



Mary Taylor, CPA
Auditor of State

**VILLAGE OF COAL GROVE
LAWRENCE COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Independent Accountants' Report.....	1
Management's Discussion and Analysis.....	3
Basic Financial Statements:	
Statement of Net Assets – Cash Basis – December 31, 2007	11
Statement of Activities – Cash Basis – For the Year Ended December 31, 2007.....	12
Statement of Cash Basis Assets and Fund Balances – Governmental Funds – December 31, 2007.....	13
Statement of Cash Receipts, Disbursements, and Changes in Cash Basis Fund Balances - Governmental Funds – For the Year Ended December 31, 2007.....	14
Statement of Receipts, Disbursements and Changes in Fund Balance - Budget and Actual – Budget Basis - General Fund – For the Year Ended December 31, 2007.....	15
Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budget Basis – Street Fund – For the Year Ended December 31, 2007.....	16
Statement of Receipts, Disbursements and Changes in Fund Balance - Budget and Actual – Budget Basis – Boat Dock Fund – For the Year Ended December 31, 2007.....	17
Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual - Budget Basis – Fire Fee Fund – For the Year Ended December 31, 2007.....	18
Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budget Basis – Light Fund – For the Year Ended December 31, 2007.....	19
Statement of Fund Net Assets – Cash Basis - Proprietary Funds – December 31, 2007.....	20
Statement of Cash Receipts, Disbursements, and Changes in Fund Net Assets – Cash Basis - Proprietary Funds – For the Year Ended December 31, 2007.....	21
Statement of Fiduciary Net Assets – Cash Basis– Fiduciary Fund – December 31, 2007.....	22
Statement of Net Assets – Cash Basis – December 31, 2006.....	23
Statement of Activities – Cash Basis – For the Year Ended December 31, 2006.....	24
Statement of Cash Basis Assets and Fund Balances – Governmental Funds – December 31, 2006.....	25

VILLAGE OF COAL GROVE
LAWRENCE COUNTY

TABLE OF CONTENTS
(Continued)

TITLE	PAGE
Statement of Cash Receipts, Disbursements, and Changes in Cash Basis Fund Balances – Governmental Funds – For the Year Ended December 31, 2006.....	26
Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budget Basis – General Fund – For the Year Ended December 31, 2006.....	27
Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual - Budget Basis - Street Fund – For the Year Ended December 31, 2006.....	28
Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budget Basis – Clean Ohio Fund – For the Year Ended December 31, 2006.....	29
Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budget Basis – Boat Dock Fund – For the Year Ended December 31, 2006.....	30
Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budget Basis – Light Fund – For the Year Ended December 31, 2006.....	31
Statement of Fund Net Assets – Cash Basis – Proprietary Funds – December 31, 2006.....	32
Statement of Cash Receipts, Disbursements, and Changes in Fund Net Assets – Cash Basis – Proprietary Funds – For the Year Ended December 31, 2006.....	33
Statement of Fiduciary Net Assets – Cash Basis – Fiduciary Fund – December 31, 2006.....	34
Notes to the Basic Financial Statements	35
Independent Accountants’ Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	49
Schedule of Findings.....	51
Schedule of Prior Audit Findings.....	57



Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Village of Coal Grove
Lawrence County
513 Carlton Davidson Lane
Coal Grove, Ohio 45638

To the Village Council:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Coal Grove, Lawrence County, Ohio (the Village), as of and for the years ended December 31, 2007 and 2006, which collectively comprise the Village's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Village's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. The Village processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Village because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. We believe our audit provides a reasonable basis for our opinion.

As discussed in Note 2, the accompanying financial statements and notes follow the cash accounting basis. This is a comprehensive accounting basis other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Coal Grove, Lawrence County, Ohio, as of December 31, 2007 and 2006, and the respective changes in financial position, thereof and the respective budgetary comparisons for the General, Street, Clean Ohio, Boat Dock, Fire Fee and Light Funds for the years then ended in conformity with the basis of accounting Note 2 describes.

For the years ended December 31, 2007 and 2006, the Village revised its financial presentation comparable to the requirements of Governmental Accounting Standard No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 19, 2008, 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. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Management's discussion and analysis is not a required part of the basic financial statements but is supplementary information the Governmental Accounting Standards Board requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.



Mary Taylor, CPA
Auditor of State

June 19, 2008

Village of Coal Grove, Lawrence County
Management's Discussion and Analysis
For the Years Ended December 31, 2007 and 2006
Unaudited

This discussion and analysis of the Village of Coal Grove's (the Village) financial performance provides an overall review of the Village's financial activities for the years ended December 31, 2007 and 2006, within the limitations of the Village's cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Village's financial performance.

Highlights

Key highlights for 2007 are as follows:

Net assets of governmental activities decreased \$64,028 or 31 percent, a somewhat significant change from the prior year. The reasons for the decrease were: an increase in expenditures for security of persons and property and transportation.

The Village's general receipts are primarily property taxes and municipal income taxes. These receipts represent 8 and 39 percent of the total cash received for governmental activities during the year. Property and municipal income tax receipts for 2007 changed very little compared to 2006 as development within the Village has slowed.

The water operation had a decrease in net assets of over \$100,000 in 2007 due to a large amount of repair expenses at the water plant and the purchase of one used and one new vehicle for that department. The sewer operating budget ended 2007 with a increase of \$30,000 compared to 2006 due to fewer repairs in that department and very little over-time paid. The garbage operating budget broke even.

Key highlights for 2006 are as follows:

Net assets of governmental activities increased \$130,245 or 48 percent, a significant change from the prior year. The main reasons for the increase were the Village sold a large piece of equipment and received a repayment of a cash advance made in previous years to an enterprise fund.

The Village's general receipts are primarily property taxes and municipal income taxes. These receipts represent 4 and 19 percent of the total cash received for governmental activities during the year. Property and municipal income tax receipts for 2006 changed very little compared to 2005 as development within the Village has slowed.

The water operation had a decrease in net assets of over \$50,000 in 2006 due to the loss of a bulk water contract with another company. The sewer operating budget ended 2006 with a decrease of \$35,000 compared to 2005 due to the repayment of previous advances from the General Fund but still with sufficient funds to pay the construction loan payment due January 1. The garbage operating budget broke even.

Using the Basic Financial Statements

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to the Village's cash basis of accounting.

Village of Coal Grove, Lawrence County
Management's Discussion and Analysis
For the Years Ended December 31, 2007 and 2006
Unaudited

Report Components

The statement of net assets and the statement of activities provide information about the cash activities of the Village as a whole.

Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the Village as a way to segregate money whose use is restricted to a particular specified purpose. These statements present financial information by fund, presenting funds with the largest balances or most activity in separate columns.

The notes to the financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

Basis of Accounting

The basis of accounting is a set of guidelines that determine when financial events are recorded. The Village has elected to present its financial statements on a cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the Village's cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

As a result of using the cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the cash basis of accounting.

Reporting the Village as a Whole

The statement of net assets and the statement of activities reflect how the Village did financially during 2007 and 2006, within the limitations of cash basis accounting. The statement of net assets presents the cash balances of the governmental and business-type activities of the Village at year end. The statement of activities compares cash disbursements with program receipts for each governmental program and business-type activity. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function or business-type activity draws from the Village's general receipts.

These statements report the Village's cash position and the changes in cash position. Keeping in mind the limitations of the cash basis of accounting, you can think of these changes as one way to measure the Village's financial health. Over time, increases or decreases in the Village's cash position is one indicator of whether the Village's financial health is improving or deteriorating. When evaluating the Village's financial condition, you should also consider other nonfinancial factors as well such as the Village's property tax base, the condition of the Village's capital assets and infrastructure, the extent of the Village's debt obligations, the reliance on non-local financial resources for operations and the need for continued growth in the major local revenue sources such as property and income taxes.

In the statement of net assets and the statement of activities, we divide the Village into two types of activities:

Governmental activities. Most of the Village's basic services are reported here, including police, fire, streets and parks. State and federal grants and income and property taxes finance most of these activities. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.

Village of Coal Grove, Lawrence County
Management's Discussion and Analysis
For the Years Ended December 31, 2007 and 2006
Unaudited

Business-type activity. The Village has three business-type activities, the provision of water, sewer and garbage removal. Business-type activities are financed by a fee charged to the customers receiving the service.

Reporting the Village's Most Significant Funds

Fund financial statements provide detailed information about the Village's major funds – not the Village as a whole. The Village establishes separate funds to better manage its many activities and to help demonstrate that money that is restricted as to how it may be used is being spent for the intended purpose. The funds of the Village are split into three categories: governmental, proprietary, and fiduciary.

Governmental Funds – Most of the Village's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the Village's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Village's programs. The Village's significant governmental funds are presented on the financial statements in separate columns. The information for nonmajor funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. For 2007, the Village's major governmental funds are the General Fund, Street Fund, Boat Dock Fund, Fire Fee Fund and Light Fund. For 2006, the Village's major governmental funds are the General Fund, Street Fund, Clean Ohio Fund, Boat Dock Fund, and Light Fund. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements.

Proprietary Funds – When the Village charges customers for the services it provides, these services are generally reported in proprietary funds. When the services are provided to the general public, the activity is reported as an enterprise fund. The Village has the following major enterprise funds for 2007 and 2006: Water Operating Fund and Sewer Operating Fund.

Fiduciary Funds – Fiduciary funds are used to account for resources held for the benefit of parties outside the Village. Fiduciary funds are not reflected on the government-wide financial statements because the resources of these funds are not available to support the Village's programs.

The Village as a Whole

Table 1 provides a summary of the Village's net assets for 2007 compared to 2006 compared to 2005.

Village of Coal Grove, Lawrence County
Management's Discussion and Analysis
For the Years Ended December 31, 2007 and 2006
Unaudited

(Table 1)
Net Assets

	Governmental Activities			Business-Type Activities			Total		
	2007	2006	2005	2007	2006	2005	2007	2006	2005
Assets									
Cash and Cash Equivalents	\$206,997	\$271,025	\$140,780	\$157,114	\$225,503	\$311,875	\$364,111	\$496,528	\$452,655
Total Assets	<u>\$206,997</u>	<u>\$271,025</u>	<u>\$140,780</u>	<u>\$157,114</u>	<u>\$225,503</u>	<u>\$311,875</u>	<u>\$364,111</u>	<u>\$496,528</u>	<u>\$452,655</u>
Net Assets									
Restricted for:									
Other Purposes	\$179,240	\$178,589	\$129,619				\$179,240	\$178,589	\$129,619
Unrestricted	27,757	92,436	11,161	\$157,114	\$225,503	\$311,875	184,871	317,939	323,036
Total Net Assets	<u>\$206,997</u>	<u>\$271,025</u>	<u>\$140,780</u>	<u>\$157,114</u>	<u>\$225,503</u>	<u>\$311,875</u>	<u>\$364,111</u>	<u>\$496,528</u>	<u>\$452,655</u>

As mentioned previously, net assets of governmental activities decreased \$64,028 or 31 percent during 2007. The primary reasons contributing to the increases in cash balances are as follows:

- There were no further advances owed to the General Fund, whereas the General Fund received a \$60,765 repayment to the fund in 2006.
- The Village had no major special income such as sales of real estate or personal property.
- Employee medical insurance premiums which are paid, in part, from the General Fund increased 17.1%.

Table 2 reflects the changes in net assets in 2007 and 2006 and the comparisons to 2005.

