

VILLAGE OF COALTON
JACKSON COUNTY
SINGLE AUDIT
FOR THE YEAR ENDED DECEMBER 31, 2022



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Village Council
Village of Coalton
P.O. Box 98
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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, 2021 through December 31, 2022. 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. In conjunction with the work performed by the Independent Public Accountant, the Auditor of State is issuing the following:

Finding for Recovery

Ohio Rev. Code § 117.24 requires the Auditor of State to determine whether "public money has been illegally expended, any public money collected has not been accounted for, any public money due has not been collected, or any public property has been converted or misappropriated. . ." Those determinations in an audit report constitute "findings for recovery." Ohio Rev. Code § 9.24(H)(3).

Under Ohio law, public officials are strictly liable for all public money received or collected by them or their subordinates under color of law. Ohio Rev. Code § 9.39; *Cordray v. Internatl. Preparatory School*, 128 Ohio St.3d 50 (2010).

- The law requires that employers withhold taxes from employees' paychecks and remit those taxes to the government. The United States Internal Revenue Code requires employers to deduct from wages paid to employees the employees' share of taxes. See 26 U.S.C. 3102(a) and 3402(a). Those withholdings are considered to be held in "a special fund in trust for the United States." See 26 U.S.C. 7501(a). The employer is liable for the withheld portion of the employee's wages and must pay over the full amount to the government each quarter. 26 U.S.C. § 3403.

During 2021, the former Fiscal Officer, Annetta Lewis, withheld federal payroll taxes; however, the amounts and required reports were not remitted to the Internal Revenue Service timely. The failure to file, pay, and/or report the withholdings resulted in penalties and interest of \$342.41, which were paid by the Village in 2022.

- Ohio Rev. Code § 5747.07 requires an employing government to remit taxes which it withheld pursuant to Ohio Rev. Code § 5705.06 (including the state payroll tax) to the appropriate authority. It also requires the employing government to report compensation paid and taxes withheld to the tax commissioner and to each of its own employees by January 31 of each year.

Finding for Recovery (continued)

Between 2020 and June 20, 2021, the former Fiscal Officer, Annetta Lewis, withheld state payroll taxes; however, these amounts and required reports were not remitted to the Ohio Department of Taxation timely. The failure to file, pay, and/or report the withholdings resulted in penalties and interest of \$50.65.

- Ohio Rev. Code § 145.47 requires each employer to report and pay amounts withheld from all employees for contributions to the Ohio Public Employees Retirement System (OPERS) within thirty days of the end of the reporting period in which amounts were withheld.

Between 2020 and December 31, 2022, the former Village Fiscal Officer, Annetta Lewis, withheld employee pension contributions; however, neither the employer nor employee portions were remitted to the Ohio Public Employees Retirement System timely. The failure to file, pay, and/or report the withholdings resulted in late fees and penalties of \$57.86 in 2021 and \$137.28 in 2022, which were paid by the Village.

- There was a total of \$352.51 in late fees paid in November 2021 to Jackson County Water related to the former Fiscal Officer Annetta Lewis's time in office.

The failure to pay payroll tax withholdings and OPERS pension withholding payments timely or make payments timely is considered gross negligence. Late payment fees, penalties and interest incurred through gross negligence are illegal expenditures which do not serve a proper public purpose. These charges would have been avoided had the funds been remitted by the required due dates.

In accordance with the foregoing facts and pursuant to Ohio Rev. Code § 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against Annetta Lewis, former Village of Coalton Fiscal Officer, and her bonding company, Public Entities Pool of Ohio (PEP), jointly and severally, in the amount of \$940.71, and in favor of the Village's General Fund for \$588.20 and the Water Fund for \$352.51.

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.

KEITH FABER
Ohio Auditor of State



Tiffany L. Ridenbaugh, CPA, CFE, CGFM
Chief Deputy Auditor

January 12, 2026

Village of Coalton
Jackson County
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Independent Auditor's Report

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

Report on the Audit of the Financial Statements

Unmodified, Qualified, and Adverse Opinions

We have audited the financial statements of the Village of Coalton, Jackson County, Ohio, (the Village), which comprises the cash balances, receipts and disbursements for each governmental and proprietary fund type and the fiduciary fund type combined total as of and for the year ended December 31, 2022, and the related notes to the financial statements.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for each governmental and proprietary fund type as of and for the year ended December 31, 2022 and the related notes to the financial statements, in accordance with the financial reporting provisions which Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit, described in Note 2.

Additional Opinion Qualification

In our opinion, except for the possible effects of the matter described in the *Basis for Additional Opinion Qualification* section of our report, the accompanying financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for the fiduciary fund type combined total as of and for the year ended December 31, 2022 and related notes of the Village of Coalton, Jackson County, Ohio in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit, described in Note 2.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* section of our report, the accompanying financial statements do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2022, or the changes in financial position or, where applicable, cash flows thereof for the year then ended.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*). Our

responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Village, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Basis for Additional Opinion Qualification

Fines, licenses and permits for distribution are reported at \$13,979 for the year ended December 31, 2022, which is 100 percent of custodial fund receipts for the year ended December 31, 2022. We were unable to obtain sufficient appropriate audit evidence supporting the amounts recorded as fines, licenses and permits for distribution receipts. Consequently, we were unable to determine whether any adjustments to these amounts were necessary.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 2 of the financial statements, the financial statements are prepared by the Village on the basis of the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 2 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

Emphasis of Matter

As discussed in Note 11 to the financial statements, the financial impact of COVID-19 and the ensuing emergency measures may impact subsequent periods of the Village. We did not modify our opinion regarding this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a

substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary Information

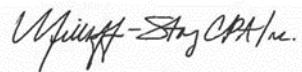
Our audit was conducted for the purpose of forming opinions on the Village's financial statements. The schedule of expenditures of federal awards as required by Title 2 U.S. *Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* is presented for purposes of additional analysis 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 we applied to 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, this schedule is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 23, 2025, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely 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 the effectiveness of the Village's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.

Village of Coalton
Jackson County
Independent Auditor's Report
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Millhuff-Stang, CPA, Inc.
Wheelersburg, Ohio

July 23, 2025

Village of Coalton
Jackson County
Combined Statement of Receipts, Disbursements and
Changes in Fund Balances (Regulatory Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2022

	Governmental Fund Types			Totals (Memorandum Only)
	General	Special Revenue		
Cash Receipts:				
Property and Other Local Taxes	\$24,906	\$22,120		\$47,026
Intergovernmental	44,709	113,572		158,281
Charges for Services	0	37,831		37,831
Fines, Licenses and Permits	20,730	0		20,730
Miscellaneous	995	3,106		4,101
<i>Total Cash Receipts</i>	91,340	176,629		267,969
Cash Disbursements:				
<i>Current:</i>				
Security of Persons and Property	42,206	37,784		79,990
Public Health Services	0	7,022		7,022
Leisure Time Activities	0	5,446		5,446
Transportation	0	28,033		28,033
General Government	60,124	2,852		62,976
Capital Outlay	0	17,919		17,919
<i>Total Cash Disbursements</i>	102,330	99,056		201,386
<i>Excess of Receipts Over (Under) Disbursements</i>	(10,990)	77,573		66,583
Other Financing Receipts:				
Sale of Capital Assets	0	3,700		3,700
<i>Total Other Financing Receipts</i>	0	3,700		3,700
<i>Net Change in Fund Cash Balances</i>	(10,990)	81,273		70,283
<i>Fund Cash Balances, January 1</i>	120,113	503,657		623,770
<i>Fund Cash Balances, December 31</i>	\$109,123	\$584,930		\$694,053

The notes to the financial statements are an integral part of this statement.

**Village of Coalton
Jackson County**

*Combined Statement of Receipts, Disbursements and
Changes in Fund Balances (Regulatory Cash Basis)
Proprietary Fund Type
For the Year Ended December 31, 2022*

	Proprietary Fund Type
	Enterprise
Operating Cash Receipts:	
Charges for Services	\$365,984
Miscellaneous	85,110
<i>Total Operating Cash Receipts</i>	<i>451,094</i>
Operating Cash Disbursements:	
Personal Services	49,730
Employee Fringe Benefits	9,428
Contractual Services	220,932
Supplies and Materials	10,264
<i>Total Operating Cash Disbursements</i>	<i>290,354</i>
<i>Operating Income</i>	<i>160,740</i>
Non-Operating Cash Receipts (Disbursements):	
Intergovernmental	2,055,751
Principal Retirement	(646,889)
Interest and Fiscal Charges	(27,841)
Capital Outlay	(2,155,719)
Other Debt Proceeds	744,969
Miscellaneous Receipts	1,877
<i>Total Non-Operating Cash Receipts (Disbursements)</i>	<i>(27,852)</i>
<i>Excess of Cash Receipts Over Cash Disbursements Before Special Items</i>	<i>132,888</i>
Special Items	308
<i>Net Change in Fund Cash Balances</i>	<i>133,196</i>
<i>Fund Cash Balances, January 1</i>	<i>275,701</i>
<i>Fund Cash Balances, December 31</i>	<i>\$408,897</i>

The notes to the financial statements are an integral part of this statement.

