Operating Fund. We found another subsequent payment in the amount of \$683 for principal and interest payments on OWDA loan #3893 recorded in the Water Operating Fund that should have been recorded in the Sewer Operating Fund. We brought these to management's attention. They corrected the Water and Sewer Operating Fund balances for these item.

**Payroll Cash Disbursements**

1. We haphazardly selected one payroll check for five employees from 2015 and one payroll check for five employees from 2014 from the Wage Detail Report and:
  - a. We compared the hours and pay rate, or salary recorded in the Wage Detail Report to supporting documentation (timecard, legislatively or statutorily-approved rate or salary). We found no exceptions.
  - b. We determined whether the fund and account codes to which the check was posted were reasonable based on the employees' duties as documented in the employees' personnel files or minute record. We found one payment in the amount of \$472 for hours worked by a maintenance employee of which \$428 was recorded in the Street Construction Maintenance and Repair Fund that should have been recorded in the General Fund. We brought this to management's attention. They corrected the Street Construction Maintenance and Repair and General Fund balances for this item. However, because we did not test all payroll disbursements, our report provides no assurance regarding whether or not other similar errors occurred. We also determined whether the payment was posted to the proper year. We found no exceptions.

2. For any new employees selected in step 1 we determined whether the following information in the employees' personnel files or minute record was consistent with the information used to compute gross and net pay related to this check:
  - a. Name
  - b. Authorized salary or pay rate
  - c. Department(s) and fund(s) to which the check should be charged
  - d. Retirement system participation and payroll withholding
  - e. Federal, State & Local income tax withholding authorization and withholding
  - f. Any other deduction authorizations (deferred compensation, etc.)

We found no exceptions related to steps a. – f. above.

3. We scanned the last remittance of tax and retirement withholdings for the year ended December 31, 2015 to determine whether remittances were timely paid, and if the amounts paid agreed to the amounts withheld, plus the employer's share where applicable, during the final withholding period during 2015. We noted the following:

<b>Withholding (plus employer share, where applicable)</b>	<b>Date Due</b>	<b>Date Paid</b>	<b>Amount Due</b>	<b>Amount Paid</b>
Federal income taxes & Medicare (and social security, for employees not enrolled in pension system)	January 31, 2016	January 19, 2016	\$445.10	\$445.10
State income taxes	February 1, 2016	January 16, 2016	\$53.59	\$53.59
Village of Catawba District income tax	January 15, 2016	January 16, 2016	\$93.55	\$93.55
Northwestern School District income tax	February 1, 2016	January 16, 2016	\$5.40	\$5.40
Highland School District income tax	February 1, 2016	January 16, 2016	\$5.55	\$5.55
OPERS retirement	February 1, 2016	January 28, 2016	\$648.00	\$648.00

**Non-Payroll Cash Disbursements**

1. We haphazardly selected ten disbursements from the Payment Register Detail Report for the year ended December 31, 2015 and ten from the year ended 2014 and determined whether:
  - a. The disbursements were for a proper public purpose. We found no exceptions.
  - b. The check number, date, payee name and amount recorded on the returned, canceled check agreed to the check number, date, payee name and amount recorded in the Payment Register Detail Report and to the names and amounts on the supporting invoices. We found no exceptions.
  - c. The payment was posted to a fund consistent with the restricted purpose for which the fund's cash can be used. We found no exceptions.

- d. The fiscal officer certified disbursements requiring certification or issued a *Then and Now Certificate*, as required by Ohio Rev. Code Section 5705.41(D). We found five instances where disbursements requiring certification were not certified and four instances where the certification date was after the vendor invoice date, and there was also no evidence that a *Then and Now Certificate* was issued. Ohio Rev. Code Section 5705.41(D) requires certifying at the time of a commitment, which should be on or before the invoice date, unless a *Then and Now Certificate* is used. It was further noted an invoice in the amount of \$4,550 was not provided for review and could not be tested for compliance with this requirement. Because we did not test all disbursements requiring certification, our report provides no assurance whether or not additional similar errors occurred.

