



OHIO AUDITOR OF STATE  
**KEITH FABER**





VILLAGE OF COALTON  
JACKSON COUNTY  
DECEMBER 31, 2018 AND 2017

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# OHIO AUDITOR OF STATE KEITH FABER



53 Johnson Road  
The Plains, Ohio 45780-1231  
(740) 594-3300 or (800) 441-1389  
SoutheastRegion@ohioauditor.gov

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

Village of Coalton  
Jackson County  
10 S. 2<sup>nd</sup> Street  
P.O. Box 98  
Coalton, Ohio 45621

We have performed the procedures enumerated below, which were agreed to by the Village Council, Mayor and the management of the Village of Coalton, Jackson County, Ohio (the Village), on the receipts, disbursements and balances recorded in the Village's cash basis accounting records for the years ended December 31, 2018 and 2017 and certain compliance requirements related to those transactions and balances, included in the information provided to us by the management of the Village. The Village is responsible for the receipts, disbursements and balances recorded in the cash basis accounting records for the years ended December 31, 2018 and 2017 and certain compliance requirements related to these transactions and balances included in the information provided to us by the Village. 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 recalculated the December 31, 2018 and December 31, 2017 bank reconciliations. We found no exceptions.
2. We compared the January 1, 2017 beginning fund balances recorded in the Fund Status Report to the December 31, 2016 balances in the prior year audited statements. We found one exception. The fund balance at December 31, 2016 from the prior year audited statements exceeded the January 1, 2017 beginning fund balances recorded in the Fund Status Report for the Mayor's Court by \$600. This was due to the Village maintaining Mayor's Court activity in an outside cashbook rather than recording that activity in the Uniform Accounting Network (UAN) from which the Village's annual financial report was compiled. As such, we agreed the January 1, 2017 beginning fund balance recorded in the Mayor's Court cashbook to the December 31, 2016 balance in the prior year audited statements. We also agreed the January 1, 2018 beginning fund balances recorded in the Fund Status Report to the December 31, 2017 balances in the Fund Status Report. We found no exceptions. We also agreed the January 1, 2018 beginning fund balances recorded in the Mayor's Court cashbook to the December 31, 2017 balances in the Mayor's Court cashbook. We found no exceptions.
3. We agreed the totals per the bank reconciliations to the total of the December 31, 2018 and 2017 fund cash balances reported in the Fund Status Report. The amounts agreed.

### **Cash (Continued)**

4. We confirmed the December 31, 2018 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, 2018 bank reconciliation without exception.
5. We selected a sample (agreed-upon) of five reconciling debits (such as outstanding checks) from the December 31, 2018 bank reconciliation:
  - a. We traced three of the selected debits to the subsequent January bank statements. Check 14367 dated November 19, 2019 for \$1 to Johnny Baker and check 14373 dated November 19, 2018 for \$1 to Andrew Kincaid had not cleared the bank as of February 28, 2019.
  - b. We traced the amounts and dates to the check register, to determine the debits were dated prior to December 31. There were no exceptions.

### **Property Taxes and Intergovernmental Cash Receipts**

1. We selected a property tax receipt from one *Statement of Semiannual Apportionment of Taxes* (the Statement) for 2018 and one from 2017:
  - a. We traced the gross receipts from the *Statement* to the amount recorded in the Receipt Detail Report. The amounts agreed.
  - b. We inspected the Receipt Detail Report to confirm the receipt was allocated to the proper funds as required by Ohio Rev. Code §§ 5705.05-.06 and 5705.10. We found no exceptions.
  - c. We inspected the Receipt Detail Report to confirm whether the receipt was recorded in the proper year. The receipt was recorded in the proper year.
2. We inspected the Receipt Detail Report to determine whether it included two real estate tax receipts for 2018 and 2017. The Receipt Detail Report included the proper number of tax receipts for each year.
3. We selected a sample (agreed-upon) of five receipts from the State Distribution Transaction Lists (DTL) from 2018 and five from 2017. We also selected a sample (agreed-upon) of five receipts from the Jackson County Auditor's Expense Listing Report from 2018 and five from 2017.
  - a. We compared the amount from the above reports to the amount recorded in the Receipt Detail Report. The amounts agreed.
  - b. We inspected the Receipt Detail Report to determine that these receipts were allocated to the proper funds. We found no exceptions.
  - c. We inspected the Receipt Detail Report to determine whether the receipts were recorded in the proper year. We found no exceptions.

### **Over-The-Counter Cash Receipts**

- We selected all over-the-counter cash receipts from the year ended December 31, 2018 and all over-the-counter cash receipts from the year ended 2017 recorded in the duplicate cash receipts book and:
- a. Agreed the receipt amount to the amount recorded in the Receipt Register Report. The amounts agreed.
  - b. Confirmed the amounts charged complied with rates in force during the period. We found no exceptions.
  - c. Inspected the Receipt Register Report to determine the receipt was posted to the proper funds, and was recorded in the proper year. We found no exceptions.