Village of Coalton
Jackson County

*Combined Statement of Additions, Deductions and
Changes in Fund Balances (Regulatory Cash Basis)*

*Fiduciary Fund Type
For the Year Ended December 31, 2022*

	<u>Fiduciary Fund Type</u>
	<u>Custodial</u>
Additions:	
Fines, Licenses and Permits for Distribution	<u>\$13,979</u>
<i>Total Additions</i>	<i>13,979</i>
Deductions:	
Distributions to Other Governments	2,145
Distributions to Other Funds (Primary Government)	12,346
Other Distributions	<u>68</u>
<i>Total Deductions</i>	<i>14,559</i>
<i>Net Change in Fund Balances</i>	<i>(580)</i>
<i>Fund Cash Balances, January 1</i>	<u>731</u>
<i>Fund Cash Balances, December 31</i>	<u>\$151</u>

The notes to the financial statements are an integral part of this statement.

Village of Coalton
Jackson County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 1 – Reporting Entity

The Village of Coalton, Jackson County, Ohio (the Village) is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly-elected six-member Council directs the Village. The Village provides water and sewer utilities, park operations, and police services. The Village contracts with the Jackson County Sheriff's Office to provide security of persons and property. The Village appropriates funds to support a volunteer fire department.

Public Entity Risk Pool

The Village participates in the Public Entities Pool of Ohio which is a public entity risk pool. Note 6 to the financial statements provides additional information for this entity.

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

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

The Village's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types, a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all proprietary fund types, and a combined statement of additions, deductions and changes in fund balances (regulatory cash basis) for all fiduciary fund types, which are all organized on a fund type basis.

Fund Accounting

The Village uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Village are presented below:

General Fund – The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Village for any purpose provided it is expended or transferred according to the general laws of Ohio.

Special Revenue Funds – These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Village had the following significant special revenue funds:

Street Construction Maintenance and Repair – This fund receives gasoline excise tax and motor vehicle tax money for construction, maintenance and repair of streets within the village.

Fire Fund – This fund receives property tax receipts and related state distributions, fire contract receipts, and service fees for the operation and maintenance of the Village's fire department.

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 Operating Fund – This fund receives charges for services from residents and businesses to cover water service costs.

Village of Coalton
Jackson County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Sewer Operating Fund – This fund receives charges for services from residents and businesses to cover sewer service costs.

Fiduciary Funds – Fiduciary funds include custodial funds. Custodial funds are purely custodial in nature and are used to report fiduciary activity that is not required to be reported in a trust fund. The Village's custodial fund accounts for the financial activity of the Mayor's Court.

For regulatory purposes, certain own source revenues are permitted to flow through clearing funds presented as custodial funds. The amounts distributed to the other funds of the entity are identified on the combined statement of additions, deductions and changes in fund balances (regulatory cash basis) all fiduciary fund types. Also, for regulatory purposes, certain deposits and clearing funds are permitted to be presented as custodial funds.

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (C). This basis is similar to the cash receipts and disbursements accounting basis. The Board 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 financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (C) permit.

Budgetary Process

The Ohio Revised Code requires that each fund (except certain custodial 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. 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 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 canceled and reappropriated in the subsequent year.

A summary of the 2022 budgetary activity appears in note 3.

Deposits and Investments

The Village maintains its deposits in noninterest bearing checking accounts with a local financial institution.

Capital Assets

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

Village of Coalton
Jackson County
Notes to the Financial Statements
For the Year Ended December 31, 2022

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 Balance

Fund balance is divided into five classifications based primarily on the extent to which the Village must observe constraints imposed upon the use of its governmental fund resources. The classifications are as follows:

Nonspendable – The Village classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact. For regulatory purposes, nonspendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the Village and the nonspendable portion of the corpus in permanent funds.

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*. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end.

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.

For regulatory purposes, limited disclosure related to fund balance is included in note 10.

Note 3 – Budgetary Activity

Budgetary activity for the year ending December 31, 2022 follows:

Fund Type	Budgeted vs. Actual Receipts		
	Budgeted Receipts	Actual Receipts	Variance
General	\$89,825	\$91,340	\$1,515
Special Revenue	143,100	180,329	37,229
Enterprise	1,969,493	3,253,999	1,284,506
Total	\$2,202,418	\$3,525,668	\$1,323,250

Village of Coalton
Jackson County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$84,775	\$102,330	(\$17,555)
Special Revenue	58,567	99,056	(40,489)
Enterprise	2,038,567	3,120,803	(1,082,236)
Total	<u>\$2,181,909</u>	<u>\$3,322,189</u>	<u>(\$1,140,280)</u>

Note 4 –Deposits and Investments

To improve cash management, cash received by the Village is pooled. Monies for all funds are maintained in this pool. The Ohio Revised Code prescribes allowable deposits and investments. A summary of the Village's deposit accounts are as follows:

Demand deposits	<u>\$1,103,101</u>
Total deposits	<u><u>\$1,103,101</u></u>

Deposits – Deposits are insured by the Federal Deposit Insurance Corporation or collateralized by securities specifically pledged by the financial institution to the Village.

Note 5 – 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 non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction 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.

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 6 – Risk Management

The Village is a member of the Public Entities Pool of Ohio (the Pool). The Pool assumes the risk of loss up to the limits of the Village's policy. The Pool covers the following risks:

- General liability and casualty
- Public official's liability
- Cyber
- Law enforcement liability
- Automobile liability
- Vehicles
- Property
- Equipment breakdown

The Pool reported the following summary of assets and actuarially-measured liabilities available to pay those liabilities as of December 31, 2022:

Village of Coalton
Jackson County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Cash and investments	\$42,310,794
Actuarial liabilities	15,724,479

Note 7 – Defined Benefit Pension Plans and Postemployment Benefits

Ohio Public Employees Retirement System

The Village's employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2022, OPERS members contributed 10 percent of their gross salaries, and the Village contributed an amount equaling 14 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2022.

Postemployment Benefits

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the traditional pension plan and combined plan was 0 percent during calendar year 2022. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0 percent during calendar year 2022.

Note 8 – Debt

Debt outstanding at December 31, 2022 was as follows:

	Principal	Interest Rate
Ohio Water Development Authority Loan (6054)	\$704,863	1.500%
Ohio Public Works Commission (CT38J)	170,625	0.000%
Ohio Public Works Commission (CO04N)	215,000	0.000%
Ohio Public Works Commission (CT79X)	166,966	0.000%
Mortgage Revenue Bonds (FmHA)	84,486	5.000%
Mortgage Revenue Bonds (USDA)	<u>491,100</u>	2.375%
Total	<u>\$1,833,040</u>	

Ohio Water Development Authority (OWDA) loan #6054, initially approved for \$970,000, is for the Waterline Replacement Project. The loan activity is reflected in the Water Enterprise Fund which received the proceeds and will repay the debt. This loan will mature on July 1, 2043.

Ohio Water Development Authority (OWDA) loan #9542, initially approved for \$1,253,713, is for the Sanitary Sewer Replacement Phase 3 Project, including repayment of \$83,672 of the principal balance of OWDA loan #8423. The loan activity is reflected in the Sewer Enterprise Fund which received the proceeds and repaid the debt. This loan was repaid through principal forgiveness and did not have a balance outstanding at year-end.

Ohio Water Development Authority (OWDA) loan #9544, initially approved for \$500,000, is for the Sanitary Sewer Replacement Phase 3 Project. The loan activity is reflected in the Sewer Enterprise Fund which received the proceeds and repaid the debt. This loan was repaid through principal forgiveness and did not have a balance outstanding at year-end.

Village of Coalton
Jackson County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Ohio Public Works Commission (OPWC) loan #CT38J, initially approved for \$325,000, is for the Coalton/Glenroy Sanitary Sewer Improvement Project. The loan activity is reflected in the Sewer Enterprise Fund which received the proceeds of the debt. Semi-annual payments of \$8,125 are due throughout the term of the loan beginning in 2013 and ending on January 1, 2033.

Ohio Public Works Commission (OPWC) loan #CO04N, initially approved for \$300,000, is for the Water Distribution System Renovations Project. As of December 31, 2016, the Village had drawn the full amount of the loan. The loan activity is reflected in the Water Enterprise Fund which received the proceeds of the debt. Semi-annual payments of \$5,000 are due throughout the term of the loan beginning in 2014 and ending on January 1, 2044.

Ohio Public Works Commission (OPWC) loan #CT79X, initially approved for \$187,313, is for the Sanitary System Replacement Phase I Project. As of December 31, 2022, the Village had drawn \$166,966 of the loan balance. The loan activity is reflected in the Sewer Enterprise Fund which received the proceeds of the debt. Semi-annual payments of \$3,122 are due throughout the term of the loan beginning in 2024 and ending on January 1, 2054.

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. Bonds 91-01 and 91-03 will mature on March 1, 2025, bond 92-05 will mature on October 1, 2028, and bond 92-07 will mature on October 1, 2029.

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. These bonds will mature on July 1, 2051.