Village of Coal Grove, Lawrence County
Management's Discussion and Analysis
For the Years Ended December 31, 2007 and 2006
Unaudited

(Table 2)
Changes in Net Assets

	Governmental Activities 2007	Business Type Activities 2007	Total 2007	Governmental Activities 2006	Business Type Activities 2006	Total 2006	Governmental Activities 2005	Business Type Activities 2005	Total 2005
Receipts:									
Program Receipts:									
Charges for Services and Sales	\$114,391	\$767,549	\$881,940	\$111,749	\$750,052	\$861,801	\$64,594	\$899,544	\$964,138
Operating Grants and Contributions	119,551		119,551	73,536		73,536	96,717		96,717
Capital Grants and Contributions	586,866		586,866	1,052,458		1,052,458	175,586		175,586
Total Program Receipts	820,808	767,549	1,588,357	1,237,743	750,052	1,987,795	336,897	899,544	1,236,441
General Receipts:									
Property Taxes	45,930		45,930	45,414		45,414	49,096		49,096
Other Taxes	4,474		4,474	16,560		16,560	10,572		10,572
Municipal Income Taxes	225,525		225,525	208,189		208,189	199,807		199,807
Special Assessments		50,903	50,903		51,033	51,033			0
Grants and Entitlements Not Restricted to Specific Programs	63,054		63,054	65,259		65,259	61,403		61,403
Proceeds of Notes	80,000		80,000	110,000		110,000	139,739		139,739
Proceeds from Line of Credit	82,580		82,580	537,577		537,577			0
Sale of Capital Assets	7,000		7,000	55,390		55,390	4,400		4,400
Miscellaneous	12,011	1,050	13,061	13,500	18,331	31,831	33,069	2,402	35,471
Total General Receipts	520,574	51,953	572,527	1,051,889	69,364	1,121,253	498,086	2,402	500,488
Total Receipts	1,341,382	819,502	2,160,884	2,289,632	819,416	3,109,048	834,983	901,946	1,736,929
Disbursements:									
General Government	174,264		174,264	177,558		177,558	162,479		162,479
Security of Persons and Property	258,363		258,363	207,273		207,273	254,090		254,090
Community Development			0			0	155,847		155,847
Leisure Time Activities	14,827		14,827	9,318		9,318	11,039		11,039
Community Environment	685		685	1,012		1,012	742		742
Transportation	126,164		126,164	94,060		94,060	78,265		78,265
Capital Outlay	374,428		374,428	1,274,858		1,274,858	19,739		19,739
Principal Payments	430,904		430,904	447,980		447,980	149,739		149,739
Interest and Fiscal Charges	25,735		25,735	8,093		8,093	3,748		3,748
Water Operating		580,324	580,324		538,497	538,497		459,110	459,110
Sewer Operating		238,579	238,579		234,241	234,241		237,828	237,828
Other Enterprise Operating		69,028	69,028		72,285	72,285		72,194	72,194
Total Disbursements	1,405,370	887,931	2,293,301	2,220,152	845,023	3,065,175	835,688	769,132	1,604,820
Excess (Deficiency) Before Advances	(63,988)	(68,429)	(132,417)	69,480	(25,607)	43,873	(705)	132,814	132,109
Advances	(40)	40	0	60,765	(60,765)	0			0
Increase (Decrease) in Net Assets	(64,028)	(68,389)	(132,417)	130,245	(86,372)	43,873	(705)	132,814	132,109
Net Assets, January 1	271,025	225,503	496,528	140,780	311,875	452,655	141,485	179,061	320,546
Net Assets, December 31	\$206,997	\$157,114	\$364,111	\$271,025	\$225,503	\$496,528	\$140,780	\$311,875	\$452,655

In 2007, governmental activities program receipts represent 61% of total governmental receipts and are primarily comprised of restricted intergovernmental receipts such as motor vehicle license and gas tax money, building permits and inspection fees and fines and fees.

In 2006, governmental activities program receipts represent 54% of total governmental receipts and are primarily comprised of restricted intergovernmental receipts such as motor vehicle license and gas tax money, building permits and inspection fees and fines and fees.

In 2007, governmental activities general receipts represent 39% of the Village's total governmental receipts, and of this amount, 53% are property taxes, municipal income taxes and other taxes. Proceeds from notes, proceeds from line of credit and grants and entitlements make up the balance of the Village's general receipts. Other receipts are insignificant and somewhat unpredictable revenue sources.

Village of Coal Grove, Lawrence County
Management's Discussion and Analysis
For the Years Ended December 31, 2007 and 2006
Unaudited

In 2006, governmental activities general receipts represent 46% of the Village's total governmental receipts, and of this amount, 26% are property taxes, municipal income taxes and other taxes. Proceeds from notes, proceeds from line of credit and grants and entitlements make up the balance of the Village's general receipts. Other receipts are insignificant and somewhat unpredictable revenue sources.

In 2007 and 2006, disbursements for General Government represent the overhead costs of running the Village and the support services provided for the other Village activities. These include all or a portion of the costs of council, mayor, clerk-treasurer, income tax department, as well as internal services such as payroll and purchasing. Since these do not represent direct services to residents, we try to limit these costs.

Security of Persons and Property are the costs of police and fire protection. Leisure Time Activities are the costs of maintaining the parks and playing fields. Community Environment department promotes the Village to industry and commerce as well as working with other governments in the area to attract new business. Transportation is the cost of maintaining the roads.

Governmental Activities

If you look at the Statement of Activities, you will see that the first column lists the major services provided by the Village. The next column identifies the costs of providing these services. In 2007, the major program disbursements for governmental activities are for principal payments and capital outlay, which account for 31 and 27 percent of all governmental disbursements respectively. Security of persons and property also represents a significant cost, about 18 percent. In 2006, the major program disbursements for governmental activities are for capital outlay and principal payments and which account for 57 and 20 percent of all governmental disbursements respectively. The next three columns of the Statement entitled Program Receipts identify amounts paid by people who are directly charged for the service and grants received by the Village that must be used to provide a specific service. The net Receipt (Disbursement) column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service which ends up being paid from money provided by local taxpayers. These net costs are paid from the general receipts which are presented at the bottom of the Statement. A comparison between the total cost of services and the net cost is presented in Table 3.

(Table 3)
Governmental Activities

	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
	2007	2007	2006	2006	2005	2005
General Government	\$174,264	\$108,620	\$177,558	\$90,166	\$162,479	\$100,105
Security of Persons & Property	258,363	168,551	207,273	185,431	254,090	222,367
Leisure Time Activities	14,827	13,252	9,318	7,638	11,039	9,744
Community Environment	685	(120)	1,012	177	742	(183)
Community Development					155,847	155,847
Transportation	126,164	50,058	94,060	20,524	78,265	13,271
Capital Outlay	374,428	(212,438)	1,274,858	222,400	19,739	(155,847)
Principal Payments	430,904	430,904	447,980	447,980	149,739	149,739
Interest and Fiscal Charges	25,735	25,735	8,093	8,093	3,748	3,748
Total Expenses	\$1,405,370	\$584,562	\$2,220,152	\$982,409	\$835,688	\$498,791

Village of Coal Grove, Lawrence County
Management's Discussion and Analysis
For the Years Ended December 31, 2007 and 2006
Unaudited

Business-type Activities

The water operation of the Village is relatively small and routinely reports receipts and cash disbursements that are relatively equal. The infrastructure is beginning to age, and the Village has begun discussing the need for major repairs and how these will be funded. We have also received notification from the Ohio EPA that improvements may be necessary to satisfy new water quality standards.

The Village's Funds

In 2007, total governmental funds had receipts including other financing sources of \$1,360,299 and disbursements including other financing uses of \$1,424,327. The greatest changes with governmental funds occurred within the Clean Ohio Fund and the Boat Dock Fund. The majority of the Clean Ohio project was completed during 2006. The Boat Dock project was completed during 2007.

In 2006, total governmental funds had receipts including other financing sources of \$2,372,469 and disbursements including other financing uses of \$2,242,224. The greatest changes with governmental funds occurred within the Clean Ohio Fund and the Boat Dock Fund. The Clean Ohio Fund accounted for \$705,636 in receipts and \$705,636 in disbursements while the Boat Dock Fund accounted for \$887,754 in receipts and \$887,629 in disbursements.

At the end of 2007, General Fund receipts were less than disbursements by \$47,967 indicating that the General Fund is in a deficit spending situation. It was the recommendation of the finance committee and the administration that a reduction in disbursements was preferable to requesting additional funds from the taxpayers. Some of these reductions have already been implemented for 2008 including the sale of impounded vehicles and considering the sale of property.

General Fund Budgeting Highlights

The Village's budget is prepared according to Ohio law and is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances.

During 2007, the Village amended its General Fund budget to reflect changing circumstances. Final disbursements were budgeted at \$467,443 while actual disbursements were \$554,787. Although receipts failed to live up to expectations, appropriations were not reduced.

During 2006, the Village amended its General Fund budget to reflect changing circumstances. Final disbursements were budgeted at \$434,665 while actual disbursements were \$545,439. Actual receipts were above final budgeted receipts, although the Village did not increase appropriations. The result is an increase in fund balance of \$93,295 for 2006.

Capital Assets and Debt Administration

Capital Assets

The Village does not currently keep track of its capital assets and infrastructure other than taking an inventory of what is on hand in January of each year. The current liability and property insurance policy keeps an accurate record of Village property, equipment and vehicles.

Debt

At December 31, 2007, the Village's outstanding debt included \$834,561 which included an OWDA loan, a USDA Special Assessment Bond, a Bond Anticipation Note and a Commercial Line of Credit. For further information regarding the Village's debt, refer to Notes 14 and 15 to the basic financial statements.

Village of Coal Grove, Lawrence County
Management's Discussion and Analysis
For the Years Ended December 31, 2007 and 2006
Unaudited

Current Issues

The challenge for all Villages is to provide quality services to the public while staying within the restrictions imposed by limited, and in some cases shrinking, funding. We rely heavily on local taxes and have very little industry at this time to support the tax base. The newly prepared financial forecast predicts a reduction in receipt if the Village assistance is reduced. Based on unlikely increases in the Village's sources of revenue and the disbursement history, the Village asked the Administrator to cut overtime hours for water and sewer employees, and union employees have been asked to consider medical insurance programs with lower premiums upon the expiration of their contract.

Contacting the Village's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Village's finances and to reflect the Village's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to: Deborah J. Fields, Clerk-Treasurer, Village of Coal Grove, 513 Carlton-Davidson Lane, Coal Grove, Ohio 45638.

