Village of Coalton
Jackson County
Regular Audit
For the Years Ended December 31, 2011 and 2010



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Village Council Village of Coalton P. O. Box 98 Coalton, Ohio 45621

We have reviewed the *Independent Auditor's Report* of the Village of Coalton, Jackson County, prepared by Millhuff-Stang, CPA, Inc., for the audit period January 1, 2010 through December 31, 2011. 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.

The financial statements in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Auditor of State. Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Independent Auditor's Report* on your financial statements. While the Auditor of State does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. The attached report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the statements are misstated under the non-GAAP regulatory basis. The *Independent Auditor's Report* also includes an opinion on the financial statements using the regulatory format the Auditor of State permits.

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 Coalton is responsible for compliance with these laws and regulations.

Dave Yost Auditor of State

January 15, 2013



# Village of Coalton Jackson County Table of Contents For the Years Ended December 31, 2011 and 2010

Title	Page
Independent Auditor's Report	1
Combined Statement of Cash Receipts, Cash Disbursements and Changes in Fund Cash Balances – All Governmental Fund Types – For the Year Ended December 31, 2011	3
Combined Statement of Cash Receipts, Cash Disbursements and Changes in Fund Cash Balances – All Proprietary and Fiduciary Fund Types – For the Year Ended December 31, 2011	4
Combined Statement of Cash Receipts, Cash Disbursements and Changes in Fund Cash Balances – All Governmental Fund Types – For the Year Ended December 31, 2010	5
Combined Statement of Cash Receipts, Cash Disbursements and Changes in Fund Cash Balances – All Proprietary and Fiduciary Fund Types – For the Year Ended December 31, 2010	6
Notes to the Financial Statements	7
Schedule of Federal Awards Expenditures	16
Notes to the Schedule of Federal Awards Expenditures	17
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards	18
Report on Compliance With Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133	20
Schedule of Findings and Questioned Costs OMB Circular A-133 Section .505	22
Schedule of Prior Audit Findings OMB Circular A-133 Section 315(b)	26





#### **Independent Auditor's Report**

Village Council Village of Coalton P.O. Box 98 Coalton, Ohio 45621

We have audited the accompanying financial statements of the Village of Coalton, Jackson County, Ohio, (the Village) as of and for the years ended December 31, 2011 and 2010. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the Village has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Instead of the combined funds the accompanying financial statements present, GAAP require presenting entity-wide statements and also presenting the Village's larger (i.e. major) funds separately. While the Village does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The Village has elected not to follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2011 and 2010 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2011 and 2010, or its changes in financial position or cash flows, where applicable, for the years then ended.

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Village of Coalton Jackson County Independent Auditor's Report Page 2

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances as of December 31, 2011 and 2010 and the reserves for encumbrances as of December 31, 2010 of the Village of Coalton, Jackson County, Ohio, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

As described in Note 9, during 2011 the Village adopted Governmental Accounting Standards Board Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions."

In accordance with *Government Auditing Standards*, we have also issued our report dated November 7, 2012 on our consideration of the Village's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion 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* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying schedule of federal awards expenditures is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of federal awards expenditures is fairly stated in all material respects in relation to the financial statements as a whole.

Natalie Millhuff-Stang, CPA

President/Owner

Millhuff-Stang, CPA, Inc.

Natalii Whillhuff Hang

November 7, 2012

Combined Statement of Cash Receipts, Cash Disbursements and
Changes in Fund Cash Balances
All Governmental Fund Types
For the Year Ended December 31, 2011

	Governmental Fund Types		
	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts:	Ф22 100	0.0	Ф <b>22</b> 100
Property and Other Local Taxes	\$32,190	\$0	\$32,190
Licenses, Permits, and Fees	13,993	54.002	13,993
Intergovernmental	51,734 0	54,902	106,636
Charges for services	147	24,399 385	24,399 532
Earnings on Investments Miscellaneous	2,009	0	2,009
Total Cash Receipts	100,073	79,686	179,759
Cash Disbursements:			
Current:			
General Government	41,835	2,799	44,634
Security of Persons and Property	53,196	32,628	85,824
Transportation	0	12,798	12,798
Public Health Services	0	332	332
Capital Outlay	0	13,736	13,736
Debt Service:		6.100	6.100
Redemption of Principal	0	6,199	6,199
Interest and Other Fiscal Charges	0	1,268	1,268
Total Cash Disbursements	95,031	69,760	164,791
Total Cash Receipts Over Cash Disbursements	5,042	9,926	14,968
Fund Cash Balances, January 1 - As Restated	110,945	123,905	234,850
Fund Cash Balances, December 31			
Nonspendable:			
Unclaimed Monies	722	0	722
Restricted for:	, 22	· ·	, 22
Cemetery	0	17,601	17,601
Disaster Relief	0	1,339	1,339
Fire Operations	0	9,332	9,332
Road Maintenance and Improvements	0	39,540	39,540
Housing Rehab	0	2,713	2,713
Vehicles/Buildings	0	63,306	63,306
Unassigned	115,265	0	115,265
Fund Cash Balances, December 31	\$115,987	\$133,831	\$249,818