### **Mayors Court Transactions and Cash Balances**

1. We tested the mathematical accuracy of the December 31, 2015 and December 31, 2014 bank reconciliations. We found no exceptions.
2. We compared the reconciled cash totals as of December 31, 2015 and December 31, 2014 to the Mayor's Court Agency Fund balance reported in the Fund Status Reports. The balances were not recorded on the books of the Village as an Agency Fund. We notified management of this requirement.
3. We agreed the totals per the bank reconciliations to the total of December 31, 2015 and 2014 listing of unpaid distributions as of each December 31. The amounts agreed.
4. We confirmed the December 31, 2015 bank account balance with the Mayor's Court financial institution. We found no exceptions. We also agreed the confirmed balances to the amounts appearing in the December 31, 2015 bank reconciliation without exception.
5. We haphazardly selected five cases from the court cash book and agreed the payee and amount posted to the:
  - a. Duplicate receipt book.
  - b. Docket, including comparing the total fine paid to the judgment issued by the judge (i.e. mayor)
  - c. Case file.

The amounts recorded in the cash book, receipts book, docket and case file agreed.

6. From the cash book, we haphazardly selected one month from the year ended December 31, 2015 and one month from the year ended 2014 and determined whether:
  - a. The monthly sum of fines and costs collected for those months agreed to the amounts reported as remitted to the Village, State or other applicable government in the following month. We found no exceptions.
  - b. The totals remitted for these two months per the cash book agreed to the returned canceled checks. The check number, date, payee name and amount recorded on the returned, canceled check agreed to the check number, date, payee name and amount recorded in the cash book.

### Compliance – Budgetary

1. We compared the total estimated receipts from the *Amended Official Certificate of Estimated Resources*, required by Ohio Rev. Code Section 5705.36(A)(1), to the amounts recorded in the Revenue Status Report for the General, Street Construction Maintenance and Repair and Water Operating Funds for the years ended December 31, 2015 and 2014. The amounts on the *Certificate* agreed to the amount recorded in the accounting system, except for the General Fund. The Revenue Status Report recorded budgeted (i.e. certified) resources for the General fund of \$54,650 and \$45,026 for 2015 and 2014, respectively. However, the final *Amended Official Certificate of Estimated Resources* reflected \$54,142 and \$45,047, respectively. The fiscal officer should periodically compare amounts recorded in the Revenue Status Report to amounts recorded on the *Amended Official Certificate of Estimated Resources* to assure they agree. If the amounts do not agree, the Council may be using inaccurate information for budgeting and to monitor spending.
2. We scanned the appropriation measures adopted for 2015 and 2014 to determine whether, for the General, Street Construction Maintenance and Repair and Water Operating funds, the Council appropriated separately for “each office, department, and division, and within each, the amount appropriated for personal services,” as is required by Ohio Rev. Code Section 5705.38(C). We found no exceptions.
3. We compared total appropriations required by Ohio Rev. Code Sections 5705.38 and 5705.40, to the amounts recorded in the Appropriation Status Report for 2015 and 2014 for the following funds: General, Street Construction Maintenance and Repair and Water Operating Funds. The amounts on the appropriation resolutions did not agree, with the exception of the General fund and Street Construction Maintenance and Repair fund for 2015, to the amounts recorded in the Appropriation Status Report. The Appropriation Status Report recorded budgeted (i.e. approved) expenditures for the General Fund of \$108,256 for 2014. However, the final Council approved Ordinance reflected \$101,542. The Appropriation Status Report recorded budgeted (i.e. approved) expenditures for the Street Construction Maintenance and Repair Fund of \$57,746 for 2014. However, the final Council approved Ordinance reflected \$56,838. The Appropriation Status Report recorded budgeted (i.e. approved) expenditures for the Water Operating Fund of \$84,568 and \$124,923 for 2015 and 2014, respectively. However, the final Council approved Ordinance reflected \$83,933 and \$124,743, respectively. The fiscal officer should periodically compare amounts recorded in the Appropriation Status Report to amounts approved by Council to assure they agree. If the amounts do not agree, the Council may be using inaccurate information for budgeting and to monitor spending.
4. Ohio Rev. Code Sections 5705.36(A)(5) and 5705.39 prohibits appropriations from exceeding the certified resources. We compared total appropriations to total certified resources for the General, Street Construction Maintenance and Repair and Water Operating funds for the years ended December 31, 2015 and 2014. We noted no funds for which appropriations exceeded certified resources.
5. Ohio Rev. Code Section 5705.41(B) prohibits expenditures (disbursements plus certified commitments) from exceeding appropriations. We compared total expenditures to total appropriations for the years ended December 31, 2015 and 2014 for the General, Street Construction Maintenance and Repair and Water Operating fund, as recorded in the Appropriation Status Report. We noted no funds for which expenditures exceeded appropriations.