Village of Coal Grove, Lawrence County

Statement of Net Assets - Cash Basis

December 31, 2007

	Governmental Activities	Business - Type Activities	Total
Assets			
Equity in Pooled Cash and Cash Equivalents	\$206,997	\$157,114	\$364,111
<i>Total Assets</i>	<u>\$206,997</u>	<u>\$157,114</u>	<u>\$364,111</u>
Net Assets			
Restricted for:			
Other Purposes	\$179,240		\$179,240
Unrestricted	27,757	\$157,114	184,871
<i>Total Net Assets</i>	<u>\$206,997</u>	<u>\$157,114</u>	<u>\$364,111</u>

See accompanying notes to the basic financial statements

Village of Coal Grove, Lawrence County
Statement of Activities - Cash Basis
For the Year Ended December 31, 2007

	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Assets			
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities							
General Government	\$174,264	\$65,644			(\$108,620)		(\$108,620)
Security of Persons and Property	258,363	46,367	\$43,445		(168,551)		(168,551)
Leisure Time Activities	14,827	1,575			(13,252)		(13,252)
Community Environment	685	805			120		120
Transportation	126,164		76,106		(50,058)		(50,058)
Capital Outlay	374,428			\$586,866	212,438		212,438
Principal Payments	430,904				(430,904)		(430,904)
Interest and Fiscal Charges	25,735				(25,735)		(25,735)
<i>Total Governmental Activities</i>	<u>1,405,370</u>	<u>114,391</u>	<u>119,551</u>	<u>586,866</u>	<u>(584,562)</u>	<u>\$0</u>	<u>(584,562)</u>
Business Type Activities							
Water Operating	580,324	476,947				(103,377)	(103,377)
Sewer Operating	238,579	218,955				(19,624)	(19,624)
Other Enterprise Operating	69,028	71,647				2,619	2,619
<i>Total Business-Type Activities</i>	<u>887,931</u>	<u>767,549</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(120,382)</u>	<u>(120,382)</u>
Total	<u><u>\$2,293,301</u></u>	<u><u>\$881,940</u></u>	<u><u>\$119,551</u></u>	<u><u>\$586,866</u></u>	<u><u>(584,562)</u></u>	<u><u>(120,382)</u></u>	<u><u>(704,944)</u></u>
General Receipts							
Property Taxes Levied for:							
General Purposes					45,930		45,930
Other Taxes					4,474		4,474
Special Assessments						50,903	50,903
Municipal Income Taxes					225,525		225,525
Grants and Entitlements not Restricted to Specific Programs					63,054		63,054
Proceeds of Notes					80,000		80,000
Proceeds from Line of Credit					82,580		82,580
Sale of Capital Assets					7,000		7,000
Miscellaneous					12,011	1,050	13,061
<i>Total General Receipts</i>					<u>520,574</u>	<u>51,953</u>	<u>572,527</u>
Advances					(40)	40	0
<i>Total General Receipts and Advances</i>					<u>520,534</u>	<u>51,993</u>	<u>572,527</u>
Change in Net Assets					(64,028)	(68,389)	(132,417)
<i>Net Assets Beginning of Year</i>					<u>271,025</u>	<u>225,503</u>	<u>496,528</u>
<i>Net Assets End of Year</i>					<u><u>\$206,997</u></u>	<u><u>\$157,114</u></u>	<u><u>\$364,111</u></u>

See accompanying notes to the basic financial statements

Village of Coal Grove , Lawrence County
Statement of Cash Basis Assets and Fund Balances
Governmental Funds
December 31, 2007

	<u>General</u>	<u>Street Fund</u>	<u>Fire Fee Fund</u>	<u>Light Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets						
Equity in Pooled Cash	\$95,209	\$35,630	\$31,112	\$33,861	\$11,185	\$206,997
<i>Total Assets</i>	<u>\$95,209</u>	<u>\$35,630</u>	<u>\$31,112</u>	<u>\$33,861</u>	<u>\$11,185</u>	<u>\$206,997</u>
Fund Balances						
Reserved:						
Reserved for Encumbrances	\$6,996	\$1,894				\$8,890
Unreserved:						
Undesignated (Deficit), Reported in:						
General Fund	88,213					88,213
Special Revenue Funds		33,736	\$31,112	\$33,861	\$11,185	109,894
<i>Total Fund Balances</i>	<u>\$95,209</u>	<u>\$35,630</u>	<u>\$31,112</u>	<u>\$33,861</u>	<u>\$11,185</u>	<u>\$206,997</u>

See accompanying notes to the basic financial statements

Village of Coal Grove, Lawrence County
Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances
 Governmental Funds
 For the Year Ended December 31, 2007

	General Fund	Street Fund	Boat Dock Fund	Fire Fee Fund	Light Fund	Other Governmental Funds	Total Governmental Funds
Receipts							
Property and Other Local Taxes	\$35,723				\$10,207		\$45,930
Municipal Income Taxes	225,525						225,525
Charges for Services	1,575			\$46,367			47,942
Fines, Licenses and Permits	70,074					\$850	70,924
Intergovernmental	50,416	\$84,203	\$374,638		1,901	258,312	769,470
Miscellaneous	12,011						12,011
<i>Total Receipts</i>	<u>395,324</u>	<u>84,203</u>	<u>374,638</u>	<u>46,367</u>	<u>12,108</u>	<u>259,162</u>	<u>1,171,802</u>
Disbursements							
Current:							
General Government	174,264						174,264
Security of Persons and Property	218,222					40,141	258,363
Leisure Time Activities	14,827						14,827
Community Environment	685						685
Transportation	227	90,773			17,793	17,371	126,164
Capital Outlay	11,000	2,000	149,201			212,227	374,428
Debt Service:							
Principal Retirement	111,277		290,900	28,727			430,904
Interest and Fiscal Charges	15,832		1,533	8,370			25,735
<i>Total Disbursements</i>	<u>546,334</u>	<u>92,773</u>	<u>441,634</u>	<u>37,097</u>	<u>17,793</u>	<u>269,739</u>	<u>1,405,370</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(151,010)</u>	<u>(8,570)</u>	<u>(66,996)</u>	<u>9,270</u>	<u>(5,685)</u>	<u>(10,577)</u>	<u>(233,568)</u>
Other Financing Sources (Uses)							
Proceeds of Note	80,000						80,000
Proceeds from Line of Credit			82,580				82,580
Sale of Capital Assets	7,000						7,000
Transfers In			1,417				1,417
Transfers Out	(1,417)						(1,417)
Advances In	17,500						17,500
Advances Out	(40)		(17,500)				(17,540)
<i>Total Other Financing Sources (Uses)</i>	<u>103,043</u>	<u>0</u>	<u>66,497</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>169,540</u>
<i>Net Change in Fund Balances</i>	<u>(47,967)</u>	<u>(8,570)</u>	<u>(499)</u>	<u>9,270</u>	<u>(5,685)</u>	<u>(10,577)</u>	<u>(64,028)</u>
<i>Fund Balances Beginning of Year</i>	<u>143,176</u>	<u>44,200</u>	<u>499</u>	<u>21,842</u>	<u>39,546</u>	<u>21,762</u>	<u>271,025</u>
<i>Fund Balances End of Year</i>	<u>\$95,209</u>	<u>\$35,630</u>	<u>\$0</u>	<u>\$31,112</u>	<u>\$33,861</u>	<u>\$11,185</u>	<u>\$206,997</u>

See accompanying notes to the basic financial statements

Village of Coal Grove, Lawrence County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
General Fund
For the Year Ended December 31, 2007

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Property and Other Local Taxes	\$23,673	\$46,708	\$35,723	(\$10,985)
Municipal Income Taxes	208,006	312,600	225,525	(87,075)
Charges for Services	1,684	2,183	1,575	(608)
Fines, Licenses and Permits	93,702	97,129	70,074	(27,055)
Intergovernmental	44,987	65,962	50,416	(15,546)
Miscellaneous	153,528	16,649	12,011	(4,638)
<i>Total Receipts</i>	<u>525,580</u>	<u>541,231</u>	<u>395,324</u>	<u>(145,907)</u>
Disbursements				
Current:				
General Government	371,002	221,071	179,935	41,136
Security of Persons and Property	217,300	218,574	219,547	(973)
Leisure Time Activities	9,458	14,618	14,827	(209)
Community Environment	1,677	675	685	(10)
Transportation	2,040	224	227	(3)
Capital Outlay	10,692	10,845	11,000	(155)
Debt Service:				
Principal Retirement			111,277	(111,277)
Interest and Fiscal Charges			15,832	(15,832)
<i>Total Disbursements</i>	<u>612,169</u>	<u>466,007</u>	<u>553,330</u>	<u>(87,323)</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(86,589)</u>	<u>75,224</u>	<u>(158,006)</u>	<u>(233,230)</u>
Other Financing Sources (Uses)				
Sale of Capital Assets	14,858	9,703	7,000	(2,703)
Proceeds of Note			80,000	80,000
Transfers In	17,334			0
Transfers Out			(1,417)	(1,417)
Advances In		24,257	17,500	(6,757)
Advances Out		(1,436)	(40)	1,396
<i>Total Other Financing Sources (Uses)</i>	<u>32,192</u>	<u>32,524</u>	<u>103,043</u>	<u>70,519</u>
<i>Net Change in Fund Balance</i>	(54,397)	107,748	(54,963)	(162,711)
<i>Fund Balance Beginning of Year</i>	137,953	137,953	137,953	0
Prior Year Encumbrances Appropriated	5,223	5,223	5,223	0
<i>Fund Balance End of Year</i>	<u>\$88,779</u>	<u>\$250,924</u>	<u>\$88,213</u>	<u>(\$162,711)</u>

See accompanying notes to the basic financial statements

Village of Coal Grove, Lawrence County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
Street Fund
For the Year Ended December 31, 2007

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Receipts				
Intergovernmental	\$86,500	\$88,967	\$84,203	(\$4,764)
<i>Total Receipts</i>	<u>86,500</u>	<u>88,967</u>	<u>84,203</u>	<u>(4,764)</u>
Disbursements				
Current:				
Transportation	96,826	90,773	92,667	(1,894)
Capital Outlay	2,000	2,000	2,000	0
<i>Total Disbursements</i>	<u>98,826</u>	<u>92,773</u>	<u>94,667</u>	<u>(1,894)</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(12,326)</u>	<u>(3,806)</u>	<u>(10,464)</u>	<u>(6,658)</u>
<i>Fund Balance Beginning of Year</i>	43,026	43,026	43,026	0
Prior Year Encumbrances Appropriated	<u>1,174</u>	<u>1,174</u>	<u>1,174</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$31,874</u>	<u>\$40,394</u>	<u>\$33,736</u>	<u>(\$6,658)</u>

See accompanying notes to the basic financial statements

Village of Coal Grove, Lawrence County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
Boat Dock Fund
For the Year Ended December 31, 2007

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Intergovernmental	\$586,155	\$586,156	\$374,638	(\$211,518)
<i>Total Receipts</i>	586,155	586,156	374,638	(211,518)
Disbursements				
Current:				
Capital Outlay	342,281	418,068	149,201	268,867
Debt Service:				
Principal Retirement			290,900	(290,900)
Interest and Fiscal Charges			1,533	(1,533)
<i>Total Disbursements</i>	342,281	418,068	441,634	(23,566)
<i>Excess of Receipts Over (Under) Disbursements</i>	243,874	168,088	(66,996)	(235,084)
Other Financing Sources (Uses)				
Proceeds from Line of Credit			82,580	82,580
Transfers In			1,417	1,417
Advances Out	(16,687)	(16,566)	(17,500)	(934)
<i>Total Other Financing Sources (Uses)</i>	(16,687)	(16,566)	66,497	83,063
<i>Net Change in Fund Balance</i>	227,187	151,522	(499)	(152,021)
<i>Fund Balance Beginning of Year</i>	499	499	499	0
<i>Fund Balance End of Year</i>	\$227,686	\$152,021	\$0	(\$152,021)

See accompanying notes to the basic financial statements

Village of South Point , Lawrence County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
Fire Fee Fund
For the Year Ended December 31, 2007

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Charges for Services	\$43,000	\$43,000	\$46,367	\$3,367
<i>Total Receipts</i>	43,000	43,000	46,367	3,367
Disbursements				
Current:				
Transportation	45,000	37,097		37,097
Debt Service:				
Principal Retirement			28,727	(28,727)
Interest and Fiscal Charges			8,370	(8,370)
<i>Total Disbursements</i>	45,000	37,097	37,097	0
<i>Excess of Receipts Over (Under) Disbursements</i>	(2,000)	5,903	9,270	3,367
<i>Fund Balance Beginning of Year</i>	21,842	21,842	21,842	0
<i>Fund Balance End of Year</i>	\$19,842	\$27,745	\$31,112	\$3,367