**Water Operating, Sewer Operating, Sewer CCR, Sewer RP, and Trash Funds**

1. We selected a sample (agreed-upon) of 10 Water Operating, Sewer Operating, Sewer CCR, Sewer RP, and Trash Fund collection cash receipts from the year ended December 31, 2018 and 10 Water Operating, Sewer Operating, Sewer CCR, Sewer RP, and Trash Fund collection cash receipts from the year ended 2017 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 U/B Detail Trial Balance Report. The amounts agreed.
  - b. Amount charged for the related billing period:
    - i. Agreed with the debit to accounts receivable in the U/B Detail Trial Balance Report for the billing period. We found no exceptions.
    - ii. Complied with rates in force during the audit period multiplied by the consumption amount recorded for the billing 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 observed the U/B Aged Trial Balance.
  - a. This report listed \$63,181 and \$61,686 of accounts receivable as of December 31, 2018 and 2017, respectively.
  - b. Of the total receivables reported in the preceding procedure, \$60,587 and \$54,236 were recorded as more than 90 days delinquent.
3. We observed the U/B Adjustment Journal Report.
  - a. This report listed a total of \$346,722 and \$687,802 non-cash receipts adjustments for the years ended December 31, 2018 and 2017, respectively.
  - b. The Village Council did not approve each individual adjustment made within the system. Adjustments were made throughout each fiscal year for incorrect readings and other errors; however, no signed approval by Village Council was documented. Adjustments documented on the U/B Adjustment Journal Report did not appear unreasonable. During 2017, a majority of the adjustments, totaling \$490,890, was confirmed as a correction of a billing error by the company used to purchase water.

**Debt**

1. From the prior audit documentation, we observed the following bonds and loans were outstanding as of December 31, 2016. These amounts agreed to the Villages January 1, 2017 balances on the summary we used in procedure 3.

Issue	Principal outstanding as of December 31, 2016:
Mortgage Revenue Bonds (FmHA)	\$168,600
Ohio Water Development Authority (OWDA) #6054	\$869,964
Ohio Public Works Commission (OPWC) CT38J	\$260,000
Ohio Public Works Commission (OPWC) CO04N	\$270,000
Mortgage Revenue Bonds (USDA)	\$580,928

2. We inquired of management, and inspected the Receipt Register Report and Payment Register Detail Report for evidence of debt issued during 2018 or 2017 or debt payment activity during 2018 or 2017. All debt agreed to the summary we used in procedure 3.

**Debt (Continued)**

3. We obtained a summary of bonds and loans debt activity for 2018 and 2017 and agreed principal and interest payments from the related debt amortization schedules to Sewer Operating, Enterprise Deposit OPWC CD04N, Enterprise Deposit OWDA 6054, Enterprise Deposit USDA 92-121, and Enterprise Deposit OPWC CT38J funds 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 noted that 2017 payments for OWDA Loan #6054 were not made by the required date in either 2018 or 2017.

**Payroll Cash Disbursements**

1. We selected one payroll check for five employees from 2018 and one payroll check for five employees from 2017 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 inspected the fund and account codes to which the check was posted to determine the posting was reasonable based on the employees' duties as documented in the employees' personnel files and/or minute record. We also confirmed the payment was posted to the proper year. We found no exceptions.
2. For any new employees selected in procedure 1 we inspected the employees' personnel files and minute record for the following information and compared it with the information used to compute gross and net pay related to this check:
  - a. Name.
  - b. Authorized salary or pay rate.
  - c. Departments and funds 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 procedures a. – f. above.

3. We inspected the last remittance of tax and retirement withholdings for the year ended December 31, 2018 to confirm 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 2018. We observed 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	January 31, 2019	December 28, 2018	\$450	\$450
State income taxes	January 15, 2019	December 28, 2018	\$291	\$291
OPERS retirement	January 30, 2019	December 28, 2018	\$1,080	\$1,080



### Non-Payroll Cash Disbursements

We selected a sample (agreed-upon) of 10 disbursements from the Payment Register Detail Report for the year ended December 31, 2018 and 10 from the year ended 2017 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 § 5705.41(D). We found one instance 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 § 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. Because we did not inspect all disbursements requiring certification, our report provides no assurance whether or not additional similar errors occurred.

### Mayors Court Transactions

1. We recalculated the December 31, 2018 and December 31, 2017 bank reconciliations. We found as of December 31, 2018 and 2017, checks and electronic fund transfers which had not been written/issued as of year-end were identified as outstanding debits, to zero out the account balance, rather than included in the cashbook balance totaling \$393 and \$1,730, respectively. These disbursements were issued in the following January of each year, as indicated by the Mayor's Court cashbook and bank statements, to properly distribute the Mayor's Court collections to the Village General Fund and all other required entities.
2. We compared the reconciled cash totals as of December 31, 2018 and December 31, 2017 to the Mayor's Court Agency Fund balance reported in the Mayor's Court cashbook. The balances agreed except for the correction identified in the previous step.
3. We agreed the totals per the bank reconciliations to the total of December 31, 2018 and 2017 listing of unpaid distributions as of each December 31. The amounts agreed.
4. We confirmed the December 31, 2018 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, 2018 bank reconciliation without exception.
5. We selected a sample (agreed-upon) of 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.