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

Year ending December 31:	OWDA	OPWC*	Mortgage Revenue Bonds (FmHA)	Mortgage Revenue Bonds (USDA)
2023	\$39,253	\$26,250	\$21,024	\$23,664
2024	39,253	29,372	21,484	23,579
2025	39,253	32,494	17,166	23,589
2026	39,253	32,494	12,845	23,692
2027	39,253	32,494	12,790	23,586
2028-2032	196,266	162,469	12,810	118,105
2033-2037	196,266	89,344	0	118,122
2038-2042	196,266	81,219	0	118,147
2043-2047	39,253	46,219	0	118,141
2048-2052	0	31,219	0	94,453
2053-2054	0	9,364	0	0
Total	\$824,316	\$572,938	\$98,119	\$685,078

*The amortization above includes the entire OPWC award of \$187,313 for loan number CT79X, whereas only \$166,966 was drawn as of December 31, 2022.

Village of Coalton
Jackson County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 9 – Contingent Liabilities

Litigation

The Village is not currently party to litigation.

Grants

Amounts grantor agencies pay to the Village are subject to audit and adjustment by the grantor, principally the federal government. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

Note 10 – Fund Balances

The fund balance of special revenue funds is restricted.

Note 11 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June, 2021 while the national state of emergency ended in April 2023. During 2022, the Village received COVID-19 funding. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Village. The impact on the Village's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

The Village received \$24,873 in American Rescue Act funding in 2022. Of the ARPA funds received in 2021 and 2022, \$17,919 was spent in 2022 and is reflected as capital outlay disbursements in the American Rescue Plan Act special revenue fund on the accompanying financial statements. The Village did not sub-grant funds to other governments and organizations, nor were funds returned to the granting agency or spent on-behalf of other governments.

Note 12 – Subsequent Event

During 2023, the Village received funding from the Ohio Water Development Authority in the amount of \$1,154,200 for the Sanitary Sewer Replacement Phase 2 project. These loan proceeds will be repaid through principal forgiveness.

Note 13 – Compliance

The Village did not timely adopt annual appropriations measures, which is contrary to Ohio Revised Code Section 5705.38(A). Temporary appropriations were passed on December 20, 2021 for 2022 but were not filed with the County, which results in those appropriations not being "effective" under state law. The Village had appropriations in excess of estimated resources, which is contrary to Ohio Revised Code Section 5705.39. The Village had expenditures in excess of appropriations, which is contrary to Ohio Revised Code Section 5705.41(B).

Village of Coalton
Jackson County
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2022

<u>Federal Grantor/Pass Through Grantor/Program Title</u>	<u>Pass Through Entity Number</u>	<u>Federal Assistance Listing Number</u>	<u>Federal Awards Expenditures</u>
<u>United States Department of Defense</u>			
<i>Direct from Federal Government:</i>			
Design and Construction Assistance	N	12.xxx	<u>\$735,567</u>
Total United States Department of Defense			
<u>735,567</u>			
<u>United States Department of the Treasury</u>			
<i>Passed Through Ohio Office of Budget and Management:</i>			
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	N/A	21.027	<u>17,919</u>
Total United States Department of the Treasury			
<u>17,919</u>			
<u>Appalachian Regional Commission</u>			
<i>Passed Through Ohio Department of Development</i>			
Appalachian Area Development	ARC21C20221	23.002	<u>225,000</u>
Total Appalachian Regional Commission			
<u>225,000</u>			
Total Federal Financial Assistance			
<u>\$978,486</u>			

N/A - pass through entity number not available.
 N - direct from federal government

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

**Village of Coalton
Jackson County**

*Notes to the Schedule of Expenditures of Federal Awards
2 CFR 200.510(b)(6)*
For the Year Ended December 31, 2022

Note 1 – Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the Village of Coalton (the Village) under programs of the federal government for the year ended December 31, 2022. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Village, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Village.

Note 2 – Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement.

Note 3- Indirect Cost Rate

The Village has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Note 4 – Matching Requirements

Certain Federal programs require the Village to contribute non-Federal funds (matching funds) to support the Federally funded programs. The Village has met its matching requirements. The Schedule does not include the expenditure of non-Federal matching funds.

**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***

Independent Auditor's Report

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

We have audited 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 (*Government Auditing Standards*), the financial statements of the Village of Coalton, Jackson County, Ohio, (the Village) as of and for the year ended December 31, 2022, and the related notes to the financial statements and have issued our report thereon dated July 23, 2025, wherein we noted the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit. We also qualified our opinion on the fines, licenses and permits for distribution receipts in the custodial fund for 2022 due to lack of supporting documentation. Additionally, we noted the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Village.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Village's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control.

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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2022-001 through 2022-005 that we consider to be material weaknesses.



Village of Coalton

Jackson County

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village's financial statements are free from 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 financial statements. 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 2022-006 through 2022-008.

Village's Responses to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Village's responses to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The Village's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Millhuff-Stang, CPA, Inc.

Wheelerburg, Ohio

July 23, 2025



**Report on Compliance For Each Major Federal Program and on Internal Control Over Compliance
Required by the Uniform Guidance**

Independent Auditor's Report

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

Report on Compliance for Each Major Federal Program

Qualified Opinion

We have audited the compliance of the Village of Coalton, Jackson County, Ohio (the Village) with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on the Village's major federal program for the year ended December 31, 2022. 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.

Qualified Opinion on Assistance Listing No. 12.xxx Design and Construction Assistance

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion section of our report, the Village complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on Assistance Listing No. 12.xxx Design and Construction Assistance for the year ended December 31, 2022.

Basis for Qualified Opinion

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Village and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion on compliance for the major federal program. Our audit does not provide a legal determination of the Village's compliance with the compliance requirements referred to above.

Village of Coalton

Report on Compliance For Each Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance

Page 2

Matters Giving Rise to Qualified Opinion on Assistance Listing No. 12.xxx Design and Construction Assistance

As described in the accompanying schedule of findings and questioned costs, the Village did not comply with requirements regarding Assistance Listing No. 12.xxx Design and Construction Assistance as described in finding numbers 2022-009 for Procurement, 2022-010 for Reporting, and 2022-012 for Cash Management.

Compliance with such requirements is necessary, in our opinion, for the Village to comply with the requirements applicable to that program.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Village's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Village's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Village's compliance with the requirements of the major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Village's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the Village's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Village of Coalton

Report on Compliance For Each Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance

Page 3

Other Matters

Government Auditing Standards requires the auditor to perform limited procedures on the Village's responses to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The Village's responses were not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

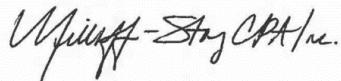
Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify 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 a 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. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2022-009 through 2022-012 to be material weaknesses.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on the Village's responses to the internal control over compliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The Village's responses were not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Millhuff-Stang, CPA, Inc.
Wheelersburg, Ohio

July 23, 2025

Village of Coalton
Jackson County
Schedule of Findings and Questioned Costs
2 CFR Section 200.515
For the Year Ended December 31, 2022

Section I – Summary of Auditor’s Results

<i>Financial Statements</i>	
Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:	Adverse on GAAP Qualified on Regulatory Basis
Internal control over financial reporting:	
Material weakness(es) identified?	Yes
Significant deficiency(ies) identified?	No
Noncompliance material to financial statements noted?	Yes
<i>Federal Awards</i>	
Internal control over major program(s):	
Material weakness(es) identified?	Yes
Significant deficiency(ies)?	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 2 CFR 200.516(a)?	Yes
Identification of major program(s):	Design and Construction Assistance (AL #12.xxx)
Dollar threshold used to distinguish between type A and type B programs:	Type A: >\$750,000 Type B: all others
Auditee qualified as low-risk auditee?	No

Section II – Financial Statement Findings

Finding Number 2022-001

Material Weakness – Financial Reporting

A monitoring system by the Village should be in place to prevent or detect misstatements for the accurate presentation of the Village’s financial statements.

We noted various misclassifications and misstatements during the audit period, which included the following:

- Prior year misposting of fire contract receipts resulting in misstatement of beginning fund balances.
- Improper posting of state distributions, ARPA funding, franchise fees, and PEP refund.
- Misclassified receipt of delinquent sewer charges.
- Unrecorded OWDA and OPWC loan proceeds and, in instances, corresponding OWDA principal forgiveness.
- Misclassified and misposted debt service payments.
- Unrecorded Mayor’s Court custodial activity.
- Misclassified and misposted disbursements.
- Misposting of payroll expenditures.
- Misclassified franchise fees and miscellaneous revenues as special items.
- Failure to report ARPA funding in its own fund.

The Village should implement control procedures related to financial reporting that enable management to identify, prevent, detect, and correct potential misstatements in the financial statements and note disclosures.

Village of Coalton
Jackson County
Schedule of Findings and Questioned Costs
2 CFR Section 200.515
For the Year Ended December 31, 2022

Finding Number 2022-001 (continued)

Material Weakness – Financial Reporting (continued)

Village Response:

See corrective action plan.

Finding Number 2022-002

Material Weakness – Budgetary Information Within Accounting System

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. Amendments to the budget should be properly documented in the minute record to provide assurance that changes to appropriations are authorized by the governing board. In 2022, budgetary information entered into the accounting system did not match amounts per the estimated resources and approved appropriations filed with the County. Material variances were noted across multiple funds in each year. Failure to accurately post the appropriations and estimated resources to the ledgers could result in overspending and negative cash balances. In addition, this could lead to inaccurate reporting of the budgetary information in the notes to the financial statements. To effectively control the budgetary cycle and to maintain accountability over receipts and expenditures, the Village should post to the ledgers, on a timely basis, estimated resources as certified by the budget commission and appropriations approved by the Council. The Village should then monitor budget versus actual reports to help ensure amended certificates of resources and appropriations have been properly posted to the ledgers.