Combined Statement of Cash Receipts, Cash Disbursements and
Changes in Fund Cash Balances
All Proprietary and Fiduciary Fund Types
For the Year Ended December 31,2011

	Proprietary Fund Type	Fiduciary Fund Types	Totals
	Enterprise	Agency	(Memorandum Only)
Operating Cash Receipts:			
Charges for Services	\$230,144	\$0	\$230,144
Miscellaneous	6,020	0	6,020
Total Cash Receipts	236,164	0	236,164
Operating Cash Disbursements:			
Personal Services	38,037	0	38,037
Employee Fringe Benefits	8,102	0	8,102
Contractual Services	134,681	0	134,681
Supplies and Materials	24,147	0	24,147
Total Cash Disbursements	204,967	0	204,967
Operating Income	31,197	0	31,197
Non-Operating Cash Receipts:			
Intergovernmental	500,000	0	500,000
Debt Proceeds	423,345	0	423,345
Other Non-Operating Receipts	0	18,018	18,018
Total Non-Operating Cash Receipts	923,345	18,018	941,363
Non-Operating Cash Disbursements:			
Redemption of Principal	20,947	0	20,947
Interest and Other Fiscal Charges	11,976	0	11,976
Capital Outlay	585,669	0	585,669
Other Non-Operating Disbursements	3,109	16,499	19,608
Total Non-Operating Cash Disbursements	621,701	16,499	638,200
Net Receipts Over Disbursements	332,841	1,519	334,360
Fund Cash Balances, January 1 - As Restated	212,700	125	212,825
Fund Cash Balances, December 31	\$545,541	\$1,644	\$547,185

Combined Statement of Cash Receipts, Cash Disbursements and Changes in Fund Cash Balances All Governmental Fund Types For the Year Ended December 31, 2010

	Governmental Fund Types		
		Cnasial	Totals (Memorandum
	General	Special Revenue	Only)
Cash Receipts:	General	revenue	Olliy)
Property and Other Local Taxes	\$34,831	\$0	\$34,831
Licenses, Permits, and Fees	16,670	0	16,670
Intergovernmental	54,680	67,830	122,510
Charges for Services	0	21,937	21,937
Earnings on Investments	247	735	982
Miscellaneous	4,624	596	5,220
Total Cash Receipts	111,052	91,098	202,150
Cash Disbursements:			
Current:			
General Government	47,021	8,395	55,416
Security of Persons and Property	51,819	16,412	68,231
Transportation	0	12,006	12,006
Public Health Services	0	425	425
Basic Utility Services	0	332	332
Capital Outlay	0	55,320	55,320
Debt Service:			
Redemption of Principal	0	3,000	3,000
Interest and Other Fiscal Charges	0	1,400	1,400
Total Cash Disbursements	98,840	97,290	196,130
Total Cash Receipts Over (Under) Cash Disbursements	12,212	(6,192)	6,020
Other Financing Sources (Uses):			
Advances In	2,500	2,500	5,000
Transfers Out	(2,500)	0	(2,500)
Advances Out	(2,500)	(2,500)	(5,000)
Sale of Capital Assets	0	720	720
Total Other Financing Sources (Uses)	(2,500)	720	(1,780)
Excess of Cash Receipts and Other Financing Sources Over			
(Under) Cash Disbursements and Other Financing Uses	9,712	(5,472)	4,240
Fund Cash Balances, January 1 - As Restated	100,511	129,377	229,888
Fund Cash Balances, December 31	\$110,223	\$123,905	\$234,128
Reserve for Encumbrances, December 31	\$2,350	\$204	\$2,554

Combined Statement of Cash Receipts, Cash Disbursements and Changes in Fund Cash Balances All Proprietary and Fiduciary Fund Types For the Year Ended December 31,2010