See accompanying notes to the basic financial statements

Village of South Point , Lawrence County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
Light Fund
For the Year Ended December 31, 2007

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
Receipts				
Property and Other Local Taxes	\$30,600	\$15,338	\$10,207	(\$5,131)
Intergovernmental		(896)	1,901	2,797
<i>Total Receipts</i>	<u>30,600</u>	<u>14,442</u>	<u>12,108</u>	<u>(2,334)</u>
Disbursements				
Current:				
Transportation	<u>18,000</u>	<u>17,793</u>	<u>17,793</u>	<u>0</u>
<i>Total Disbursements</i>	<u>18,000</u>	<u>17,793</u>	<u>17,793</u>	<u>0</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	12,600	(3,351)	(5,685)	(2,334)
<i>Fund Balance Beginning of Year</i>	<u>39,546</u>	<u>39,546</u>	<u>39,546</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$52,146</u></u>	<u><u>\$36,195</u></u>	<u><u>\$33,861</u></u>	<u><u>(\$2,334)</u></u>

See accompanying notes to the basic financial statements

Village of Coal Grove, Lawrence County
Statement of Fund Net Assets - Cash Basis
Proprietary Funds
December 31, 2007

	Business-Type Activities			Total Enterprise Funds
	Water Operating Fund	Sewer Operating Fund	Non Major Enterprise Funds	
Assets				
Equity in Pooled Cash and Cash Equivalents	\$44,190	\$103,795	\$9,129	\$157,114
<i>Total Assets</i>	<u>\$44,190</u>	<u>\$103,795</u>	<u>\$9,129</u>	<u>\$157,114</u>
Net Assets				
Unrestricted	\$44,190	\$103,795	\$9,129	\$157,114

See accompanying notes to the basic financial statements

Village of Coal Grove, Lawrence County
*Statement of Cash Receipts,
Disbursements and Changes in Fund Net Assets - Cash Basis
Proprietary Funds
For the Year Ended December 31, 2007*

	Business-Type Activities			Total Enterprise Funds
	Water Operating	Sewer Operating	Non Major Enterprise Funds	
Operating Receipts				
Charges for Services	\$476,947	\$218,955	\$71,647	\$767,549
<i>Total Operating Receipts</i>	<u>476,947</u>	<u>218,955</u>	<u>71,647</u>	<u>767,549</u>
Operating Disbursements				
Personal Services	247,279	33,681	2,841	283,801
Fringe Benefits	167,070	33,928	529	201,527
Contractual Services	34,856	52,358	65,658	152,872
Materials and Supplies	113,564	52,328		165,892
Other	14,175	347		14,522
<i>Total Operating Disbursements</i>	<u>576,944</u>	<u>172,642</u>	<u>69,028</u>	<u>818,614</u>
<i>Operating Income (Loss)</i>	(99,997)	46,313	2,619	(51,065)
Non-Operating Receipts (Disbursements)				
Special Assessments		50,903		50,903
Miscellaneous Receipts	1,050			1,050
Capital Outlay	(3,380)			(3,380)
Principal Payments		(43,073)		(43,073)
Interest and Fiscal Charges		(22,864)		(22,864)
Total Non Operating Receipts (Disbursements)	<u>(2,330)</u>	<u>(15,034)</u>	<u>0</u>	<u>(17,364)</u>
<i>Income (Loss) before Transfers and Advances</i>	(102,327)	31,279	2,619	(68,429)
Advances In		40		40
<i>Change in Net Assets</i>	(102,327)	31,319	2,619	(68,389)
<i>Net Assets Beginning of Year</i>	<u>146,517</u>	<u>72,476</u>	<u>6,510</u>	<u>225,503</u>
<i>Net Assets End of Year</i>	<u>\$44,190</u>	<u>\$103,795</u>	<u>\$9,129</u>	<u>\$157,114</u>

See accompanying notes to the basic financial statements

Village of Coal Grove, Lawrence County
Statement of Fiduciary Net Assets - Cash Basis
Fiduciary Fund
December 31, 2007

	<u>Agency</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$6,443
<i>Total Assets</i>	<u>\$6,443</u>
Net Assets	
Unrestricted	<u>\$6,443</u>

See accompanying notes to the basic financial statements

Village of Coal Grove, Lawrence County

Statement of Net Assets - Cash Basis

December 31, 2006

	<u>Governmental Activities</u>	<u>Business - Type Activities</u>	<u>Total</u>
Assets			
Equity in Pooled Cash and Cash Equivalents	<u>\$271,025</u>	<u>\$225,503</u>	<u>\$496,528</u>
<i>Total Assets</i>	<u><u>\$271,025</u></u>	<u><u>\$225,503</u></u>	<u><u>\$496,528</u></u>
Net Assets			
Restricted for:			
Other Purposes	\$178,589		\$178,589
Unrestricted	<u>92,436</u>	<u>\$225,503</u>	<u>317,939</u>
<i>Total Net Assets</i>	<u><u>\$271,025</u></u>	<u><u>\$225,503</u></u>	<u><u>\$496,528</u></u>

See accompanying notes to the basic financial statements

Village of Coal Grove , Lawrence County
Statement of Cash Basis Assets and Fund Balances
 Governmental Funds
 December 31, 2006

	<u>General</u>	<u>Street Fund</u>	<u>Boat Dock Fund</u>	<u>Light Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets						
Equity in Pooled Cash	\$143,176	\$44,200	\$499	\$39,546	\$43,604	\$271,025
<i>Total Assets</i>	<u>\$143,176</u>	<u>\$44,200</u>	<u>\$499</u>	<u>\$39,546</u>	<u>\$43,604</u>	<u>\$271,025</u>
Fund Balances						
Reserved:						
Reserved for Encumbrances	\$5,223	\$1,174			\$833	\$7,230
Unreserved:						
Undesignated (Deficit), Reported in:						
General Fund	137,953					137,953
Special Revenue Funds		43,026	\$499	\$39,546	42,771	125,842
<i>Total Fund Balances</i>	<u>\$143,176</u>	<u>\$44,200</u>	<u>\$499</u>	<u>\$39,546</u>	<u>\$43,604</u>	<u>\$271,025</u>

See accompanying notes to the basic financial statements

Village of Coal Grove, Lawrence County
Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances
 Governmental Funds
 For the Year Ended December 31, 2006

	General Fund	Street Fund	Clean Ohio Fund	Boat Dock Fund	Light Fund	Other Governmental Funds	Total Governmental Funds
Receipts							
Property and Other Local Taxes	\$35,243				\$10,171		\$45,414
Municipal Income Taxes	208,189						208,189
Charges for Services	1,680					\$21,842	23,522
Fines, Licenses and Permits	103,587					1,200	104,787
Intergovernmental	45,807	\$84,326	\$705,636	\$332,677	1,832	20,974	1,191,252
Miscellaneous	13,501						13,501
<i>Total Receipts</i>	<u>408,007</u>	<u>84,326</u>	<u>705,636</u>	<u>332,677</u>	<u>12,003</u>	<u>44,016</u>	<u>1,586,665</u>
Disbursements							
Current:							
General Government	177,558						177,558
Security of Persons and Property	204,884					2,389	207,273
Leisure Time Activities	9,318						9,318
Community Environment	1,012						1,012
Transportation	1,851	76,793			13,031	2,385	94,060
Capital Outlay			705,636	555,077		14,145	1,274,858
Debt Service:							
Principal Retirement	120,000			327,980			447,980
Interest and Fiscal Charges	8,093						8,093
<i>Total Disbursements</i>	<u>522,716</u>	<u>76,793</u>	<u>705,636</u>	<u>883,057</u>	<u>13,031</u>	<u>18,919</u>	<u>2,220,152</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(114,709)</u>	<u>7,533</u>	<u>0</u>	<u>(550,380)</u>	<u>(1,028)</u>	<u>25,097</u>	<u>(633,487)</u>
Other Financing Sources (Uses)							
Proceeds of Note	110,000						110,000
Proceeds from Line of Credit				537,577			537,577
Sale of Capital Assets	55,390						55,390
Transfers In	4,572						4,572
Transfers Out				(4,572)			(4,572)
Advances In	60,765			17,500			78,265
Advances Out	(17,500)						(17,500)
<i>Total Other Financing Sources (Uses)</i>	<u>213,227</u>	<u>0</u>	<u>0</u>	<u>550,505</u>	<u>0</u>	<u>0</u>	<u>763,732</u>
<i>Net Change in Fund Balances</i>	98,518	7,533	0	125	(1,028)	25,097	130,245
<i>Fund Balances Beginning of Year - Restated (See Note 3)</i>	44,658	36,667	0	374	40,574	18,507	140,780
<i>Fund Balances End of Year</i>	<u>\$143,176</u>	<u>\$44,200</u>	<u>\$0</u>	<u>\$499</u>	<u>\$39,546</u>	<u>\$43,604</u>	<u>\$271,025</u>

See accompanying notes to the basic financial statements

Village of Coal Grove, Lawrence County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
General Fund
For the Year Ended December 31, 2006

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Property and Other Local Taxes	\$24,495	\$29,819	\$35,243	\$5,424
Municipal Income Taxes	191,908	129,144	208,189	79,045
Charges for Services	1,929	1,042	1,680	638
Fines, Licenses and Permits	119,496	64,257	103,587	39,330
Intergovernmental	43,089	27,175	45,807	18,632
Miscellaneous	129,899	(116,153)	13,501	129,654
<i>Total Receipts</i>	510,816	135,284	408,007	272,723
Disbursements				
Current:				
General Government	329,903	194,336	181,932	12,404
Security of Persons and Property	194,864	206,650	205,634	1,016
Leisure Time Activities	14,342	9,318	9,318	0
Community Environment	1,700	1,012	1,012	0
Transportation	2,878	1,950	1,950	0
Debt Service:				
Principal Retirement			120,000	(120,000)
Interest and Fiscal Charges		3,899	8,093	(4,194)
<i>Total Disbursements</i>	543,687	417,165	527,939	(110,774)
<i>Excess of Receipts Over (Under) Disbursements</i>	(32,871)	(281,881)	(119,932)	161,949
Other Financing Sources (Uses)				
Sale of Capital Assets	9,644	34,359	55,390	21,031
Proceeds of Note			110,000	110,000
Transfers In		40,530	4,572	(35,958)
Advances In			60,765	60,765
Advances Out		(17,500)	(17,500)	0
<i>Total Other Financing Sources (Uses)</i>	9,644	57,389	213,227	155,838
<i>Net Change in Fund Balance</i>	(23,227)	(224,492)	93,295	317,787
<i>Fund Balance Beginning of Year - Restated (See Note 3)</i>	40,062	40,062	40,062	0
Prior Year Encumbrances Appropriated	4,596	4,596	4,596	0
<i>Fund Balance End of Year</i>	\$21,431	(\$179,834)	\$137,953	\$317,787

See accompanying notes to the basic financial statements

Village of Coal Grove, Lawrence County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
Street Fund
For the Year Ended December 31, 2006