Village Response:

See corrective action plan.

Finding Number 2022-003

Material Weakness – Employee Leave

Having a process in place to track leave is a pertinent control for ensuring that employee leave is properly paid and limited to authorized balances. During the course of testing, we noted that the Village paid vacation leave buyouts to an employee. In the January 2022 Council meeting, Council authorized the employee to buyout three weeks of vacation upon request. In May 2022, the employee received payment for two weeks, and in September 2022, upon resignation, the employee received the remaining week and a pay out of an additional two weeks. Nothing could be located in the minutes about the authorization to pay an additional two weeks. The Village does not track leave within UAN and does not have any policies regarding vacation accrual, usage, or payouts. Per discussion with the Fiscal Officer, her understanding was that the three weeks authorized in January were unused weeks from the prior year and that the additional two weeks were for weeks earned in 2022 prior to her resignation. There was no indication that any payroll paid in 2022 was for leave time taken. The Fiscal Officer stated that leave is tracked outside of UAN, but no documentation could be provided to substantiate this assertion. We recommend that the Village develop a leave tracking system to ensure that leave activity is properly accounted for. The Village should also adopt a leave policy that documents how leave is to be accrued, authorized for use or pay out, and accounted for.

Village Response:

See corrective action plan.

Village of Coalton
Jackson County
Schedule of Findings and Questioned Costs
2 CFR Section 200.515
For the Year Ended December 31, 2022

Finding Number 2022-004

Material Weakness – Payroll Controls

Having a sound internal control framework is pertinent to a properly functioning organization. Pertinent elements of a properly functioning internal control system include having a process in place to ensure that all information entered into the accounting system accurately reflects actual transactions issued and requiring that all payroll disbursements are processed through the Village's accounting system.

During the course of testing, we found various issues regarding payroll processing.

- The Village has a resolution that establishes how various employees' payrolls are to be allocated amongst its funds. We noted various instances in which these allocations were not adhered to without evidence to substantiate the deviations.
- Tax withholding authorization forms could not be provided for new hires selected for testing during the audit period.
- Supporting documents could not be provided for some of the OPERS payments made during the audit period.
- Supporting documents could not be provided to evidence whether some payroll tax returns were prepared and filed.

The Village should review its payroll processes and should implement additional procedures to ensure that the payroll process is functioning properly so as to mitigate the risk of errors in recording, loss of records in maintenance of documentation, and other potential issues that may arise from a weak internal control environment.

Village Response:

See corrective action plan.

Finding Number 2022-005

Material Weakness – Mayor's Court Controls

Having sound internal controls over the mayor's court is pertinent to a properly functioning control environment. During testing, we noted one instance from the sample selected where a case was not charged at the proper rate without documentation as to why a different amount was assessed. We also had instances where the Clerk could not locate case files selected for audit. We recommend that the Court adopt proper procedures to ensure that all documentation related to fines be maintained, and that fines assessed for violations adhere to established fines schedules or that documentation is maintained when assessments deviated from established schedules.

Village Response:

See corrective action plan.

Village of Coalton
Jackson County
Schedule of Findings and Questioned Costs
2 CFR Section 200.515
For the Year Ended December 31, 2022

Finding Number 2022-006

Noncompliance Citation – Timely Adoption of Appropriations Measures

Ohio Revised Code Section 5705.38(A) provides on or about the first day of each fiscal year, the taxing authority of each subdivision or other taxing unit shall pass an appropriation measure, and thereafter during the year it may pass any supplemental appropriation measures as it finds necessary, based on the revised tax budget or the official certificate of estimated resources or amendments of the certificate. If it desires to postpone the passage of the annual appropriation measure until an amended certificate is received based on the actual balances, it may pass a temporary appropriation measure for meeting the ordinary expenses of the taxing unit until no later than the first day of April of the current year, and the appropriations made in the temporary measure shall be chargeable to the appropriations in the annual appropriation measure for that fiscal year when passed.

Annual appropriations were approved on March 1, 2022 for 2022. Temporary appropriations were passed on December 20, 2021 for 2022 but they were not filed with the County, which results in those appropriations not being “effective” under state law. Expenditures were made prior to the annual appropriation adoption date. Village Council should approve the annual appropriations on or about the first day of each fiscal year or adopt temporary appropriations to cover the time period until annual appropriations are adopted not later than April 1st. All appropriations measures should be timely filed with the County Auditor in order to be considered effective.

Village Response:

See corrective action plan.

Finding Number 2022-007

Noncompliance Citation – 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. We noted that the Village had appropriations in excess of estimated resources in various funds during the audit period. The Village should implement the appropriate procedures, such as periodic comparisons of estimated resources to appropriations, to ensure that appropriations are limited to estimated resources to ensure improper spending does not occur.

Village Response:

See corrective action plan.

Finding Number 2022-008

Noncompliance Citation – Expenditures in Excess of Appropriations

Ohio Revised Code Section 5705.41(B) prohibits a subdivision or taxing authority unit from making any expenditure of money unless it has been appropriated in accordance with the Ohio Revised Code. We noted expenditures in excess of appropriations in various funds during the audit period. Failure to have adequate appropriations in place at the time expenditures are made could cause expenditures to exceed available resources, further resulting in deficit spending practices. The Village should closely monitor expenditures and appropriations and make the necessary appropriation amendments, if possible, to reduce the likelihood of expenditures exceeding appropriations. Additionally, the Fiscal Officer should deny payment requests exceeding appropriations when appropriations are inadequate to cover the expenditures.

Village Response:

See corrective action plan.

Village of Coalton
Jackson County
Schedule of Findings and Questioned Costs
2 CFR Section 200.515
For the Year Ended December 31, 2022

Section III – Federal Award Findings and Questioned Costs

ALN Title and Number	Design and Construction Assistance, ALN 12.xxx		
Federal Award Number and Year	2021		
Federal Agency	United States Department of Defense		
Pass-Through Entity	N/A		
Repeat Finding from Prior Audit?	No	Finding Number (if repeat)	N/A

Finding Number 2022-009

Material Weakness/Noncompliance Citation – Procurement

Non-Federal entities other than States, including those operating Federal programs as subrecipients of States, must follow the procurement standards set out at 2 CFR 200.317 - 200.327. They must use their own documented procurement procedures, which reflect applicable State and local laws and regulations, provided that the procurements conform to applicable Federal statutes and the procurement requirements identified in 2 CFR Part 200. A non-Federal entity must:

1. Meet the general procurement standards in 2 CFR 200.318, which include oversight of contractors' performance, maintaining written standards of conduct for employees involved in contracting, awarding contracts only to responsible contractors, and maintaining records to document history of procurements.
2. Conduct all procurement transactions in a manner providing full and open competition, in accordance with 2 CFR 200.319.
3. Use the micro-purchase and small purchase methods only for procurements that meet the applicable criteria under 2 CFR 200.320(a)(1) and (2). Under the micro-purchase method, the aggregate dollar amount does not exceed \$10,000 (\$2,000 in the case of acquisition for construction subject to the Wage Rate Requirements (Davis-Bacon Act)). Small purchase procedures are used for purchases that exceed the micro-purchase amount but do not exceed the simplified acquisition threshold (\$250,000). Micro-purchases may be awarded without soliciting competitive quotations if the non-Federal entity considers the price to be reasonable (2 CFR 200.320(a)). If small purchase procedures are used, price or rate quotations must be obtained from an adequate number of qualified sources (2 CFR 200.320(b)).
4. For acquisitions exceeding the simplified acquisition threshold, the non-Federal entity must use one of the following procurement methods: the sealed bid method if the acquisition meets the criteria in 2 CFR 200.320(b); the competitive proposals method under the conditions specified in 2 CFR 200.320(b)(2); or the noncompetitive proposals method (i.e., solicit a proposal from only one source) but only when one or more of four circumstances are met, in accordance with 2 CFR 200.320(c).
5. Perform a cost or price analysis in connection with every procurement action in excess of the simplified acquisition threshold, including contract modifications (2 CFR 200.323(a)). The cost plus a percentage of cost and percentage of construction cost methods of contracting must not be used (2 CFR 200.323(b)).
6. Ensure that every purchase order or other contract includes applicable provisions required by 2 CFR 200.326. These provisions are described in Appendix II to 2 CFR Part 200, "Contract Provisions for Non-Federal Entity Contracts Under Federal Awards."

Although the Village contracted with a consultant to assist the Village with compliance with various procurement compliance requirements, the Village does not have any formal policies in place regarding procurement requirements. We recommend that the Village adopt formal policies and procedures that address procurement requirements.

Village Response:
See corrective action plan.