	Proprietary Fund Type	Fiduciary Fund Types	Totals (Memorandum
Omaratina Cash Passints	Enterprise	Agency	Only)
Operating Cash Receipts: Charges for Services	\$222.260	\$0	\$222,360
Charges for Services	\$222,360	\$0	\$222,300
Total Cash Receipts	222,360	0	222,360
Operating Cash Disbursements:			
Personal Services	44,643	0	44,643
Employee Fringe Benefits	14,270	0	14,270
Contractual Services	93,392	0	93,392
Supplies and Materials	18,307	0	18,307
Other	33	0	33
Total Cash Disbursements	170,645	0	170,645
Operating Income	51,715	0	51,715
Non-Operating Cash Receipts:			
Intergovernmental	10,256	0	10,256
Debt Proceeds	76,324	0	76,324
Other Non-Operating Receipts	292	18,521	18,813
Total Non-Operating Cash Receipts	86,872	18,521	105,393
Non-Operating Cash Disbursements:			
Redemption of Principal	15,968	0	15,968
Interest and Other Fiscal Charges	12,755	0	12,755
Capital Outlay	88,219	0	88,219
Other Non-Operating Disbursements	0	19,359	19,359
Total Non-Operating Cash Disbursements	116,942	19,359	136,301
Excess of Cash Receipts Over (Under) Cash			
Disbursements Before Interfund Transfers	21,645	(838)	20,807
Transfers In	2,500	0	2,500
Net Receipts Over (Under) Disbursements	24,145	(838)	23,307
Fund Cash Balances, January 1 - As Restated	188,555	1,685	190,240
Fund Cash Balances, December 31	\$212,700	\$847	\$213,547
Reserve for Encumbrances	\$1,377	\$0	\$1,377

Notes to the Financial Statements For the Years Ended December 31, 2011 and 2010

#### Note 1 – Summary of Significant Accounting Policies

#### **Description of the Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of Coalton, Jackson County, Ohio, (the Village) as a body corporate and politic. A publicly-elected six-member Council governs the Village. The Mayor is elected to a four-year term, and votes only to break a tie. The Village provides general government services, police services and street construction, repair and maintenance, as well as water, sewer and trash utilities. The Village also appropriates funds to support a volunteer fire department.

The Village's management believes these financial statements present all activities for which the Village is financially accountable.

#### **Basis of Accounting**

These financial statements follow the accounting basis the Auditor of State of Ohio prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The Village 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 Auditor of State prescribes or permits.

#### **Cash and Investments**

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 or losses at the time of sale as receipts or disbursements, respectively. The Village values certificate of deposit at cost.

#### **Fund Accounting**

The Village uses fund accounting 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 reports all financial resources except those required to be accounted for in another fund.

Special Revenue Funds

These funds account for proceeds from specific sources (other than those from private-purpose trusts or for capital projects) that are restricted to expenditure for specific purposes. The Village had the following significant Special Revenue Funds:

<u>Street Construction, Maintenance, and Repair Fund</u> – This fund receives gasoline tax and motor vehicle tax monies for constructing, maintaining, and repairing Village streets.

<u>Fire Fund</u> – This fund receives fire contract and service fee monies for the operation and maintenance of the Village's fire department.

Notes to the Financial Statements For the Years Ended December 31, 2011 and 2010

#### Note 1 – Summary of Significant Accounting Policies (Continued)

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 to cover water service costs.

<u>Sewer Fund</u> – This fund receives charges for services from residents to cover sewer service costs.

Fiduciary Funds

Fiduciary funds include trust funds and agency funds. The Village has no trust funds.

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 had the following significant Agency Fund:

<u>Mayor's Court Fund</u> – This fund receives fine money, a portion of which is paid into the Village's General Fund for maintaining the security of persons and property within the Village. The other portion of the fines received into this account is paid to the State of Ohio and any other agency as required by law.

#### **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, and appropriations may not exceed estimated resources. The Village Council must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year-end.

Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1. The County Budget Commission must also 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 the 2011 and 2010 budgetary activity appears in Note 3.

Notes to the Financial Statements
For the Years Ended December 31, 2011 and 2010

#### Note 1 – Summary of Significant Accounting Policies (Continued)

#### Property, Plant, and Equipment

The Village records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

#### **Accumulated Leave**

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

#### **Fund Balances**

For December 31, 2011, fund balance is divided into five classifications based primarily on the extent to which the Village is bound to observe constraints imposed upon the use of the resources in the governmental funds. 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 – 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* – 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.

Notes to the Financial Statements For the Years Ended December 31, 2011 and 2010

#### Note 2 – Equity in Pooled Cash and Investments

The Village maintains a cash and investments pool all funds use. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash and investments at December 31 was as follows:

	2011	2010
Demand Deposits	\$778,959	\$422,423
Certificates of Deposit	18,044	25,252
Total deposits	\$797,003	\$447,675

*Deposits*: Deposits are either insured by the Federal Depository Insurance Corporation or collateralized by securities specifically pledged by the financial institution.