6. Ohio Rev. Code Section 5705.09 requires establishing separate funds to segregate externally-restricted resources. We scanned the Receipt Register Report for evidence of new restricted receipts requiring a new fund during December 31, 2015 and 2014. We also inquired of management regarding whether the Village received new restricted receipts. We noted no evidence of new restricted receipts for which Ohio Rev. Code Section 5705.09 would require the Village to establish a new fund.
7. We scanned the 2015 and 2014 Revenue Status Reports and Appropriation Status Reports for evidence of interfund transfers exceeding \$1,000 which Ohio Rev. Code Sections 5705.14 - .16 restrict. We found no evidence of transfers these Sections prohibit, or for which Section 5705.16 would require approval by the Tax Commissioner and Court of Common Pleas.
8. We inquired of management and scanned the Appropriation Status Reports to determine whether the Village elected to establish reserve accounts permitted by Ohio Rev. Code Section 5705.13. We noted the Village did not establish these reserves.
9. We scanned the Cash Summary by Fund Report for the years ended December 31, 2015 and 2014 for negative cash fund balance. Ohio Rev. Code Section 5705.10 (l) provides that money paid into a fund must be used for the purposes for which such fund is established. As a result, a negative fund cash balance indicates that money from one fund was used to cover the expenses of another. We noted no funds having a negative cash fund balance.

#### **Compliance – Contracts & Expenditures**

We inquired of management and scanned the Payment Register Detail Report for the years ended December 31, 2015 and 2014 to determine if the Village proceeded by force account (i.e. used its own employees) to maintain or repair roads (cost of project exceeding \$30,000) or to construct or reconstruct Village roads (cost of project \$30,000/per mile) for which Ohio Rev. Code Sections 117.16(A) and 723.52 requires the Village engineer, or officer having a different title but the duties and functions of an engineer, to complete a force account project assessment form (i.e., cost estimate). We identified no projects requiring the completion of the force account assessment form.

#### **Other Compliance**

1. Ohio Rev. Code Section 117.38 requires villages to file their financial information in the HINKLE system formerly known as the Annual Financial Data Reporting System (AFDRS) within 60 days after the close of the fiscal year. We reviewed AFDRS to verify the Village filed their financial information within the allotted timeframe for the years ended December 31, 2015 and 2014. No exceptions noted.
2. We inquired of the fiscal officer to determine whether the fiscal officer obtained the training required by Ohio Rev. Code Section 507.12 and 733.81. Per inquiry, the Fiscal Officer obtained the required training; however, certificates of completion were unable to be provided.

We were not engaged to, and did not conduct an examination, the objective of which would be the expression of an opinion on the Village's receipts, disbursements, balances and compliance with certain laws and regulations. Accordingly, we do not express an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of management, those charged with governance, the Auditor of State, and others within the Village, and is not intended to be, and should not be used by anyone other than these specified parties.





# 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  
JULY 28, 2016