Village of Coalton
Jackson County
Schedule of Findings and Questioned Costs
2 CFR Section 200.515
For the Year Ended December 31, 2022

ALN Title and Number	Design and Construction Assistance, ALN 12.xxx		
Federal Award Number and Year	2021		
Federal Agency	United States Department of Defense		
Pass-Through Entity	N/A		
Repeat Finding from Prior Audit?	No	Finding Number (if repeat)	N/A

Finding Number 2022-010

Material Weakness/Noncompliance Citation – Reporting

Recipients must use the standard financial reporting forms or such other forms as may be authorized by OMB (approval is indicated by an OMB paperwork control number on the form) when reporting to the Federal awarding agency. Each recipient must report program outlays and program income on a cash or accrual basis, as prescribed by the Federal awarding agency. If the Federal awarding agency requires reporting of accrual information and the recipient's accounting records are not normally maintained on the accrual basis, the recipient is not required to convert its accounting system to an accrual basis but may develop such accrual information through analysis of available documentation. The Federal awarding agency may accept identical information from the recipient in machine-readable format, computer printouts, or electronic outputs in lieu of closed formats or on paper.

The standard financial reporting form for grants is as follows: Request for Advance or Reimbursement (SF-270) (OMB No. 0348-0004)). Recipients are required to use the SF-270 to request reimbursement payments under non-construction programs, and may be required to use it to request advance payments.

The grant agreement does not require that the non-federal entity utilize standard forms as noted below. Instead, Article V, Section B of the grant agreement states:

1. Periodically, but not more frequently than once every 30 calendar days, the Non-Federal Sponsor shall provide the Government with a sufficient invoice for costs the Non-Federal Sponsor has incurred for the Project.
2. Upon receipt of such sufficient invoice, the Government shall review the costs identified therein and shall determine: (a) the amount to be included in total project costs, subject to the limitations in Article II.C. of this Agreement; (b) the total costs incurred by the parties to date (including the value of lands, easements, rights-of-way, and relocations, and the costs of permits determined in accordance with Article V of this Agreement); (c) each party's share of total project costs and the costs of data recovery activities associated with historic preservation in accordance with Article II.P. of this Agreement incurred by the parties to date; (d) the costs incurred by each party to date; (e) the total amount of reimbursements the Government has made to date in accordance with this paragraph; (f) the balance of Federal funds available for the Project, as of the date of such review; (g) the amount of reimbursement, if any, due to the Non-Federal Sponsor; and (h) the amount that actually will be paid to the Non-Federal Sponsor (hereinafter the "payment amount") if the amount of reimbursement determined above cannot be fully paid due to an insufficiency of Federal funds or the limitations of the Section 594 Program Limit for Ohio or the Section 102 Limit.

Village of Coalton
Jackson County
Schedule of Findings and Questioned Costs
2 CFR Section 200.515
For the Year Ended December 31, 2022

Finding Number 2022-010 (continued)

Material Weakness/Noncompliance Citation – Reporting (continued)

Article I, Section K state the term “sufficient invoice” shall mean documentation provided by the Non-Federal Sponsor containing the following: (1) a written certification by the Non-Federal Sponsor to the Government that it has made specified payments to contractors, suppliers, or employees for performance of work in accordance with this Agreement, or a written certification by the Non-Federal Sponsor to the Government that it has received bills from contractors, suppliers, or employees for performance of work in accordance with this Agreement; (2) copies of all relevant invoices and evidence of such payments or bills received; (3) written identification of such costs that have been paid with Federal program funds and a copy of the written verification from the Federal agency that provided the funds; and (4) a written request for reimbursement for the amount of such specified payments or bills received.

The Village prepared the relevant request for reimbursement as required by the grantor, but the obligations requested per the reimbursement request forms were not always in agreement with the obligations/payments for which the funds were actually used. It was noted that actual obligations/payments were also eligible activities that were incurred/paid during the year. Additionally, the Village does not have any formal policies regarding reporting requirements.

We recommend that the Village more closely monitor its reimbursement requests in relation to actual expenditures paid to ensure that the Village reports accurately reflect actual obligation/use of funds. Additionally, the Village should adopt formal policies and procedures that address reporting requirements.

Village Response:

See corrective action plan.

ALN Title and Number	Design and Construction Assistance, ALN 12.xxx		
Federal Award Number and Year	2021		
Federal Agency	United States Department of Defense		
Pass-Through Entity	N/A		
Repeat Finding from Prior Audit?	No	Finding Number (if repeat)	N/A

Finding Number 2022-011

Material Weakness – Approval of Federal Expenditures by Council

Sound internal controls over disbursement of funds is pertinent to ensure that disbursements are in compliance with applicable federal laws and regulations. During our testing, we noted that the Village did not seem to have a process in place to document approval of disbursements paid with federal funds. Disbursements appear to have been reviewed by the Village’s engineering consultant and were paid by the Fiscal Officer, but there was not sufficient evidence that disbursements were reviewed and approved or accepted by Council. We recommend that the Village adopt proper control procedures to ensure that all disbursements, including those paid for with federal funds, are reviewed and approved by Council, and that such review and approval be sufficiently documented.

Village Response:

See corrective action plan.

Village of Coalton
Jackson County
Schedule of Findings and Questioned Costs
2 CFR Section 200.515
For the Year Ended December 31, 2022

ALN Title and Number	Design and Construction Assistance, ALN 12.xxx		
Federal Award Number and Year	2021		
Federal Agency	United States Department of Defense		
Pass-Through Entity	N/A		
Repeat Finding from Prior Audit?	No	Finding Number (if repeat)	N/A

Finding Number 2022-012

Material Weakness/Noncompliance Citation – Cash Management

2 CFR 200.302(b)(6) requires that non-Federal entities establish written procedures to implement the requirements of 2 CFR 200.305.

The FAR clause at 48 CFR section 52.216-7 applies to reimbursement payment. Paragraph (b)(1) of that clause requires that the non-federal entity request reimbursement for (a) only allocable, allowable, and reasonable contract costs that have already been paid, or (b) if the non-federal entity is not delinquent in paying costs of contract performance in the ordinary course of business, costs incurred, but not necessarily paid.

Article V, Section B states:

1. Periodically, but not more frequently than once every 30 calendar days, the Non-Federal Sponsor shall provide the Government with a sufficient invoice for costs the Non-Federal Sponsor has incurred for the Project.
2. Upon receipt of such sufficient invoice, the Government shall review the costs identified therein and shall determine: (a) the amount to be included in total project costs, subject to the limitations in Article II.C. of this Agreement; (b) the total costs incurred by the parties to date (including the value of lands, easements, rights-of-way, and relocations, and the costs of permits determined in accordance with Article V of this Agreement); (c) each party's share of total project costs and the costs of data recovery activities associated with historic preservation in accordance with Article II.P. of this Agreement incurred by the parties to date; (d) the costs incurred by each party to date; (e) the total amount of reimbursements the Government has made to date in accordance with this paragraph; (f) the balance of Federal funds available for the Project, as of the date of such review; (g) the amount of reimbursement, if any, due to the Non-Federal Sponsor; and (h) the amount that actually will be paid to the Non-Federal Sponsor (hereinafter the "payment amount") if the amount of reimbursement determined above cannot be fully paid due to an insufficiency of Federal funds or the limitations of the Section 594 Program Limit for Ohio or the Section 102 Limit.

Article I, Section K state the term "sufficient invoice" shall mean documentation provided by the Non-Federal Sponsor containing the following: (1) a written certification by the Non-Federal Sponsor to the Government that it has made specified payments to contractors, suppliers, or employees for performance of work in accordance with this Agreement, or a written certification by the Non-Federal Sponsor to the Government that it has received bills from contractors, suppliers, or employees for performance of work in accordance with this Agreement; (2) copies of all relevant invoices and evidence of such payments or bills received; (3) written identification of such costs that have been paid with Federal program funds and a copy of the written verification from the Federal agency that provided the funds; and (4) a written request for reimbursement for the amount of such specified payments or bills received.

Village of Coalton
Jackson County
Schedule of Findings and Questioned Costs
2 CFR Section 200.515
For the Year Ended December 31, 2022

Finding Number 2022-012 (continued)

Material Weakness/Noncompliance Citation – Cash Management (continued)

The Village received funding from various sources for the project. Due to cash flow issues, the Village often used alternate funding to meet federal obligations, leaving an accumulation of federal funds on hand during the year. The Village also does not have any formal policies in place regarding cash management requirements. We recommend that the Village more closely monitor its reimbursement requests in relation to actual expenditures paid to ensure that the Village does not accumulate federal funds. Additionally, the Village should adopt formal policies and procedures that address cash management requirements.

Village Response:

See corrective action plan.