#### Note 3 – Budgetary Activity

Budgetary activity, except for agency funds, for the years ending December 31, 2011 and 2010 follows:

2011 Budgeted vs. Actual Receipts				
	Budgeted	Actual		
Fund Type	Receipts	Receipts	Variance	
General	\$101,100	\$100,073	(\$1,027)	
Special Revenue	69,830	79,686	9,856	
Enterprise	3,224,000	1,159,509	(2,064,491)	
Total	\$3,394,930	\$1,339,268	(\$2,055,662)	

2011 Budgeted vs. Actual Budgetary Basis Expenditures				
	Appropriation	Budgetary		
Fund Type	Authority	Expenditures	Variance	
General	\$106,227	\$95,031	\$11,196	
Special Revenue	98,534	69,760	28,774	
Enterprise	264,778	826,668	(561,890)	
Total	\$469,539	\$991,459	(\$521,920)	

2010 Budgeted vs. Actual Receipts					
	Budgeted Actual				
Fund Type	Receipts	Receipts	Variance		
General	\$102,176	\$111,052	\$8,876		
Special Revenue	71,585	91,818	20,233		
Enterprise	1,196,582	311,732	(884,850)		
Total	\$1,370,343	\$514,602	(\$855,741)		

Notes to the Financial Statements
For the Years Ended December 31, 2011 and 2010

#### Note 3 – Budgetary Activity (Continued)

2010 Budgeted vs. Actual Budgetary Basis Expenditures

	Appropriation	Budgetary	_
Fund Type	Authority	Expenditures	Variance
General	\$107,054	\$103,690	\$3,364
Special Revenue	87,117	97,494	(10,377)
Enterprise	523,342	288,964	234,378
Total	\$717,513	\$490,148	\$227,365

#### Note 4 – 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.

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

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.

#### Note 5 – Debt

Debt outstanding at December 31, 2011 was as follows:

		Interest
	Principal	Rate
Mortgage Revenue Bonds (FmHA)	\$209,186	5.00%
OWDA #4022 Sewer & WWTP Expansion Design	210,240	5.16%
OWDA #5443 Water System Design	93,196	4.20%
Trash Truck Loan	41,258	4.75%
Mortgage Revenue Bonds (USDA)	405,218	2.375%
Total	\$959,098	

The Farmers Home Administration (FmHA) Mortgage Revenue Bonds relate to a water and sewer plant project mandated by the Ohio Environmental Protection Agency. These bonds are to be paid from user charges for the utilities.

Ohio Water Development Authority (OWDA) loan #4022, initially approved for \$175,000, is for the expansion and complete reconstruction of the Village's sewer processing facility. As of December 31, 2011, the Village had drawn \$175,000 of the loan principal. The Village has also been assessed \$35,240 in capitalized interest which is included in the balance above but not presented as debt proceeds in the accompanying financial statements. The loan activity is reflected in the Sewer Enterprise Fund which received the proceeds and will repay the debt. The loan has not been finalized as of December 31, 2011, and therefore, an amortization schedule has not been established.

Notes to the Financial Statements
For the Years Ended December 31, 2011 and 2010

#### Note 5 – Debt (Continued)

Ohio Water Development Authority (OWDA) loan #5443, initially approved for \$140,000, is for Water System Design. As of December 31, 2011, the Village had drawn \$94,939 of the loan principal. The Village has also been assessed \$5,201 in capitalized interest and \$57 in accrued late charges which are included in the balance above but not presented as debt proceeds in the accompanying financial statements. The loan activity is reflected in the Water Enterprise Fund which received the proceeds and will repay the debt. The loan has not been finalized as of December 31, 2011, and therefore, an amortization schedule has not been established.

The trash truck loan relates to a loan with The Milton Banking Company for the purchase of a trash truck. The original amount of the loan was \$77,180. Semi-annual payments in the amount of \$7,467 are due throughout the term of the loan.

Sanitary Sewer System Mortgage Revenue Bonds, Series 2011, relate to a sanitary sewer system improvement project, and which is funded through the United States Department of Agriculture (USDA). These bonds are to be paid from user charges for the utilities.

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

	Mortgage	Trash
Year Ending	Revenue	Truck
December 31:	Bonds	Loan
2012	\$32,303	\$14,934
2013	32,458	14,934
2014	42,158	14,934
2015	42,128	14,934
2016	42,093	0
2017-2021	210,734	0
2022-2026	210,751	0
2027-2031	154,192	0
2032-2036	118,162	0
2037-2041	118,115	0
2042-2046	118,169	0
2047-2051	118,068	0
Total	\$1,239,331	\$59,736

#### **Note 6 - Retirement Systems**

The Village's law enforcement officers belong to the Ohio Police & Fire Pension Fund (OP&F). Other employees and elected officials belong to the Ohio Public Employees Retirement System (OPERS). OP&F and OPERS costsharing, multiple-employer plans. The Ohio Revised Code prescribes these plans' benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2011 and 2010, OP&F participants contributed 10% of their wages. The Village contributed an amount equal to 19.5% of police participant wages. For 2011 and 2010, OPERS members contributed 10% of their gross salaries, with the Village contributing an amount equal to 14% of participants' gross salaries. The Village has paid all contributions required through December 31, 2011.

Notes to the Financial Statements For the Years Ended December 31, 2011 and 2010

#### Note 7 – Risk Management

The Village is exposed to various risks of property and casualty losses, and injuries to employees.