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Receipts				
Intergovernmental	<u>\$70,902</u>	<u>\$70,902</u>	<u>\$84,326</u>	<u>\$13,424</u>
<i>Total Receipts</i>	<u>70,902</u>	<u>70,902</u>	<u>84,326</u>	<u>13,424</u>
Disbursements				
Current:				
Transportation	<u>82,066</u>	<u>76,938</u>	<u>77,967</u>	<u>(1,029)</u>
<i>Total Disbursements</i>	<u>82,066</u>	<u>76,938</u>	<u>77,967</u>	<u>(1,029)</u>
<i>Net Change in Fund Balance</i>	(11,164)	(6,036)	6,359	12,395
<i>Fund Balance Beginning of Year</i>	36,522	36,522	36,522	0
Prior Year Encumbrances Appropriated	<u>145</u>	<u>145</u>	<u>145</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$25,503</u></u>	<u><u>\$30,631</u></u>	<u><u>\$43,026</u></u>	<u><u>\$12,395</u></u>

See accompanying notes to the basic financial statements

Village of Coal Grove, Lawrence County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
Clean Ohio Fund
For the Year Ended December 31, 2006

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Receipts				
Intergovernmental	<u>\$1,760,230</u>	<u>\$1,760,230</u>	<u>\$705,636</u>	<u>(\$1,054,594)</u>
<i>Total Receipts</i>	<u>1,760,230</u>	<u>1,760,230</u>	<u>705,636</u>	<u>(1,054,594)</u>
Disbursements				
Current:				
General Government		705,636		705,636
Basic Utility Services	750,000			0
Capital Outlay			<u>705,636</u>	<u>(705,636)</u>
<i>Total Disbursements</i>	<u>750,000</u>	<u>705,636</u>	<u>705,636</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	1,010,230	1,054,594	0	(1,054,594)
<i>Fund Balance Beginning of Year</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$1,010,230</u>	<u>\$1,054,594</u>	<u>\$0</u>	<u>(\$1,054,594)</u>

See accompanying notes to the basic financial statements

Village of Coal Grove, Lawrence County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
Boat Dock Fund
For the Year Ended December 31, 2006

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Intergovernmental	\$284,509	\$74,912	\$332,677	\$257,765
<i>Total Receipts</i>	<u>284,509</u>	<u>74,912</u>	<u>332,677</u>	<u>257,765</u>
Disbursements				
Current:				
Capital Outlay	470,000	555,077	555,077	0
Debt Service:				
Principal Retirement		327,980	327,980	0
<i>Total Disbursements</i>	<u>470,000</u>	<u>883,057</u>	<u>883,057</u>	<u>0</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(185,491)</u>	<u>(808,145)</u>	<u>(550,380)</u>	<u>257,765</u>
Other Financing Sources (Uses)				
Proceeds from Line of Credit		537,577	537,577	0
Transfers Out		(4,572)	(4,572)	0
Advances In			17,500	17,500
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>533,005</u>	<u>550,505</u>	<u>17,500</u>
<i>Net Change in Fund Balance</i>	<u>(185,491)</u>	<u>(275,140)</u>	<u>125</u>	<u>275,265</u>
<i>Fund Balance Beginning of Year</i>	<u>374</u>	<u>374</u>	<u>374</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>(\$185,117)</u>	<u>(\$274,766)</u>	<u>\$499</u>	<u>\$275,265</u>

See accompanying notes to the basic financial statements

Village of Coal Grove , Lawrence County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
Light Fund
For the Year Ended December 31, 2006

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Receipts				
Property and Other Local Taxes	\$10,774	(\$4,228)	\$10,171	\$14,399
Intergovernmental	0	(2,691)	1,832	4,523
<i>Total Receipts</i>	<u>10,774</u>	<u>(6,919)</u>	<u>12,003</u>	<u>18,922</u>
Disbursements				
Current:				
Transportation	15,000	13,031	13,031	0
<i>Total Disbursements</i>	<u>15,000</u>	<u>13,031</u>	<u>13,031</u>	<u>0</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	(4,226)	(19,950)	(1,028)	18,922
<i>Fund Balance Beginning of Year - Restated (See Note 3)</i>	<u>40,574</u>	<u>40,574</u>	<u>40,574</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$36,348</u></u>	<u><u>\$20,624</u></u>	<u><u>\$39,546</u></u>	<u><u>\$18,922</u></u>

See accompanying notes to the basic financial statements

Village of Coal Grove, Lawrence County
Statement of Fund Net Assets - Cash Basis
Proprietary Funds
December 31, 2006

	Business-Type Activities			Total Enterprise Funds
	Water Operating Fund	Sewer Operating Fund	Non Major Enterprise Funds	
Assets				
Equity in Pooled Cash and Cash Equivalents	\$146,517	\$72,476	\$6,510	\$225,503
<i>Total Assets</i>	<u>\$146,517</u>	<u>\$72,476</u>	<u>\$6,510</u>	<u>\$225,503</u>
Net Assets				
Unrestricted	<u>\$146,517</u>	<u>\$72,476</u>	<u>\$6,510</u>	<u>\$225,503</u>

See accompanying notes to the basic financial statements

Village of Coal Grove, Lawrence County
*Statement of Cash Receipts,
Disbursements and Changes in Fund Net Assets - Cash Basis
Proprietary Funds
For the Year Ended December 31, 2006*

	Business-Type Activities			Total Enterprise Funds
	Water Operating	Sewer Operating	Non Major Enterprise Funds	
Operating Receipts				
Charges for Services	\$471,878	\$207,803	\$70,371	\$750,052
<i>Total Operating Receipts</i>	<u>471,878</u>	<u>207,803</u>	<u>70,371</u>	<u>750,052</u>
Operating Disbursements				
Personal Services	228,483	33,788	6,879	269,150
Fringe Benefits	125,434	30,444	155	156,033
Contractual Services	62,011	50,186	65,250	177,447
Materials and Supplies	117,355	53,459		170,814
Other	5,214	525		5,739
<i>Total Operating Disbursements</i>	<u>538,497</u>	<u>168,402</u>	<u>72,284</u>	<u>779,183</u>
<i>Operating Income (Loss)</i>	(66,619)	39,401	(1,913)	(29,131)
Non-Operating Receipts (Disbursements)				
Special Assessments		51,033		51,033
Miscellaneous Receipts	17,337	993		18,330
Principal Payments		(41,848)		(41,848)
Interest and Fiscal Charges		(23,991)		(23,991)
Total Non Operating Receipts (Disbursements)	<u>17,337</u>	<u>(13,813)</u>	<u>0</u>	<u>3,524</u>
<i>Income (Loss) before Transfers and Advances</i>	(49,282)	25,588	(1,913)	(25,607)
Advances Out		(60,765)		(60,765)
<i>Change in Net Assets</i>	(49,282)	(35,177)	(1,913)	(86,372)
<i>Net Assets Beginning of Year</i>	<u>195,799</u>	<u>107,653</u>	<u>8,423</u>	<u>311,875</u>
<i>Net Assets End of Year</i>	<u>\$146,517</u>	<u>\$72,476</u>	<u>\$6,510</u>	<u>\$225,503</u>

See accompanying notes to the basic financial statements

Village of Coal Grove, Lawrence County
Statement of Fiduciary Net Assets - Cash Basis
Fiduciary Fund
December 31, 2006

	<u>Agency</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$4,979
<i>Total Assets</i>	<u>\$4,979</u>
Net Assets	
Unrestricted	<u>\$4,979</u>

See accompanying notes to the basic financial statements

Village of Coal Grove, Lawrence County
Notes to the Basic Financial Statements
For the Years Ended December 31, 2007 and 2006

Note 1 – Reporting Entity

The Village of Coal Grove, Lawrence 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. The Village is directed by a six-member Council elected at large for four year terms. The Mayor is elected to a four-year term, serves as the President of Council and votes only to break a tie.

The reporting entity is comprised of the primary government, component units and other organizations that were included to ensure that the financial statements are not misleading.

A. Primary Government

The primary government consists of all funds, departments, boards and agencies that are not legally separate from the Village. The Village provides general government services, water and sewer utilities, maintenance of Village roads and bridges, park operations, and police services. The Village appropriates General Fund money to support a volunteer fire department.

B. Component Units

Component units are legally separate organizations for which the Village is financially accountable. The Village is financially accountable for an organization if the Village appoints a voting majority of the organization's governing board and (1) the Village is able to significantly influence the programs or services performed or provided by the organization; or (2) the Village is legally entitled to or can otherwise access the organization's resources; the Village is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide support to, the organization; or the Village is obligated for the debt of the organization. The Village is also financially accountable for any organizations that are fiscally dependent on the Village in that the Village approves their budget, the issuance of their debt or the levying of their taxes. Component units also include legally separate, tax-exempt entities whose resources are for the direct benefit of the Village, are accessible to the Village and are significant in amount to the Village. The Village has no component units.

C. Public Entity Risk Pools

The Village participated in one public entity risk pool during 2006. This organization is the Ohio Municipal Joint Self-Insurance Pool (the Pool). It is an unincorporated nonprofit association available to municipal corporations and their instrumentalities. Pursuant to Section 2744.081 of the Ohio Revised Code, the Pool is deemed a separate legal entity. The Pool provides a program of property and casualty insurance for its members. The Plan pays judgments, settlements and other expenses resulting for covered claims that exceed the members' deductibles. Note 9 to the financial statements provides additional information for the entity.

The Village participated in one public entity risk pool during 2007. This organization is the Ohio Government Risk Management Plan (the Plan). It is a non-assessable, unincorporated nonprofit association providing a formalized, jointly administered self-insurance risk management program. Pursuant to Section 2744.081 of the Ohio Revised Code, the Plan is deemed a separate legal entity. The Plan provides a program of property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine, and other coverages, modified for each participant's needs. The Plan pays judgments, settlements and other expenses resulting for covered claims that exceed the participant's deductibles. Note 9 to the financial statements provides additional information for the entity.

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

Village of Coal Grove, Lawrence County
Notes to the Basic Financial Statements
For the Years Ended December 31, 2007 and 2006

Note 2 – Summary of Significant Accounting Policies

As discussed further in Note 2.C, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. In the government-wide financial statements and the fund financial statements for the proprietary funds, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. The Village does not apply FASB statements issued after November 30, 1989, to its business-type activities and to its enterprise funds. Following are the more significant of the Village's accounting policies.

A. Basis of Presentation

The Village's basic financial statements consist of government-wide financial statements, including a statement of net assets and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

Government-Wide Financial Statements

The statement of net assets and the statement of activities display information about the Village as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The activity of the internal service fund is eliminated to avoid "doubling up" receipts and disbursements. The statements distinguish between those activities of the Village that are governmental and those that are considered business-type. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

The statement of net assets presents the cash balance of the governmental and business-type activities of the Village at year end. The statement of activities compares disbursements with program receipts for each of the Village's governmental and business-type activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Village is responsible. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function or business-type activity is self-financing on a cash basis or draws from the Village's general receipts.

Fund Financial Statements

During the year, the Village segregates transactions related to certain Village functions or activities in separate funds to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Village at this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. The internal service funds are presented in a single column on the face of the proprietary fund statements. Fiduciary funds are reported by type.

Proprietary fund statements distinguish operating transactions from nonoperating transactions. Operating receipts generally result from exchange transactions such as charges for services directly relating to the funds' principal services. Operating disbursements include costs of sales and services and administrative costs. The fund statements report all other receipts and disbursements as nonoperating.

Village of Coal Grove, Lawrence County
Notes to the Basic Financial Statements
For the Years Ended December 31, 2007 and 2006

B. Fund Accounting

The Village uses fund accounting 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. Funds are used to segregate resources that are restricted as to use. The funds of the Village are divided into three categories, governmental, proprietary and fiduciary.