Village of Coalton Jackson County

*Corrective Action Plan
2 CFR Section 200.511(c)
For the Year Ended December 31, 2022*

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2022-001	Majority of this was the former Fiscal Officer Will be more careful with correctly posting.	Not Provided	Cindi Kuhn, Fiscal Officer
2022-002	I do not have this issue.	Not Provided	Cindi Kuhn, Fiscal Officer
2022-003	Have now passed an ordinance that states how much vacation time employees earn. This is tracked by Fiscal Officer not in the UAN system. There will be no future payouts.	Not Provided	Cindi Kuhn, Fiscal Officer
2022-004	This was former Fiscal Officer. I have all tax documentation and OPERS documentation from the time that I was here. We have Ordinance now that shows how payroll should be distributed.	Not Provided	Cindi Kuhn, Fiscal Officer
2022-005	This was before I was here. Mayor's Court or Former Fiscal Officer	Not Provided	Elizabeth Compston, Mayor's Court Clerk
2022-006	This was former Fiscal Officer. I get the permanent Appropriations approved in December of each year.	Not Provided	Cindi Kuhn, Fiscal Officer
2022-007	Former Fiscal Officer	Not Provided	Cindi Kuhn, Fiscal Officer
2022-008	This was former fiscal officer. I will monitor so this does not happen.	Not Provided	Cindi Kuhn, Fiscal Officer
2022-009	I believe this has to do with the sewer project. I was thrown into the middle of this. I don't believe proper records were started or kept by the former Fiscal Officer. I only have what happened since I was here.	Not Provided	Cindi Kuhn, Fiscal Officer
2022-010	Again started before I got here. I did what I was told by DLZ our Consultant.	Not Provided	Cindi Kuhn, Fiscal Officer
2022-011	I did what I was told by DLZ our Consultant. If a future project arises, we will have procedures in place.	Not Provided	Cindi Kuhn, Fiscal Officer

***Village of Coalton
Jackson County***

*Corrective Action Plan
2 CFR Section 200.511(c)
For the Year Ended December 31, 2022*

2022-012	The funds from the project came from several different grant sources. Bills were due and our consultant DLZ advised us on how to pay these bills even if they were paid from grants other than from the correct grant sources.	Not Provided	Cindi Kuhn, Fiscal Officer
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Village of Coalton *Jackson County*

Schedule of Prior Audit Findings
2 CFR Section 200.511(b)
For the Year Ended December 31, 2022

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain
2021-001	Material Weakness – Financial Reporting	No	Reissued as Finding 2022-001
2021-002	Material Weakness – Budgetary Information Within Accounting System	No	Reissued as Finding 2022-002
2021-003	Material Weakness – Employee Leave	No	Reissued as Finding 2022-003
2021-004	Material Weakness – Payroll Controls	No	Reissued as Finding 2022-004
2021-005	Material Weakness – Mayor’s Court Controls	No	Reissued as Finding 2022-005
2021-006	Noncompliance Citation – ORC 5705.38(A) – Timely Adoption of Appropriations Measures	No	Reissued as Finding 2022-006
2021-007	Noncompliance Citation – ORC 5705.39 – Appropriations in Excess of Estimated Resources	No	Reissued as Finding 2022-007
2021-008	Noncompliance Citation – ORC 5705.41 (B) – Expenditures in Excess of Appropriations	No	Reissued as Finding 2022-008

VILLAGE OF COALTON
JACKSON COUNTY
REGULAR AUDIT
FOR THE YEAR ENDED DECEMBER 31, 2021



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Village of Coalton
Jackson County
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For the Year Ended December 31, 2021

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Independent Auditor's Report

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

Report on the Audit of the Financial Statements

Unmodified, Qualified, and Adverse Opinions

We have audited the financial statements of the Village of Coalton, Jackson County, Ohio, (the Village), which comprises the cash balances, receipts and disbursements for each governmental and proprietary fund type and the fiduciary fund type combined total as of and for the year ended December 31, 2021, and the related notes to the financial statements.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for each governmental and proprietary fund type as of and for the year ended December 31, 2021 and the related notes to the financial statements, in accordance with the financial reporting provisions which Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit, described in Note 2.

Additional Opinion Qualification

In our opinion, except for the possible effects of the matter described in the *Basis for Additional Opinion Qualification* section of our report, the accompanying financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for the fiduciary fund type combined total as of and for the year ended December 31, 2021 and related notes of the Village of Coalton, Jackson County, Ohio in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit, described in Note 2.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* section of our report, the accompanying financial statements do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2021, or the changes in financial position or, where applicable, cash flows thereof for the year then ended.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*). Our

responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Village, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Basis for Additional Opinion Qualification

Fines, licenses and permits for distribution are reported at \$17,156 for the year ended December 31, 2021, which is 100 percent of custodial fund receipts for the year ended December 31, 2021. We were unable to obtain sufficient appropriate audit evidence supporting the amounts recorded as fines, licenses and permits for distribution receipts. Consequently, we were unable to determine whether any adjustments to these amounts were necessary.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 2 of the financial statements, the financial statements are prepared by the Village on the basis of the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 2 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

Emphasis of Matters

As discussed in Note 11 to the financial statements, the financial impact of COVID-19 and the ensuing emergency measures may impact subsequent periods of the Village. We did not modify our opinion regarding this matter.

As discussed in Note 14 to the financial statements, the Village discovered errors of previously reported fire receipts which resulted in a restatement of the December 31, 2020 fund cash balances. The Village also voided some old checks, which also resulted in a restatement of the December 31, 2020 fund cash balances. We did not modify our opinion regarding these matters.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and the financial audit standards in the

Comptroller General of the United States' *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 23, 2025, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely 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 the effectiveness of the Village's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.



Millhuff-Stang, CPA, Inc.
Wheelerburg, Ohio

July 23, 2025

Village of Coalton
Jackson County
Combined Statement of Receipts, Disbursements and
Changes in Fund Balances (Regulatory Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2021

	Governmental Fund Types		Totals (Memorandum Only)
	General	Special Revenue	
Cash Receipts:			
Property and Other Local Taxes	\$24,275	\$21,182	\$45,457
Intergovernmental	45,762	84,179	129,941
Charges for Services	0	33,620	33,620
Fines, Licenses and Permits	23,329	0	23,329
Miscellaneous	2,583	462	3,045
<i>Total Cash Receipts</i>	95,949	139,443	235,392
Cash Disbursements:			
<i>Current:</i>			
Security of Persons and Property	27,497	30,269	57,766
Public Health Services	0	5,084	5,084
Leisure Time Activities	0	4,304	4,304
Transportation	0	20,155	20,155
General Government	57,909	1,603	59,512
<i>Total Cash Disbursements</i>	85,406	61,415	146,821
<i>Net Change in Fund Cash Balances</i>	10,543	78,028	88,571
<i>Fund Cash Balances, January 1 - Restated</i>	109,570	425,629	535,199
<i>Fund Cash Balances, December 31</i>	\$120,113	\$503,657	\$623,770

The notes to the financial statements are an integral part of this statement.

Village of Coalton
Jackson County
Combined Statement of Receipts, Disbursements and
Changes in Fund Balances (Regulatory Cash Basis)
Proprietary Fund Type
For the Year Ended December 31, 2021

	<u>Proprietary Fund Type</u>
Operating Cash Receipts:	<u>Enterprise</u>
Charges for Services	\$330,074
Miscellaneous	12
<i>Total Operating Cash Receipts</i>	<u>330,086</u>
Operating Cash Disbursements:	
Personal Services	17,304
Employee Fringe Benefits	3,483
Contractual Services	211,530
Supplies and Materials	9,985
<i>Total Operating Cash Disbursements</i>	<u>242,302</u>
<i>Operating Income</i>	<u>87,784</u>
Non-Operating Cash Receipts (Disbursements):	
Intergovernmental	88,959
Principal Retirement	(335,109)
Interest and Fiscal Charges	(29,260)
Capital Outlay	(102,863)
Other Debt Proceeds	183,690
Miscellaneous Receipts	271
<i>Total Non-Operating Cash Receipts (Disbursements)</i>	<u>(194,312)</u>
<i>Excess of Cash Receipts Under Cash Disbursements Before Special Items</i>	<u>(106,528)</u>
Special Items	<u>3,767</u>
<i>Net Change in Fund Cash Balances</i>	<u>(102,761)</u>
<i>Fund Cash Balances, January 1 - Restated</i>	<u>378,462</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$275,701</u></u>

The notes to the financial statements are an integral part of this statement.

Village of Coalton
Jackson County

Fiduciary Fund Type	Custodial
Additions:	
Fines, Licenses and Permits for Distribution	\$17,156
<i>Total Additions</i>	<i>17,156</i>
Deductions:	
Distributions to Other Governments	2,631
Distributions to Other Funds (Primary Government)	14,275
<i>Total Deductions</i>	<i>16,906</i>
<i>Net Change in Fund Balances</i>	<i>250</i>
<i>Fund Cash Balances, January 1</i>	<i>481</i>
<i>Fund Cash Balances, December 31</i>	<i>\$731</i>

The notes to the financial statements are an integral part of this statement.

Village of Coalton
Jackson County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 1 – Reporting Entity

The Village of Coalton, Jackson County, Ohio (the Village) is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly-elected six-member Council directs the Village. The Village provides water and sewer utilities, park operations, and police services. The Village contracts with the Jackson County Sheriff's Office to provide security of persons and property. The Village appropriates funds to support a volunteer fire department.

Public Entity Risk Pool

The Village participates in the Public Entities Pool of Ohio which is a public entity risk pool. Note 6 to the financial statements provides additional information for this entity.

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

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

The Village's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types, a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all proprietary fund types, and a combined statement of additions, deductions and changes in fund balances (regulatory cash basis) for all fiduciary fund types, which are all organized on a fund type basis.

Fund Accounting

The Village uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Village are presented below:

General Fund – The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Village for any purpose provided it is expended or transferred according to the general laws of Ohio.