The Village insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

The Village belongs to the Public Entities Pool of Ohio (PEP), a risk-sharing pool available to Ohio local governments. PEP provides property and casualty coverage for its members. American Risk Pooling Consultants, Inc. (ARPCO), a division of York Insurance Services Group, Inc. (York), functions as the administrator of PEP and provides underwriting, claims, loss control, risk management, and reinsurance services for PEP. PEP is a member of the American Public Entity Excess Pool (APEEP), which is also administered by ARPCO. Member governments pay annual contributions to fund PEP. PEP pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

#### Casualty and Property Coverage

APEEP provides PEP with an excess risk-sharing program. Under this arrangement, PEP retains insured risks up to an amount specified in the contracts. At December 31, 2010, PEP retained \$350,000 for casualty claims and \$150,000 for property claims.

The aforementioned casualty and property reinsurance agreement does not discharge PEP's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.

#### **Financial Position**

PEP's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2011 and 2010:

	2011	2010
Assets	\$33,362,404	\$34,952,010
Liabilities	(14,187,273)	(14,320,812)
Net Assets	\$19,175,131	\$20,631,198

At December 31, 2011 and 2010, respectively, the liabilities above include approximately \$13 million and \$12.9 million of estimated incurred claims payable. The assets above also include approximately \$12.1 million and \$12.4 million of unpaid claims to be billed to approximately 455 member governments in the future, as of December 31, 2011 and 2010, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2011, the Village's share of these unpaid claims collectible in future years is approximately \$14,000.

Based on discussions with PEP, the expected rates PEP charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to PEP for each year of membership.

Contributions to PEP		
2011	2010	
\$14.779	\$15,686	

Notes to the Financial Statements
For the Years Ended December 31, 2011 and 2010

#### Note 7 – Risk Management (Continued)

After one year of membership, a member may withdraw on the anniversary of the date of joining PEP, if the member notifies PEP in writing 60 days prior to the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's contribution. Withdrawing members have no other future obligation to PEP. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

#### Note 8 – Compliance

- The Village did not always properly certify the availability of funds contrary to Ohio Revised Code Section 5705.41(D).
- The Village had expenditures in excess of appropriations contrary to Ohio Revised Code Section 5705.41(B).
- The Village had appropriations in excess of estimated resources contrary to Ohio Revised Code Section 5705.39.
- The Village did not complete the data collection form and reporting package within nine months after the end of the audit period contrary to Office of Management and Budget (OMB) Circular A-133 Section .320(a)
- The Village did not comply with allowable costs/cost principles and cash management requirements for its Community Development Block Grant program in accordance with 2 CFR Part 225 and OHCP Management Rules and Regulations, section (A)(3)(f), respectively.

#### Note 9 - Restatement of Fund Cash Balances/Change in Accounting Principles

During the course of the audit, errors were identified in previously reported interest earned on CDs. A restatement was required to correct such balances. In addition, the Village adjusted balances in accordance with audit comments issued in the previous audit report for other adjusting factors recorded for returned checks. These restatements had the follow effects on balances as previously reported.

		Special		
	General	Revenue	Enterprise	Agency
_	Fund	Funds	Funds	Funds
Fund Cash Balances, December 31, 2009	\$99,901	\$127,663	\$188,662	\$963
Restatements:				
Unrecorded interest	1,289	1,714	0	0
Other Adjusting Factors	(679)	0	0	0
Bounced Utility Checks	0	0	(107)	0
Old Outstanding Checks (Establishing				
Unclaimed Monies Fund)	0	0	0	722
Fund Balances, Restated, January 1, 2010	\$100,511	\$129,377	\$188,555	\$1,685

In February 2009, the Governmental Accounting Standards Board (GASB) issued Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions", which the Village has implemented for the year ended December 31, 2011. This pronouncement does not affect the calculation of the Village's fund balances but does shift the focus of fund balance reporting from the availability of fund resources for budgeting to the extent to which the Village is bound to honor constraints on the specific purposes for which amounts in funds can be spent (See Note 1). Fund balances have been classified in the financial statements, as applicable, for the year ended December 31, 2011 in accordance with this pronouncement. This pronouncement also requires that certain funds previously reported as Special Revenue Funds and certain Agency Funds (i.e., Unclaimed Monies Fund) be reclassified to the General Fund. The Village had one fund that required fund reclassification.

Notes to the Financial Statements
For the Years Ended December 31, 2011 and 2010

#### Note 9 - Restatement of Fund Cash Balances/Change in Accounting Principles (Continued)

	General	Agency
	Fund	Funds
Fund Cash Balances, December 31, 2010	\$110,223	\$847
Restatements:		
Unclaimed Monies Fund	722	(722)
Fund Balances, Restated, January 1, 2011	\$110,945	\$125

#### Note 10 – Contingent Liabilities

The Village is currently party to pending litigation. However, it is of the opinion of management there will not be a material adverse impact on the Village's cash financial position.