Governmental Funds

The Village classifies funds financed primarily from taxes, intergovernmental receipts (e.g., grants), and other nonexchange transactions as governmental funds. For 2007, the Village's major governmental funds are the General Fund, Street Fund, Boat Dock Fund, Fire Fee Fund and Light Fund. For 2006, the Village's major governmental funds are the General Fund, Street Fund, Clean Ohio Fund, Boat Dock Fund and Light Funds. 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. The Street Fund is used to account for road work done by the Village. The Boat Dock Fund is used to account for a grant received to construct a public boating and fishing access area. The Clean Ohio Fund is used to account for a grant received by the Village for environmental clean up of the former Carlyle Tile plant. The Fire Fee Fund is used to account for emergency services fee used to pay for a fire truck. The Light Fund is funded by a 1.8 mil tax levy for the installation and maintenance of street lighting. The other governmental funds of the Village account for grants and other resources whose use is restricted to a particular purpose.

Proprietary Funds

The Village classifies funds financed primarily from user charges for goods or services as proprietary. Proprietary funds are classified as either enterprise or internal service.

Enterprise Funds - Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The Village's major enterprise funds are the Water Operating and Sewer Operating Funds.

Water Operating Fund - The Water Operating Fund accounts for the provision of water to the residents and commercial users located within the Village.

Sewer Operating Fund - The Sewer Operating Fund accounts for the provision of sanitary sewer services to the residents and commercial users within the Village and within our sewer district.

Internal Service Fund - Internal service funds account for services provided by one department of the Village to another on a cost-reimbursement basis. The Village has no internal service funds.

Fiduciary Funds

Fiduciary funds include pension trust funds, investment trust funds, private purpose trust funds, and agency funds. Trust funds are used to account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Village's own programs. The Village has no private purpose trust funds. Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Village has one agency fund, the Mayor's Court. This fund pays into the Village and the State of Ohio each month all receipts received through the issuance of various fines.

C. Basis of Accounting

The Village's financial statements are prepared using the cash basis of accounting. Receipts are recorded in the Village's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred.

Village of Coal Grove, Lawrence County
Notes to the Basic Financial Statements
For the Years Ended December 31, 2007 and 2006

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

D. Budgetary Process

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations ordinance, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the Village Council may appropriate.

The appropriations ordinance is the Village Council's authorization to spend resources and sets limits on cash disbursements plus encumbrances at the level of control selected by the Village Council. The legal level of control has been established at the fund level for all funds.

The certificate of estimated resources may be amended during the year if projected increases or decreases in receipts are identified by the Village Clerk. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificated of estimated resources in effect at the time final appropriations were passed by the Village Council.

The appropriations ordinance is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation ordinance for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Village Council during the year.

E. Cash and Cash Equivalents

To improve cash management, cash received by the Village is pooled and invested. Individual fund integrity is maintained through Village records.

F. Inventory and Prepaid Items

The Village reports disbursements for inventories and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

G. Capital Assets

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets in the accompanying financial statements.

H. Accumulated Leave

In certain circumstances, such as upon leaving employment or retirement, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Village's cash basis of accounting.

I. Employer Contributions to Cost-Sharing Pension Plans

The Village recognizes the disbursement for their employer contributions to cost-sharing pension plans when they are paid. As described in Notes 10 and 11, the employer contributions include portions for pension benefits and for postretirement health care benefits.

Village of Coal Grove, Lawrence County
Notes to the Basic Financial Statements
For the Years Ended December 31, 2007 and 2006

J. Long-Term Obligations

The Village's cash basis financial statements do not report liabilities for bonds or other long-term obligations. Proceeds of debt are reported when the cash is received and principal and interest payments are reported when paid. Since recording a capital asset when entering into a capital lease is not the result of a cash transaction, neither an other financing source nor a capital outlay expenditure are reported at inception. Lease payments are reported when paid.

K. Net Assets

Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net assets restricted for other purposes include resources restricted for operations of the fire department and maintenance of roads.

The Village's policy is to first apply restricted resources when an obligation is incurred for purposes for which both restricted and unrestricted net assets are available. Net assets restricted for other purposes include resources restricted for street lighting, fire fee and other various specific purposes.

L. Fund Balance Reserves

The Village reserves any portion of fund balances which is not available for appropriation or which is legally segregated for a specific future use. Unreserved fund balance indicates that portion of fund balance which is available for appropriation in future periods. Fund balance reserves have been established for encumbrances.

M. Interfund Transactions

Transfers between governmental and business-type activities on the government-wide financial statements are reported in the same manner as general receipts.

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Subsidies from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating receipts/disbursements in proprietary funds. Repayments from funds responsible for particular disbursements to the funds that initially paid for them are not presented in the financial statements.

Note 3 – Restatement of Beginning Balances

The January 1, 2006 balances were restates as follows:

<u>Fund</u>	<u>12/31/05 Balance</u>	<u>Restated 1/1/06 Balance</u>	<u>Restatement</u>
General Fund	\$11,161	\$44,658	\$33,497
Light Fund	74,071	40,574	(33,497)
Total	<u>\$85,232</u>	<u>\$85,232</u>	<u>\$0</u>

These restatements were due to general purpose tax levy monies posted to Light Fund instead of the General Fund in 2004 and 2005.

Village of Coal Grove, Lawrence County
Notes to the Basic Financial Statements
For the Years Ended December 31, 2007 and 2006

Note 4 – Compliance

The Village had material noncompliance violations as follows: Ohio Rev. Code Section 5705.36(A)(2) for estimated receipts exceeding actual receipts in various funds for 2007 and 2006; Ohio Rev. Code Section 05.41 (B) for expenditures exceeding appropriations in various funds for 2007 and 2006; and Ohio Rev. Code Section 5705.41 (D)(1) for not properly certifying funds prior to incurring the obligation.

Note 5 – Budgetary Basis of Accounting

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budget Basis presented for the General Fund, Street Fund, Boat Dock Fund, Fire Fee Fund, Light Fund and Clean Ohio Fund are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The differences between the budgetary basis and the cash basis are outstanding year end encumbrances are treated as cash disbursements (budgetary basis) rather than as a reservation of fund balance (cash basis). In 2007, the encumbrances outstanding at year end (budgetary basis) amounted to \$6,996 for the General Fund and \$1,894 for the Street Fund. In 2006, the encumbrances outstanding at year end (budgetary basis) amounted to \$5,223 for the General Fund, \$1,174 for the Street Fund and \$833 for Other Governmental Funds.

Note 6 – Deposits

Monies held by the Village are classified by State statute into three categories.

Active monies are public monies determined to be necessary to meet current demands upon the Village treasury. Active monies must be maintained either as cash in the Village treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that Council has identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts, including passbook accounts.

Interim monies held by the Village can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;

Village of Coal Grove, Lawrence County
Notes to the Basic Financial Statements
For the Years Ended December 31, 2007 and 2006

5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in Division (1) or (2) of Ohio Rev. Code Section 135.18 and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAROhio).

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the Village, and must be purchased with the expectation that it will be held to maturity.

Deposits

Custodial credit risk for deposits is the risk that, in the event of bank failure, the Village will not be able to recover deposits or collateral securities that are in the possession of an outside party. At December 31, 2007, the carrying amount of the Village's deposits was \$370,554 and the bank balance was \$376,718. Of the bank balance, \$376,718 was covered by the Federal Deposit Insurance Corporation or collateralized. At December 31, 2006, the carrying amount of the Village's deposits was \$501,507 and the bank balance was \$515,959. Of the bank balance, \$515,959 was covered by the Federal Deposit Insurance Corporation or collateralized. Although all state statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the Village to a successful claim by the Federal Deposit Insurance Corporation

The Village has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the Village or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

Note 7 – Municipal Income Taxes

The Village levies a 1 percent income tax whose proceeds are placed in the General Fund. The Village levies and collects the tax on all income earned within the Village as well as on incomes of residents earned outside the Village. Employers within the Village are required to withhold income tax on employee earnings and remit the tax to the Village at least quarterly. Corporations and other individual taxpayers are also required to pay their estimated tax at least quarterly and file a final return annually.

Note 8 – Property Taxes

Property taxes include amounts levied against all real property, public utility property, and tangible personal property located in the Village. Real property tax receipts received in 2007 represent the collection of 2006 taxes. Real property taxes received in 2007 were levied after October 1, 2006, on the assessed values as of January 1, 2006, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax receipts received in 2007 represent the collection of 2006 taxes. Public utility real and tangible personal property taxes received in 2006 became a lien on December 31, 2003, were levied after October 1, 2006, and are collected with real property taxes.

Village of Coal Grove, Lawrence County
Notes to the Basic Financial Statements
For the Years Ended December 31, 2007 and 2006

Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

Tangible personal property tax receipts received in 2007 (other than public utility property) represent the collection of 2007 taxes. Tangible personal property taxes received in 2007 were levied after October 1, 2006, on the true value as of December 31, 2006. Tangible personal property is currently assessed at 25 percent of true value for capital assets and 23 percent for inventory. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, the first payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

The full tax rate for all Village operations for the years ended December 31, 2007 and 2006, was 2.8 mills. The assessed values of real property, public utility property, and tangible personal property upon which property tax receipts were based are as follows:

	<u>2007</u>	<u>2006</u>
Real Property		
Residential/Agriculture	\$15,172,690	\$14,936,250
Public Utility Property	2,406,070	2,526,280
Tangible Personal Property	1,610,450	1,846,740
Total Assessed Value	\$19,189,210	\$19,309,270

Note 9 – Risk Management

Risk Pool Membership

In 2006, the Village belonged to the Ohio Municipal Joint Self-Insurance Pool, (the "Pool"), an unincorporated non-profit association available to municipal corporations and their instrumentalities. The Plan is a separate legal entity per Section 2744 of the Ohio Revised Code. The Pool provides property and casualty insurance for its members. The Plan pays judgments, settlements and other expenses resulting for covered claims that exceed the members' deductibles.

The Pool cedes certain premiums to reinsurers or excess reinsurers. The Pool is contingently liable should any reinsurer be unable to meet its reinsurance obligations.

Members may withdraw at the end of any coverage period upon 60 days' prior notice to the Pool. A withdrawing member not providing the required notification remains responsible for its unpaid claims, and also remains liable for additional assessments (if any) for years during which they were members.

The Pool's financial statements (audited by other auditors) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained deficit at December 31, 2006 and 2005 (the latest information available):

	<u>2006</u>	<u>2005</u>
Assets	\$2,331,284	\$ 2,241,661
Liabilities	<u>(3,130,475)</u>	<u>(3,457,720)</u>
Accumulated deficit	<u>(\$799,191)</u>	<u>(\$1,216,059)</u>

Village of Coal Grove, Lawrence County
Notes to the Basic Financial Statements
For the Years Ended December 31, 2007 and 2006

In 2007, the Village belonged to the Ohio Government Risk Management Plan (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to over 550 Ohio governments ("Members").

Pursuant to Section 2744.081 of the Ohio Revised Code, the Plan is a separate legal entity. The Plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages, modified for each Member's needs. The Plan pays judgments, settlements and other expenses resulting from covered claims that exceed the Member's deductible.

The Plan issues its own policies and reinsures the Plan with A-VII or better rated carriers, except for the 15% casualty and the 10% property portions the Plan retains. The Plan retains the lesser of 15% or \$37,500 of casualty losses and the lesser of 10% or \$100,000 of property losses. Individual Members are only responsible for their self-retention (deductible) amounts, which vary from member to member.