Special Revenue Funds – These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Village had the following significant special revenue funds:

Street Construction Maintenance and Repair – This fund receives gasoline excise tax and motor vehicle tax money for construction, maintenance and repair of streets within the village.

Fire Fund – This fund receives property tax receipts and related state distributions, fire contract receipts, and service fees for the operation and maintenance of the Village's fire department.

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 Operating Fund – This fund receives charges for services from residents and businesses to cover water service costs.

Village of Coalton
Jackson County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Sewer Operating Fund – This fund receives charges for services from residents and businesses to cover sewer service costs.

Fiduciary Funds – Fiduciary funds include custodial funds. Custodial funds are purely custodial in nature and are used to report fiduciary activity that is not required to be reported in a trust fund. The Village's custodial fund accounts for the financial activity of the Mayor's Court.

For regulatory purposes, certain own source revenues are permitted to flow through clearing funds presented as custodial funds. The amounts distributed to the other funds of the entity are identified on the combined statement of additions, deductions and changes in fund balances (regulatory cash basis) all fiduciary fund types. Also, for regulatory purposes, certain deposits and clearing funds are permitted to be presented as custodial funds.

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (C). This basis is similar to the cash receipts and disbursements accounting basis. The Board 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 financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (C) permit.

Budgetary Process

The Ohio Revised Code requires that each fund (except certain custodial 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. 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 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 to the subsequent year and need not be reappropriated.

A summary of the 2021 budgetary activity appears in note 3.

Deposits and Investments

The Village maintains its deposits in noninterest bearing checking accounts with a local financial institution.

Capital Assets

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

Village of Coalton
Jackson County
Notes to the Financial Statements
For the Year Ended December 31, 2021

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 Balance

Fund balance is divided into five classifications based primarily on the extent to which the Village must observe constraints imposed upon the use of its governmental fund resources. The classifications are as follows:

Nonspendable – The Village classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact. For regulatory purposes, nonspendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the Village and the nonspendable portion of the corpus in permanent funds.

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*. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end.

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.

For regulatory purposes, limited disclosure related to fund balance is included in note 10.

Note 3 – Budgetary Activity

Budgetary activity for the year ending December 31, 2021 follows:

Fund Type	Budgeted vs. Actual Receipts		
	Budgeted Receipts	Actual Receipts	Variance
General	\$60,340	\$95,949	\$35,609
Special Revenue	95,700	139,443	43,743
Enterprise	577,803	606,773	28,970
Total	<u>\$733,843</u>	<u>\$842,165</u>	<u>\$108,322</u>

Village of Coalton
Jackson County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$72,590	\$87,469	(\$14,879)
Special Revenue	87,270	63,261	24,009
Enterprise	528,869	717,056	(188,187)
Total	<u><u>\$688,729</u></u>	<u><u>\$867,786</u></u>	<u><u>(\$179,057)</u></u>

Note 4 –Deposits and Investments

To improve cash management, cash received by the Village is pooled. Monies for all funds are maintained in this pool. The Ohio Revised Code prescribes allowable deposits and investments. A summary of the Village's deposit accounts are as follows:

Demand deposits	<u><u>\$900,202</u></u>
Total deposits	<u><u>\$900,202</u></u>

Deposits – Deposits are insured by the Federal Deposit Insurance Corporation or collateralized by securities specifically pledged by the financial institution to the Village.

Note 5 – 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 non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction 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.

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 6 – Risk Management

The Village is a member of the Public Entities Pool of Ohio (the Pool). The Pool assumes the risk of loss up to the limits of the Village's policy. The Pool covers the following risks:

- General liability and casualty
- Public official's liability
- Cyber
- Law enforcement liability
- Automobile liability
- Vehicles
- Property
- Equipment breakdown

The Pool reported the following summary of assets and actuarially-measured liabilities available to pay those liabilities as of December 31, 2021:

Village of Coalton
Jackson County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Cash and investments	\$41,996,850
Actuarial liabilities	14,974,099

Note 7 – Defined Benefit Pension Plans and Postemployment Benefits

Ohio Public Employees Retirement System

The Village's employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2021, OPERS members contributed 10 percent of their gross salaries, and the Village contributed an amount equaling 14 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2021.

Postemployment Benefits

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the traditional pension plan and combined plan was 0 percent during calendar year 2021. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0 percent during calendar year 2021.

Note 8 – Debt

Debt outstanding at December 31, 2021 was as follows:

	Principal	Interest Rate
Ohio Water Development Authority Loan (6054)	\$733,224	1.500%
Ohio Public Works Commission (CT38J)	178,750	0.000%
Ohio Public Works Commission (CO04N)	220,000	0.000%
Mortgage Revenue Bonds (FmHA)	100,186	5.000%
Mortgage Revenue Bonds (USDA)	<u>502,800</u>	2.375%
Total	<u>\$1,734,960</u>	

Ohio Water Development Authority (OWDA) loan #6054, initially approved for \$970,000, is for the Waterline Replacement Project. The loan activity is reflected in the Water Enterprise Fund which received the proceeds and will repay the debt. This loan will mature on July 1, 2043.

Ohio Water Development Authority (OWDA) loan #8423, initially approved for \$372,750, is for the Sanitary Sewer Replacement Project. The loan activity is reflected in the Sewer Enterprise Fund which received the proceeds and repaid a portion of the debt. The remaining balance of the loan was repaid through proceeds of OWDA loan #9542, as discussed below.

Ohio Water Development Authority (OWDA) loan #9542, initially approved for \$1,253,713, is for the Sanitary Sewer Replacement Phase 3 Project, including repayment of \$83,672 of the principal balance of OWDA loan #8423. The loan activity is reflected in the Sewer Enterprise Fund which received the proceeds and repaid the debt. This loan was repaid through principal forgiveness and did not have a balance outstanding at year-end.

Village of Coalton
Jackson County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Ohio Public Works Commission (OPWC) loan #CT38J, initially approved for \$325,000, is for the Coalton/Glenroy Sanitary Sewer Improvement Project. The loan activity is reflected in the Sewer Enterprise Fund which received the proceeds of the debt. Semi-annual payments of \$8,125 are due throughout the term of the loan beginning in 2013 and ending on January 1, 2033.

Ohio Public Works Commission (OPWC) loan #CO04N, initially approved for \$300,000, is for the Water Distribution System Renovations Project. As of December 31, 2016, the Village had drawn the full amount of the loan. The loan activity is reflected in the Water Enterprise Fund which received the proceeds of the debt. Semi-annual payments of \$5,000 are due throughout the term of the loan beginning in 2014 and ending on January 1, 2044.

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. Bonds 91-01 and 91-03 will mature on March 1, 2025, bond 92-05 will mature on October 1, 2028, and bond 92-07 will mature on October 1, 2029.

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. These bonds will mature on July 1, 2051.

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

Year ending December 31:	OWDA	OPWC	Mortgage Revenue Bonds (FmHA)	Mortgage Revenue Bonds (USDA)
2022	\$39,253	\$13,125	\$20,709	\$23,642
2023	39,253	26,250	21,024	23,664
2024	39,253	26,250	21,484	23,579
2025	39,253	26,250	17,166	23,589
2026	39,253	26,250	12,845	23,692
2027-2031	196,266	131,250	25,600	118,039
2032-2036	196,266	74,375	0	118,162
2037-2041	196,266	50,000	0	118,115
2042-2046	78,506	25,000	0	118,169
2047-2051	0	0	0	118,068
Total	\$863,569	\$398,750	\$118,828	\$708,719

Note 9 – Contingent Liabilities

Litigation

The Village is not currently party to litigation.

Grants

Amounts grantor agencies pay to the Village are subject to audit and adjustment by the grantor, principally the federal government. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

Village of Coalton
Jackson County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 10 – Fund Balances

Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end the balances of these amounts were as follows:

Fund Balances	General	Special Revenue	Enterprise	Total
Outstanding Encumbrances	\$2,063	\$1,846	\$7,522	\$11,431
<i>Total</i>	<u>\$2,063</u>	<u>\$1,846</u>	<u>\$7,522</u>	<u>\$11,431</u>

The fund balance of special revenue funds is restricted. These restricted amounts in the special revenue funds would include the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

Note 11 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June, 2021 while the national state of emergency ended in April 2023. During 2021, the Village received COVID-19 funding. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Village. The impact on the Village's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated

The Village received \$24,774 in American Rescue Act funding in 2021. None of the funds received were spent in 2021. The Village did not sub-grant funds to other governments and organizations, nor were funds returned to the granting agency or spent on-behalf of other governments.

Note 12 – Subsequent Event

During 2023, the Village received funding from the Ohio Water Development Authority in the amount of \$1,154,200 for the Sanitary Sewer Replacement Phase 2 project. These loan proceeds will be repaid through principal forgiveness.

Note 13 – Compliance

The Village did not timely adopt annual appropriations measures, which is contrary to Ohio Revised Code Section 5705.38(A). The Village had appropriations in excess of estimated resources, which is contrary to Ohio Revised Code Section 5705.39. The Village had expenditures in excess of appropriations, which is contrary to Ohio Revised Code Section 5705.41(B).