#### Note 11 – Subsequent Events

During 2010, the Village was approved for a loan in the amount of \$587,000 and a grant in the amount of \$1,871,000 from the United States Department of Agriculture. A portion of these amounts were drawn in 2011, but the Village continued to draw funds during 2012.

On December 8, 2011, the Village entered into an agreement with Ohio Water Development Authority (OWDA) to receive \$974,915 in funds for a waterline replacement project, which also included the pay-off of existing OWDA loans. During 2012, those existing loans (OWDA #4022 and #5443) were retired with the new loan and additional funds were drawn during 2012 to continue with the waterline replacement project.

Schedule of Federal Awards Expenditures For the Year Ended December 31, 2011

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity's Number	Federal CFDA Number	Disbursements
United States Department of Agriculture Direct from Federal Government:			
Water and Waste Disposal Systems for Rural Communities - Loan	N	10.760	\$192,782
Total Water and Waste Disposal Systems for Rural Communities			192,782
<b>Total United States Department of Agriculture</b>			192,782
United States Department of Housing and Urban Development  Passed through the Ohio Department of Development:			
Community Development Block Grants	C-W-09-2IP-1	14.228	375,412
Total Community Development Block Grants			375,412
<b>Total United States Department of Housing and Urban Development</b>			375,412
Total Federal Expenditures			\$568,194

N-direct from the federal government

The accompanying notes are an integral part of this schedule.

Notes to the Schedule of Federal Awards Expenditures For the Year Ended December 31, 2011

#### **Note 1 – Significant Accounting Policies**

The accompanying schedule of federal awards expenditures (the schedule) includes the federal grant activity of the Village and has been prepared on the cash basis of accounting.

#### **Note 2 – Matching Requirements**

Certain Federal programs require that the Village contribute non-federal funds (matching funds) to support the Federally-funded programs. The Village complied with applicable matching requirements. The expenditure of non-federal matching funds is not included in the schedule.



Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards

Village Council Village of Coalton P.O. Box 98 Coalton, Ohio 45621

We have audited the financial statements of the Village of Coalton, Jackson County, Ohio, (the Village) as of and for the years ended December 31, 2011 and 2010, and have issued our report thereon dated November 7, 2012, wherein we noted the Village followed the accounting basis the Auditor of State prescribes or permits, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. We also noted that the Village adopted Governmental Accounting Standards Board Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions" for the year ended December 31, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

#### **Internal Control Over Financial Reporting**

Management of the Village is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Village's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Village's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be material weaknesses. These items are identified as items 2011-1 and 2011-5.

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*Page 2

#### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items 2011-2 through 2011-4.

We noted certain matters that we reported to the management of the Village in a separate letter dated November 7, 2012.

The Village's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the Village's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of management, Village Council, others within the entity, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Natalie Millhuff-Stang, CPA President/Owner

Millhuff-Stang, CPA, Inc.

Natalii Nfillhuff Sang

November 7, 2012



Report on Compliance With Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133

Village Council Village of Coalton P.O. Box 98 Coalton, Ohio 45621

#### **Compliance**

We have audited the Village of Coalton's (the Village) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on the Village's major federal program for the year ended December 31, 2011. The Village's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal program is the responsibility of the Village's management. Our responsibility is to express an opinion on the Village's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Village's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Village's compliance with those requirements.

As described in items 2011-7 and 2011-8 in the accompanying schedule of findings and questioned costs, the Village did not comply with requirements regarding allowable costs/cost principles and cash management requirements that are applicable to its Community Development Block Grant program. Compliance with such requirements is necessary, in our opinion, for the Village to comply with the requirements applicable to that program.

In our opinion, except for the noncompliance described in the preceding paragraph, the Village complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2011. The results of our auditing procedures disclosed an instance of noncompliance with those requirements which are required to be reported with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as item 2011-6.

Village of Coalton

Report on Compliance With Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133 Page 2

#### **Internal Control Over Compliance**

Management of the Village is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Village's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2011-7 and 2011-8 to be material weaknesses.

We noted certain matters that we reported to the management of the Village in a separate letter dated November 7, 2012.

The Village's responses to the findings we identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the Village's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of management, Village Council, others within the entity, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Natalie Millhuff-Stang, CPA

President/Owner

Millhuff-Stang, CPA, Inc.