### Mayors Court Transactions (Continued)

6. From the cash book, we selected one month from the year ended December 31, 2018 and one month from the year ended 2017 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 § 5705.36(A)(1), to the amounts recorded in the Revenue Status Report for the General, Fire Department, and Water Operating funds for the years ended December 31, 2018 and 2017. 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 \$82,632 for 2017. However, the final Amended Official Certificate of Estimated Resources reflected \$82,511. 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 inspected the appropriation measures adopted for 2018 and 2017 to determine whether, for the General, Fire Department, 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 § 5705.38(C). We found no exceptions.
3. We compared total appropriations required by Ohio Rev. Code §§ 5705.38 and 5705.40, to the amounts recorded in the Appropriation Status Report for 2018 and 2017 for the following funds: General, Fire Department, and Water Operating. The amounts on the appropriation resolutions agreed to the amounts recorded in the Appropriation Status Report, except for the General and Water Operating funds. The Appropriation Status Report recorded total appropriations for the General and Water Operating funds of \$70,413 and 130,868, respectively for 2017. However, the appropriation resolution reflected \$70,035 and \$130,637, respectively.
4. Ohio Rev. Code §§ 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, Fire Department, and Water Operating funds for the years ended December 31, 2018 and 2017. There were no funds for which appropriations exceeded certified resources.
5. Ohio Rev. Code § 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, 2018 and 2017 for the General, Fire Department, and Water Operating funds, as recorded in the Appropriation Status Report. We observed no funds for which expenditures exceeded appropriations.

### **Compliance – Budgetary (Continued)**

6. Ohio Rev. Code § 5705.09 requires establishing separate funds to segregate externally-restricted resources. We inspected the Receipt Register Report for evidence of new restricted receipts requiring a new fund during December 31, 2018 and 2017. We also inquired of management regarding whether the Village received new restricted receipts. We observed no evidence of new restricted receipts for which Ohio Rev. Code § 5705.09 would require the Village to establish a new fund.
7. For funds existing in prior years, we inspected the fund activity to determine whether the fund is still being used for the statutorily approved purpose and that all the required funds were established. All the required funds were established and no funds for which the statutorily approved purpose was no longer valid were included on the accounting records.
8. We inspected the 2018 and 2017 Revenue Status Reports and Appropriation Status Reports for evidence of interfund transfers which Ohio Rev. Code §§ 5705.14 - .16 restrict. We found no evidence of transfers these Sections prohibit, or for which § 5705.16 would require approval by the Tax Commissioner (effective after June 30, 2017) or Court of Common Pleas (effective through June 30, 2017).
9. We inquired of management and inspected the Appropriation Status Reports to determine whether the Village elected to establish reserve accounts permitted by Ohio Rev. Code § 5705.13. The Village did not establish these reserves.
10. We inspected the Cash Summary by Fund Report for the years ended December 31, 2018 and 2017 for negative cash fund balance. Ohio Rev. Code § 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. There were no funds having negative cash fund balances.

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

We inquired of management and inspected the Payment Register Detail Report for the years ended December 31, 2018 and 2017 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 §§ 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 § 117.38 requires villages to file their financial information in the HINKLE system within 60 days after the close of the fiscal year. This statute also permits the Auditor of State to extend the deadline for filing a financial report and establish terms and conditions for any such extension. Auditor of State established policies regarding the filing of complete financial statements, as defined in AOS Bulletin 2015-007 in the Hinkle System. We confirmed the Village filed their complete financial statements, as defined by AOS Bulletin 2015-007 and Auditor of State established policy within the allotted timeframe for the years ended December 31, 2018 and 2017 in the Hinkle system with one exception. Because the Village maintained its Mayor's Court Fund activity outside of UAN and submitted its annual financial report directly from UAN, the Mayor's Court activity was not recorded in the Agency Fund in the HINKLE system filing for 2018 or 2017.

**Other Compliance (Continued)**

This understated receipts and disbursements in the Mayor's Court Fund by \$8,200 and \$9,537, respectively, in 2018 and \$9,120 and \$8,713, respectively, in 2017.

2. Ohio Rev. Code § 109.60(A)(1) requires Law Enforcement of Villages to report specific information to the Bureau of Criminal Identification and Investigation (BCI) for certain offenses. Village Law Enforcement shall immediately upon arrest of any person (or taking into custody for any child under 18) take and forward the person's or child's fingerprints. We inspected the NICS Process form to determine if there is an established method of fingerprint submission to BCI. The Village has an established method for fingerprint submission to BCI.

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

This report is to provide assistance in the evaluation of the Village's receipts, disbursements and balances recorded in their cash-basis accounting records for the years ended December 31, 2018 and 2017, and certain compliance requirements related to these transactions and balances and is not suitable for any other purpose.



Keith Faber  
Auditor of State  
Columbus, Ohio

October 7, 2019

OHIO AUDITOR OF STATE  
**KEITH FABER**



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.

*Susan Babbitt*

CLERK OF THE BUREAU

CERTIFIED  
NOVEMBER 7, 2019