Note 14 – Restatement of Beginning Balances

During 2021, the Village voided a number of outstanding checks that were determined to no longer be valid. In addition, errors were noted in previously reported balances that also required restatement. Restatements for the voided checks and errors had the following impact on beginning balances.

Village of Coalton
Jackson County
Notes to the Financial Statements
For the Year Ended December 31, 2021

	General	Special Revenue	Enterprise
Fund Balance, as Previously Reported	\$117,782	\$416,631	\$377,873
Restatements:			
Voided Checks	288	498	589
Error in Posting of Fire Receipts	(8,500)	8,500	0
Fund Balance, as Restated	<u>\$109,570</u>	<u>\$425,629</u>	<u>\$378,462</u>

**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***

Independent Auditor's Report

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

We have audited 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 (*Government Auditing Standards*), the financial statements of the Village of Coalton, Jackson County, Ohio, (the Village) as of and for the year ended December 31, 2021, and the related notes to the financial statements and have issued our report thereon dated July 23, 2025, wherein we noted the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit. We also qualified our opinion on the fines, licenses and permits for distribution receipts in the custodial fund for 2021 due to lack of supporting documentation. Additionally, we noted the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Village.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Village's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control.

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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and responses as items 2021-001 through 2021-005 that we consider to be material weaknesses.

Village of Coalton

Jackson County

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

Report on Compliance and Other Matters

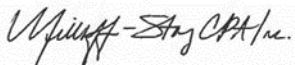
As part of obtaining reasonable assurance about whether the Village's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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 responses as items 2021-006 through 2021-008.

Village's Responses to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Village's responses to the findings identified in our audit and described in the accompanying schedule of findings and responses. The Village's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Millhuff-Stang, CPA, Inc.
Wheelerburg, Ohio

July 23, 2025

Village of Coalton
Jackson County
Schedule of Findings and Responses
For the Year Ended December 31, 2021

**FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

Finding Number 2021-001

Material Weakness – Financial Reporting

A monitoring system by the Village should be in place to prevent or detect misstatements for the accurate presentation of the Village's financial statements.

We noted various misclassifications and misstatements during the audit period, which included the following:

- Prior year misposting of fire contract receipts resulting in misstatement of beginning fund balances.
- Improper posting of state distributions, ARPA funding, franchise fees, and PEP refund.
- Misclassified receipt of delinquent sewer charges.
- Unrecorded OWDA and OPWC loan proceeds and, in instances, corresponding OWDA principal forgiveness.
- Misclassified and misposted debt service payments.
- Unrecorded Mayor's Court custodial activity.
- Misclassified and misposted disbursements.
- Misposting of payroll expenditures.
- Misclassified franchise fees and miscellaneous revenues as special items.
- Failure to report ARPA funding in its own fund.

The Village should implement control procedures related to financial reporting that enable management to identify, prevent, detect, and correct potential misstatements in the financial statements and note disclosures.

Village Response:

Majority of this was the former Fiscal Officer. Will be more careful with correctly posting.

Finding Number 2021-002

Material Weakness – Budgetary Information Within Accounting System

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. Amendments to the budget should be properly documented in the minute record to provide assurance that changes to appropriations are authorized by the governing board. In 2021, budgetary information entered into the accounting system did not match amounts per the estimated resources and approved appropriations filed with the County. Material variances were noted across multiple funds. Failure to accurately post the appropriations and estimated resources to the ledgers could result in overspending and negative cash balances. In addition, this could lead to inaccurate reporting of the budgetary information in the notes to the financial statements. To effectively control the budgetary cycle and to maintain accountability over receipts and expenditures, the Village should post to the ledgers, on a timely basis, estimated resources as certified by the budget commission and appropriations approved by the Council. The Village should then monitor budget versus actual reports to help ensure amended certificates of resources and appropriations have been properly posted to the ledgers.

Village Response:

Majority of this was the former Fiscal Officer. I do not have this issue.

Village of Coalton
Jackson County
Schedule of Findings and Responses
For the Year Ended December 31, 2021

Finding Number 2021-003

Material Weakness – Employee Leave

Having a process in place to track leave is a pertinent control for ensuring that employee leave is properly paid and limited to authorized balances. During the course of testing, we noted that the Village does not track leave within UAN and does not have any policies regarding vacation accrual, usage, or payouts. There was no indication that any payroll paid in 2021 was for leave time taken. The Fiscal Officer stated that leave is tracked outside of UAN, but no documentation could be provided to substantiate this assertion. We recommend that the Village develop a leave tracking system to ensure that leave activity is properly accounted for. The Village should also adopt a leave policy that documents how leave is to be accrued, authorized for use or pay out, and accounted for.

Village Response:

Have now passed an ordinance that states how much vacation time employees earn. This is tracked by Fiscal Officer not in the UAN system. There will be no future payouts.

Finding Number 2021-004

Material Weakness – Payroll Controls

Having a sound internal control framework is pertinent to a properly functioning organization. Pertinent elements of a properly functioning internal control system include having a process in place to ensure that all information entered into the accounting system accurately reflects actual transactions issued and requiring that all payroll disbursements are processed through the Village's accounting system.

During the course of testing, we found various issues regarding payroll processing.

- The Village has a resolution that establishes how various employees' payrolls are to be allocated amongst its funds. We noted various instances in which these allocations were not adhered to without evidence to substantiate the deviations.
- Tax withholding authorization forms could not be provided for new hires selected for testing during the audit period.
- Supporting documents could not be provided for some of the OPERS payments made during the audit period.
- Supporting documents could not be provided to evidence whether some payroll tax returns were prepared and filed.

The Village should review its payroll processes and should implement additional procedures to ensure that the payroll process is functioning properly so as to mitigate the risk of errors in recording, loss of records in maintenance of documentation, and other potential issues that may arise from a weak internal control environment.

Village Response:

This was former Fiscal Officer. I have all tax documentation and OPERS documentation from the time that I was here. We have Ordinance now that shows how payroll should be distributed.

Village of Coalton
Jackson County
Schedule of Findings and Responses
For the Year Ended December 31, 2021

Finding Number 2021-005

Material Weakness – Mayor’s Court Controls

Having sound internal controls over the mayor’s court is pertinent to a properly functioning control environment. During testing, we had an instance where the Clerk could not locate a case file selected for audit. We recommend that the Court adopt proper procedures to ensure that all documentation related to fines be maintained.

Village Response:

This was before I was here. Mayor’s Court or Former Fiscal Officer

Finding Number 2021-006

Noncompliance Citation – Timely Adoption of Appropriations Measures

Ohio Revised Code Section 5705.38(A) provides on or about the first day of each fiscal year, the taxing authority of each subdivision or other taxing unit shall pass an appropriation measure, and thereafter during the year it may pass any supplemental appropriation measures as it finds necessary, based on the revised tax budget or the official certificate of estimated resources or amendments of the certificate. If it desires to postpone the passage of the annual appropriation measure until an amended certificate is received based on the actual balances, it may pass a temporary appropriation measure for meeting the ordinary expenses of the taxing unit until no later than the first day of April of the current year, and the appropriations made in the temporary measure shall be chargeable to the appropriations in the annual appropriation measure for that fiscal year when passed.

Annual appropriations were approved on January 19, 2021 for 2021. There was no indication that temporary appropriations were adopted or filed with the County for 2021. Expenditures were made prior to the adoption date. Village Council should approve the annual appropriations on or about the first day of each fiscal year or adopt temporary appropriations to cover the time period until annual appropriations are adopted not later than April 1st. All appropriations measures should be timely filed with the County Auditor in order to be considered effective.

Village Response:

This was former Fiscal Officer. I get the permanent Appropriations approved in December of each year.

Finding Number 2021-007

Noncompliance Citation – 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. We noted that the Village had appropriations in excess of estimated resources in various funds during the audit period. The Village should implement the appropriate procedures, such as periodic comparisons of estimated resources to appropriations, to ensure that appropriations are limited to estimated resources to ensure improper spending does not occur.

Village Response:

This was former Fiscal Officer.

Village of Coalton
Jackson County
Schedule of Findings and Responses
For the Year Ended December 31, 2021

Finding Number 2021-008

Noncompliance Citation – Expenditures in Excess of Appropriations

Ohio Revised Code Section 5705.41(B) prohibits a subdivision or taxing authority unit from making any expenditure of money unless it has been appropriated in accordance with the Ohio Revised Code. We noted expenditures in excess of appropriations in various funds during the audit period. Failure to have adequate appropriations in place at the time expenditures are made could cause expenditures to exceed available resources, further resulting in deficit spending practices. The Village should closely monitor expenditures and appropriations and make the necessary appropriation amendments, if possible, to reduce the likelihood of expenditures exceeding appropriations. Additionally, the Fiscal Officer should deny payment requests exceeding appropriations when appropriations are inadequate to cover the expenditures.

Village Response:

This was former fiscal officer. I will monitor so this does not happen.

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OHIO AUDITOR OF STATE KEITH FABER



VILLAGE OF COALTON

JACKSON COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

This is a true and correct copy of the report, which is required to be filed pursuant to Section 117.26, Revised Code, and which is filed in the Office of the Ohio Auditor of State in Columbus, Ohio.



Certified for Release 1/15/2026

65 East State Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at
www.ohioauditor.gov