Natali Whillhuff Stang

November 7, 2012

Schedule of Findings and Questioned Costs

OMB Circular A-133 Section .505

For the Years Ended December 31, 2011 and 2010

#### Section I – Summary of Auditor's Results

Financial Statements	
Type of financial statement opinion:	Dual (Adverse/Unqualified)
Internal control over financial reporting:	Buar (Fra versor enquarities)
Material weakness(es) identified?	Yes
Significant deficiency(ies) identified that are not considered to be material weaknesses?	No
Noncompliance material to financial statements noted?	Yes
Federal Awards	
Internal control over major program(s):	
Material weakness(es) identified?	Yes
Significant deficiency(ies) identified that are not considered to be material weaknesses?	None reported
Type of auditor's report issued on compliance for major programs:	Qualified
Any auditing findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133?	Yes
Identification of major program(s):	Community Development Block Grant (CFDA #14.228)
Dollar threshold used to distinguish between type A and type B programs:	Type A: >\$300,000 Type B: all others
Auditee qualified as low-risk auditee?	No

#### **Section II – Financial Statement Findings**

#### **Finding 2011-1**

#### Material Weakness - Misclassifications in the Financial Statements and Federal Schedule

A monitoring system by the Village should be in place to prevent or detect misclassifications for the accurate presentation of the Village's financial statements and schedule of federal awards expenditures. The Village misstated or misclassified various receipts and disbursements by line items and did not record on-behalf payments by grantors. Also, 2011 the Village opened a new bank account which was not recorded within the Village's records. Additionally, the federal schedule was not accurately presented for audit. Material misstatements and omissions have been corrected in the accompanying financial statements and federal schedule. The Village should implement additional monitoring procedures to ensure transactions are properly recorded and reported in the financial statements and federal schedule.

#### Client Response:

This issue was with the past Administration and we cannot account for this issue, as, the Clerk/Fiscal Officer, Mayor and Village Administrator are all new as of 2012 and were not involved here during that time.

Schedule of Findings and Questioned Costs
OMB Circular A-133 Section .505
For the Years Ended December 31, 2011 and 2010

#### **Finding 2011-2**

#### **Noncompliance – Proper Encumbrance of Funds**

Ohio Revised Code Section 5705.41(D)(1), prohibits a subdivision or taxing entity from making any contract or ordering any expenditure of money unless a certificate signed by the fiscal officer is attached thereto. The fiscal officer must certify that the amount required to meet any such contract or expenditure has been lawfully appropriated and is in the treasury, or is in the process of collection to the credit of an appropriate fund free from any previous encumbrance. Further, contracts and orders for expenditures lacking prior certification shall be null and void

There are several exceptions to the standard requirement stated above that a fiscal officer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are: "then and now" certificates, blanket certificates, and super blanket certificates, which are provided for in Sections 5705.41(D)(1) and 5705.41(D)(3), respectively, of the Ohio Revised Code.

- 1. "Then and Now" Certificate If the fiscal officer can certify that both at the time that the contract or order was made ("then"), and at the time that the fiscal officer is completing the certification ("now"), that sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the Village can authorize the drawing of a warrant for the payment by ordinance or resolution. Amounts of less than \$3,000 may be paid by the fiscal officer without a resolution or ordinance upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the Village.
- 2. Blanket Certificate The fiscal officer may prepare "blanket" certificates for a certain sum of money not in excess of an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority against any specific line item account over a period not running beyond the end of the fiscal year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.
- 3. Super Blanket Certificate The Village may also make expenditures and contracts for any amount from a specific line item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification is not to extend beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any line item appropriation.

The Village did not properly certify the availability of funds for purchase commitments for several expenditures tested for 2010 and 2011. Failure to properly certify the availability of funds can result in overspending funds, negative cash fund balances, or unauthorized or improper disbursements. The Fiscal Officer should certify that the funds are or will be available prior to obligation by the Village. When prior certification is not possible, "then and now" certification should be used.

#### Client Response:

This issue was with the past Administration and we cannot account for this issue, as, the Clerk/Fiscal Officer, Mayor and Village Administrator are all new as of 2012 and were not involved here during that time.

Schedule of Findings and Questioned Costs
OMB Circular A-133 Section .505
For the Years Ended December 31, 2011 and 2010

#### **Finding 2011-3**

#### Noncompliance – Expenditures in Excess of Appropriations

Ohio Revised Code Section 5705.41(B) states that no subdivision or taxing unit is to expend money unless it has been appropriated. The Village had expenditures in excess of appropriations in multiple funds in 2011. Failure to monitor budgets subjects the Village to the risk of improper spending or overspending. The Village should implement the appropriate procedures, such as periodic comparisons of expenditures to appropriations, to ensure that expenditures are limited to authorized/appropriated amounts.

#### Client Response:

This issue was with the past Administration and we cannot account for this issue however; we have been taking the necessary steps to see that this issue is rectified.

#### **Finding 2011-4**

#### Noncompliance – Appropriations in Excess of Estimated Resources

Ohio Revised Code Section 5705.39 states that total appropriations from each fund shall not exceed the total estimated resources. The Village adopted its permanent appropriations without corresponding estimated resources for each year of the audit period, which resulted in appropriations in excess of estimated resources. Failure to have estimated resources in place at the time appropriations are adopted may result in unauthorized spending or overspending. The Village should implement the appropriate procedures to ensure that the estimated resources are established before or at the time of adoption of appropriations.

#### Client Response:

This is an issue with the previous Administration. The current Administration is putting in safeguards to correct this issue.

#### **Finding 2011-5**

#### **Budgetary information within the UAN**

Accurate budgetary information within the Village's accounting system is pertinent to ensure that the Village has accurate and complete information for decision-making processes. Budgetary items were entered into the accounting system that could not be identified as approved within the minutes. The Village should implement the appropriate procedures, such as ensuring minutes include accurate information on budgetary amendments and reconciling budgetary information within the accounting system to formally approved budgets, to ensure that budgetary information is presented accurately and completely.

#### Client Response:

This issue was with the past Administration and we cannot account for this issue, as, the Clerk/Fiscal Officer, Mayor and Village Administrator are all new as of 2012 and were not involved here during that time. The current Administration is in the process of making corrections to this issue.

Schedule of Findings and Questioned Costs

OMB Circular A-133 Section .505

For the Years Ended December 31, 2011 and 2010

#### **Section III – Federal Award Findings and Questioned Costs**

#### **Finding 2011-6**

#### Noncompliance – Nine Month Deadline for Single Audits

Office of Management and Budget (OMB) Circular A-133 Section .320(a) states that that audit shall be completed and the data collection form and reporting package shall be submitted within the earlier of 30 days after receipt of the auditor's report or nine months after the end of the audit period, unless a longer period is agreed to in advance by the cognizant or oversight agency for audit. The Village's single audit was not completed by the required deadline. The Village should implement the appropriate procedures to ensure that the appropriate deadlines are met.

#### **Corrective Action:**

The Village agrees with the finding. The Fiscal Officer and Mayor are in the process of learning the auditing position as well as putting into effect a filing system to ensure that the appropriate deadlines are met in the future (2012). Once again, we realize the severity of the audit and will in the future be prepared. We are also thankful for the extensions; we were totally unprepared for this.

#### **Finding 2011-7**

## Noncompliance/Material Weakness/Questioned Costs - Allowable Costs/Cost Principles - Community Development Block Grant

2 CFR Part 225 states that the individual State/local departments or agencies (also known as operating agencies) are responsible for the performance or administration of Federal awards. In order to receive cost reimbursement under Federal awards, the department or agency usually submits claims asserting that allowable and eligible costs (direct and indirect) have been incurred in accordance with A-87. The Village overpaid an invoice by \$99,518.13 with CDBG funds; therefore, we have questioned costs of \$99,518.13. The Village should ensure that federal funds are only used on expenses that actually occurred.

#### **Corrective Action:**

The Village agrees with the finding. The issue was discovered by the current Administration in April. It is unfortunate that this happened just before we took office, however; the correction was that the vendor was not paid their next draw and the following draw was adjusted accordingly. We are putting practices in motion to prevent this from happening again.

#### **Finding 2011-8**

#### Noncompliance/Material Weakness - Cash Management - Community Development Block Grant

OHCP Management Rules and Regulations, section (A)(3)(f) states that grantees must develop a cash management system to ensure compliance with the Fifteen-Day Rule relating to prompt disbursement of funds. This rule state that funds drawn down should be limited to amounts that will enable the grantee to disburse the funds on hand to a balance of less than \$5,000 within fifteen days of receipt of any funds. The Village held funds for a period greater than 15 days. The Village should ensure that only funds be drawn down if they can be spent within 15 days.

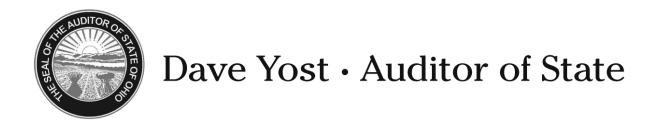
#### **Corrective Action:**

The Village agrees with the finding. The Current Administration is making policy that will insure that this is no longer an issue for 2012.

Schedule of Prior Audit Findings OMB Circular A-133 Section .315(b) For the Years Ended December 31, 2011 and 2010

			Not Corrected, Partially Corrected; Significantly Different Corrective
Finding		Fully	Action Taken; or Finding No Longer
Number	Finding Summary	Corrected?	Valid; Explain
2009-001	Material Weakness - Misclassifications in	No	Reissued as Finding 2011-1
	the Financial Statements		
2009-002	ORC 5705.41(D) – Proper Encumbrance of	No	Reissued as Finding 2011-2
	Funds		
2009-003	ORC 5705.41(B) – Expenditures in Excess	No	Reissued as Finding 2011-3
	of Appropriations		





#### **VILLAGE OF COALTON**

#### **JACKSON 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.

**CLERK OF THE BUREAU** 

Susan Babbitt

CERTIFIED JANUARY 29, 2013