Plan members are responsible to notify the Plan of their intent to renew coverage by their renewal date. If a member chooses not to renew with the Plan, they have no other financial obligation to the Plan, but still need to promptly notify the Plan of any potential claims occurring during their membership period. The former member's covered claims, which occurred during their membership period, remain the responsibility of the Plan.

Settlement amounts did not exceed insurance coverage for the past three fiscal years.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2006 and 2005 (the latest information available):

	2006	2005
Assets	\$9,620,148	\$8,219,430
Liabilities	(3,329,620)	(2,748,639)
Members' Equity	\$6,290,528	\$5,470,791

You can read the complete audited financial statements for The Ohio Government Risk Management Plan at the Plan's website, www.ohioplan.org.

Note 10 – Defined Benefit Pension Plans

A. Ohio Public Employees Retirement System

The Village participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the member directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings.

The combined plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member directed plan.

Village of Coal Grove, Lawrence County
Notes to the Basic Financial Statements
For the Years Ended December 31, 2007 and 2006

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the traditional and combined plans. Members of the member directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642 or by calling (614) 222-6705 or (800) 222-7377.

For the year ended December 31, 2007, the members of all three plans were required to contribute 9.5 percent of their annual covered salaries. The Village's contribution rate for pension benefits for 2007 was 13.85 percent. For the year ended December 31, 2006, the members of all three plans were required to contribute 9 percent of their annual covered salaries. The Village's contribution rate for pension benefits for 2006 was 13.7 percent. The Ohio Revised Code provides statutory authority for member and employer contributions.

The Village's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2007, 2006, and 2005 were \$58,000, \$56,211, and \$50,254, respectively. The full amount has been contributed for 2007, 2006 and 2005.

B. Ohio Police and Fire Pension Fund

The Village contributes to the Ohio Police and Fire Pension Fund (OP&F), a cost-sharing multiple-employer defined benefit pension plan. OP&F provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. OP&F issues a publicly available financial report that includes financial information and required supplementary information for the plan. That report may be obtained by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

Plan members are required to contribute 10 percent of their annual covered salary to fund pension benefits while the Village is required to contribute 19.5 percent for police officers. Contributions are authorized by State statute. The Village's required contributions to the Fund for the years ended December 31, 2007, 2006, and 2005 were \$10,663, \$11,137, and \$8,821. The full amount has been contributed for 2007, 2006 and 2005.

Note 11 - Postemployment Benefits

A. Ohio Public Employees Retirement System

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit as described in *GASB Statement No. 12*. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postretirement health care based on authority granted by State statute. The 2007 local government employer contribution rate was 13.85 percent of covered payroll; 5.00 percent of covered payroll was the portion that was used to fund health care. The 2006 local government employer contribution rate was 13.7 percent of covered payroll; 4.50 percent of covered payroll was the portion that was used to fund health care.

Benefits are advance-funded using the entry age normal actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2006, include a rate of return on investments of 6.50 percent, an annual increase in active employee total payroll of 4.00 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between 0.50 percent and 6.3 percent based on additional annual pay increases. Health care costs were assumed to increase at the projected wage inflation rate plus an additional factor ranging from 0.50 to 8 percent annually for the next eight years and 4 percent annually beyond that.

Village of Coal Grove, Lawrence County
Notes to the Basic Financial Statements
For the Years Ended December 31, 2007 and 2006

All investments are carried at market. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investment assets annually, not to exceed a 12 percent corridor.

The number of active contributing participants in the traditional and combined plans was 374,979. The number of active contributing participants for both plans in the December 31, 2006 actuarial valuation was 362,130. The actual contributions for 2007 and 2006 which were used to fund postemployment benefits were \$21,916 and \$18,765, respectively. The actuarial value of OPERS's net assets available for payment of benefits at December 31, 2006, (the latest information available) was \$12.0 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$30.7 billion and \$18.7 billion, respectively.

On September 9, 2004, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. To improve the solvency of the Health Care Fund, OPERS created a separate investment pool for health care assets. Member and employer contribution rates increased as of January 1, 2006, January 1, 2007, and January 1, 2008, which will allow additional funds to be allocated to the health care plan.

B. Ohio Police and Fire Pension Fund

The Ohio Police and Fire Pension Fund (OP&F) provides postretirement health care coverage to any person who receives or is eligible to receive a monthly service, disability or survivor benefit check or is a spouse or eligible dependent child of such person. An eligible dependent child is any child under the age of 18 whether or not the child is attending school, or under the age of 22 if attending school full-time or on a 2/3 basis.

The Ohio Revised Code provides the authority allowing the Ohio Police and Fire Pension Fund's board of trustees to provide health care coverage and states that health care costs paid from the funds of OP&F shall be included in the employer's contribution rate. Health care funding and accounting is on a pay-as-you-go basis. The total police employer contribution rate is 19.5 percent of covered payroll, of which 7.75 percent of covered payroll was applied to the postemployment health care program during 2006 and in 6.75% in 2006. In addition, since July 1, 1992, most retirees and survivors have been required to contribute a portion of the cost of their health care coverage through a deduction from their monthly benefit payment. Beginning in 2001, all retirees and survivors have monthly health care contributions.

The Village's actual contributions for 2007 and 2006 that were used to fund post employment benefits were \$4,238 and \$4,426, respectively, for police. The OP&F's total health care expense for the year ended December 31, 2006 (the latest information available) was \$120,373,722, which was net of member contributions of \$58,532,848. The number of OP&F participants eligible to receive health care benefits as of December 31, 2006, was 14,120 for police.

Note 12 - Leases

A summary of the lease transactions for the year ended December 31, 2007, follows:

	Interest Rate	Balance at December 31, 2006	Additions	Reductions	Balance at December 31, 2007
Fire Truck	4.696%	\$239,485	\$0	\$28,727	\$210,758
Loader Backhoe	7.299%	0	49,440	0	49,440

Village of Coal Grove, Lawrence County
Notes to the Basic Financial Statements
For the Years Ended December 31, 2007 and 2006

A summary of the lease transactions for the year ended December 31, 2006, follows:

	Interest Rate	Balance at December 31, 2005	Additions	Reductions	Balance at December 31, 2006
Fire Truck	4.696%	\$0	\$239,485	\$0	\$239,485

The fire truck lease was entered into on May 15, 2006. The Village established an emergency services fee which is assessed on utility bills to pay for the fire truck. Lease payments total \$41,390.29 annually through May 17, 2013. The Village has the option to purchase the fire truck at any time throughout the lease.

The loader backhoe lease was entered into on February 27, 2007. Lease payments total \$11,513.93 annually through February 27, 2012. The Village has the option to purchase the loader backhoe at any time throughout the lease.

Note 13- Notes Payable

A summary of the note transactions for the year ended December 31, 2007, follows:

	Interest Rate	Balance at December 31, 2006	Additions	Reductions	Balance at December 31, 2007
2006 Bond Anticipation Note	5.17%	\$110,000	\$0	\$110,000	\$0
2007 Bond Anticipation Note	4.96%	0	80,000	0	80,000
Commercial Line of Credit	8.79%	209,597	82,580	292,177	0

A summary of the note transactions for the year ended December 31, 2006, follows:

	Interest Rate	Balance at December 31, 2005	Additions	Reductions	Balance at December 31, 2006
2005 Bond Anticipation Note	3.1%	\$120,000	\$0	\$120,000	\$0
2006 Bond Anticipation Note	5.17%	0	110,000	0	110,000
Commercial Line of Credit	8.79%	0	537,577	327,980	209,597

The bond anticipation note originated for \$150,000 for the purchase of a wood chipper, a tractor, and to pave streets in disrepair. All note proceeds have been spent at December 31, 2007. A \$10,000 payment to principal plus the interest is paid each year and a new note issued for the balance. Village Council moved to pay \$30,000 on the note in 2007 to pay it off at an earlier date. The bond anticipation note is backed by the full faith and credit of the Village and matures in 2008.

The commercial line of credit was obtained to allow the Village to pay for costs associated with the boat dock project. The total amount of the commercial line of credit was \$350,000 and was to mature on July 5, 2007 but was extended through October 5, 2007.

Village of Coal Grove, Lawrence County
Notes to the Basic Financial Statements
For the Years Ended December 31, 2007 and 2006

Note 14 – Debt

The Village's long-term debt activity for the year ended December 31, 2007, was as follows:

	Interest Rate	Balance December 31, 2006	Additions	Reductions	Balance December 31, 2007
<u>Business Type Activities</u>					
1988 OWDA Loan (\$707,721)	8.26%	\$218,836	\$0	\$31,873	\$186,963
1990 Special Assesment Bonds (\$495,000)	5.00%	369,200	0	11,200	358,000
Total Business-Type Activities		\$588,036	\$0	\$43,073	\$544,963

The Village's long-term debt activity for the year ended December 31, 2006, was as follows:

	Interest Rate	Balance December 31, 2005	Additions	Reductions	Balance December 31, 2006
<u>Business Type Activities</u>					
1988 OWDA Loan (\$707,721)	8.26%	\$250,084	\$0	\$31,248	\$218,836
1990 Special Assesment Bonds (\$495,000)	5.00%	379,800	0	10,600	369,200
Total Business-Type Activities		\$629,884	\$0	\$41,848	\$588,036

The Ohio Water Development Authority (OWDA) loan relates to a sewer system expansion project that was mandated by the Ohio Environmental Protection Agency. The loan is secured by sewer receipts. The Village has agreed to set utility rates to cover OWDA debt service requirements.

The special assessment bonds were obtained for the purpose of paying the costs of constructing improvement to the Village's wastewater system. Special assessments are being levied for the repayment of this issuance. The full faith, credit and revenue of the Village are pledged for the payment of this issue.

The following is a summary of the Village's future annual debt service requirements:

	<u>OWDA Loans</u>		<u>Special Assessment Bonds</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2008	\$32,510	\$3,739	\$11,700	\$17,900
2009	33,160	3,089	12,300	17,315
2010	33,824	2,426	12,900	16,700
2011	34,508	1,749	13,600	16,055
2012	35,190	1,059	14,300	15,375
2013-2017	17,771	345	82,700	65,430
2018-2022			105,400	42,600
2023-2026			105,100	13,455
Total	\$186,963	\$12,407	\$358,000	\$204,830

The Ohio Revised Code provides that net general obligation debt of the Village, exclusive of certain exempt debt, issued without a vote of the electors shall never exceed 5.5 percent of the tax valuation of the Village. The Revised Code further provides that total voted and unvoted net debt of the Village less the same exempt debt shall never exceed amount equal to 10.5 percent of its tax valuation. The effects of the debt limitations at December 31, 2007 and 2006, respectively, were an overall debt margin of \$2,014,867 and \$2,027,473 and an unvoted debt margin of \$1,055,407 and \$1,062,010.

Village of Coal Grove, Lawrence County
Notes to the Basic Financial Statements
For the Years Ended December 31, 2007 and 2006

Note 15 – Interfund Advances and Transfers

The following advances were made:

From:	To:	2007 Amount	2006 Amount
Sewer Operating Fund	General Fund		\$60,765
General Fund	Boat Dock Fund		17,500
Boat Dock Fund	General Fund	\$17,500	
General Fund	Sewer Operating Fund	40	
	Total Advances	\$17,540	\$78,265

The following transfers were made:

From:	To:	2007 Amount	2006 Amount
Boat Dock Fund	General Fund		\$4,572
General Fund	Boat Dock Fund	\$1,417	
	Total Transfers	\$1,417	\$4,572

Note 16 – Contingent Liabilities

Amounts grantor agencies pay to the Village are subject to audit and adjustment by the grantor, principally the federal government. Grantors 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 17– Subsequent Events

On February 5, 2008, Village Council discussed the sale of the L&J Property to the Collins Career Center. The property is to be sold for \$312,500.



Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Village of Coal Grove
Lawrence County
513 Carlton Davidson Lane
Coal Grove, Ohio 45638

To the Village Council:

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Coal Grove, Lawrence County, Ohio (the Village), as of and for the years ended December 31, 2007 and 2006, which collectively comprise the Village's basic financial statements and have issued our report thereon dated June 19, 2008, wherein, we noted the Village uses a comprehensive accounting basis other than generally accepted accounting principles. We also noted the Village uses the Auditor of State's Uniform Accounting Network (UAN) to process its financial transactions. *Government Auditing Standards* considers this service to impair the Auditor of State's independence to audit the Village. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinion on the financial statements, but not to opine on the effectiveness of the Village's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Village's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a certain deficiency in internal control over financial reporting that we consider a significant deficiency.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Village's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the Village's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

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We consider the following deficiency described in the accompanying Schedule of Findings to be a significant deficiency in internal control over financial reporting: 2007-004.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Village's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and accordingly, would not necessarily disclose all significant deficiencies that are also material weaknesses. However, of the significant deficiencies described above, we believe finding number 2007-004 is also material weaknesses.

We also noted certain internal control matters that we reported to the Village's management in a separate letter dated June 19, 2008.

Compliance and Other Matters

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters that we must report under *Government Auditing Standards*, which are described in the accompanying Schedule of Findings of as items 2007-001 through 2007-003.

We also noted certain noncompliance or other matters not requiring inclusion in this report that we reported to the Village's management in a separate letter dated June 19, 2008.

We intend this report solely for the information and use of the audit committee, management, and the Village Council. We intend it for no one other than these specified parties.



Mary Taylor, CPA
Auditor of State

June 19, 2008

**VILLAGE OF COAL GROVE
LAWRENCE COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2007 AND 2006**

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

Finding Number 2007-001

Noncompliance Citation

Ohio Rev. Code Section 5705.36(A)(2) allows all subdivisions to request increased amended certificates of estimated resources and reduced amended certificates upon a determination by the fiscal officer that revenue to be collected will be greater or less than the amount included in the official certificate of estimated resources.

Ohio Rev. Code Section 5705.36(A)(3) states, in part, that upon a determination by the fiscal officer of a subdivision that the revenue to be collected by the subdivision will be greater than the amount included in an official certificate and the legislative authority intends to appropriate and expend excess revenue, the fiscal officer shall certify the amount of excess of the Budget Commission and, if the Commission determines that the fiscal officer's certification is reasonable, the Commission shall certify an increased amended certificate reflecting the excess.

Ohio Rev. Code Section 5705.36(A)(4) states, in part, that upon a determination by the fiscal officer of a subdivision that the revenue to be collected by the subdivision will be less than the amount included in an official certificate and that the amount of the deficiency will reduce available resources below the level of current appropriations, the fiscal officer shall certify the amount of the deficiency to the Commission, and the Commission shall certify a reduced amended certificate.

Estimated receipts exceeded actual receipts at December 31, 2006 as follows:

Fund	Estimated Receipts	Actual Receipts	Variance
2061 Clean Ohio Grant Fund	\$1,760,230	\$705,636	(\$1,054,594)
2081 Drug Law Enforcement Fund	750	600	(150)
2271 Enforcement and Education Fund	750	600	(150)
5201 Sewer Fund	270,707	259,830	(10,877)
5601 Garbage Fund	72,562	70,371	(2,191)
5701 Water Repair and Replacement Fund	4,000	0	(4,000)
5761 Sewer Repair and Replacement Fund	4,000	0	(4,000)

**VILLAGE OF COAL GROVE
LAWRENCE COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2007 AND 2006
(Continued)**

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

Finding Number 2007-001 (Continued)

Noncompliance Citation – Ohio Rev. Code Section 5705.36(A)(2) (Continued)

Estimated receipts exceeded actual receipts at December 31, 2007 as follows:

Fund	Estimated Receipts	Actual Receipts	Variance
1000 General Fund	\$575,192	\$499,824	(\$75,368)
2011 Street Construction Fund	88,967	84,203	(4,764)
2063 Ohio Public Works Fund	179,000	57,379	(121,621)
2064 Boat Dock Fund	586,155	458,635	(127,520)
2065 ARC Sewer/State Grants Fund	321,000	114,133	(206,867)
2081 Drug Law Enforcement Fund	1,000	425	(575)
2271 Enforcement and Education Fund	1,000	425	(575)
2901 Street Light Fund	14,442	12,108	(2,334)
5101 Water Fund	491,650	477,997	(13,653)
5201 Sewer Fund	270,840	269,899	(941)

We recommend the Fiscal Officer monitor the estimated versus actual receipts closely to ensure that they are properly certified.

**VILLAGE OF COAL GROVE
LAWRENCE COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2007 AND 2006
(Continued)**

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

Finding Number 2007-002

Noncompliance Citation

Ohio Rev. Code Section 5705.41(B) prohibits a subdivision or taxing unit from expending money unless it has been appropriated.

Budgetary expenditures exceeded appropriations, as follows:

Fund	Appropriations	Budgetary Expenditures	Variance
<u>At December 31, 2006:</u>			
1000 General Fund	\$434,362	\$545,439	(\$111,077)
2011 Street Construction Fund	76,938	77,967	(1,029)
2063 Ohio Public Works Fund	0	14,145	(14,145)
2081 Drug Law Enforcement Fund	800	1,401	(601)
2271 Enforcement and Education Fund	1,589	1,821	(232)
5101 Water Fund	541,539	547,237	(5,698)
 <u>At June 30, 2007:</u>			
2064 Boat Dock Fund	376,468	377,885	(1,417)
 <u>At December 31, 2007:</u>			
1000 General Fund	471,108	555,495	(84,387)
2011 Street Construction Fund	93,947	94,667	(720)
2063 Ohio Public Works Fund	0	57,379	(57,379)
2064 Boat Dock Fund	434,634	459,134	(24,500)
5601 Garbage Fund	69,028	69,048	(20)

We recommend the Fiscal Officer not approve expenditures unless a proper amendment to appropriations has been approved by the Village Council.

Finding Number 2007-003

Noncompliance Citation

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

**VILLAGE OF COAL GROVE
LAWRENCE COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2007 AND 2006
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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Finding Number 2007-003 (Continued)

Noncompliance Citation – Ohio Rev. Code Section 5705.41(D)(1) (Continued)

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

1. "Then and Now" Certificate – If the fiscal officer can certify that both at the time that the contract or order was made ("then"), and at the time that the fiscal officer is completing the certification ("now"), that sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the Village can authorize the drawing of a warrant for the payment of the amount due. The Village has thirty days from the receipt of the "then and now" certificate to approve payment by ordinance or resolution.

Amounts of less than \$3,000 may be paid by the fiscal officer without a resolution or ordinance upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the Village.

2. Blanket Certificate – Fiscal officers may prepare "blanket" certificates for a certain sum of money not in excess of an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority against any specific line item account over a period not running beyond the end of the current fiscal year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.

3. Super Blanket Certificate – The Village may also make expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification is not to extend beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any line item appropriation.

Thirty-one percent (31%) of disbursements tested in 2006 and forty-two percent (42%) of disbursements tested in 2007 had invoice dates preceding the encumbrance date.

Failure to certify the availability of funds properly can result in overspending funds and negative cash fund balances.

Unless the Village uses the exceptions noted above, prior certification is not only required by statute but is also a key control in the disbursement process to assure that purchase commitments receive prior approval. To improve controls over disbursements and to help reduce the possibility of the Village's funds exceeding budgetary spending limitations, we recommend the Fiscal Officer certify that funds are or will be available prior to obligation by the Village. When prior certification is not possible, "then and now" certification should be used.

**VILLAGE OF COAL GROVE
LAWRENCE COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2007 AND 2006
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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Finding Number 2007-003 (Continued)

Noncompliance Citation – Ohio Rev. Code Section 5705.41(D)(1) (Continued)

We recommend the Village officials and employees obtain the Fiscal Officer's certification of the availability of funds prior to the commitment being incurred. The most convenient certification method is to use purchase orders that include the certificate language of Section 5705.41(D) requires to authorize disbursements. The Fiscal Officer should sign the certification at the time the Village incurs the commitment, and only when the requirements of Section 5705.41(D) are satisfied. The Fiscal Officer should post approved purchase orders to the proper appropriation code to reduce the available appropriation.

Finding Number 2007-004

Material Weakness – Financial Reporting

Sound financial reporting is the responsibility of the fiscal officer and governing board and is essential to ensure the information provided to the readers of the financial statements is complete and accurate.

As a result of the audit procedures performed, the following errors were noted in the financial statements for that required audit adjustment or reclassification:

- * In 2006, an Ohio Division of Natural Resources Grant receipt totaling \$327,980 was recorded in the General Fund instead of the Boat Dock Fund to pay the principal on the Line of Credit. Also, Proceeds from Line of Credit in the Boat Dock Fund totaling \$537,577 were posted as Intergovernmental Receipts. The disbursements of Principal and Interest were also reclassified from General Government Expenses. In 2007, Proceeds from Line of Credit in the Boat Dock Fund totaling \$82,580 were misposted as Intergovernmental Receipts. Principal and Interest to pay off the line of credit were posted as Capital Outlay.
- * In 2006 and 2007, homestead and rollback, personal property tax exemption reimbursement and public utilities deregulation monies were posted as Taxes in the General and Light Funds instead of as Intergovernmental Receipts.
- * In 2006 and 2007, Sewer Operating Fund special assessment monies collected for payment of sewer debt were posted as Taxes instead of Sewer Assessments.
- * In 2006 and 2007, Ohio Public Works Commission (OPWC) made disbursements totaling \$14,145 and \$53,379, respectively, on behalf of the Village that were not recorded by the Village as memo receipts and disbursements.
- * At January 1, 2006, there was a fund balance adjustment of \$33,497 that was moved from the Light Fund to the General Fund due to the misposting of general purpose tax levy monies. In 2006 and 2007, general purpose tax levy monies were posted to the Light Fund instead of the General Fund which resulted in fund balance adjustments totaling \$17,242 and \$17,397, respectively.
- * In 2006 and 2007, when the Village rolled over the Bond Anticipation Note, the Proceeds of Note totaling \$110,000 for 2006 and \$80,000 for 2007 were not recorded. Also, Principal and Interest paid on the notes at time of rollover were recorded as General Government Expenses.

**VILLAGE OF COAL GROVE
LAWRENCE COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2007 AND 2006
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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Finding Number 2007-004 (Continued)

Material Weakness - Financial Reporting (Continued)

- * In 2007, the Principal and Interest expense for the lease payment for the Fire Truck were posted as Security of Persons and Property Expenses in the Fire Fee Fund and as General Government Expenses in the General Fund.
- * In 2006 and 2007, Capital Outlay Expenses for the Clean Ohio Fund totaling \$705,636 and \$40,715, respectively, were misposted as General Government in 2006 and Basic Utility Services in 2007.
- * In 2006, a repayment of a previous advance totaling \$60,765 from the Sewer Operating Fund to the General Fund was misposted as a transfer.
- * In 2007, Community Development Block Grant disbursements totaling \$114,133 made by Lawrence County to vendors on behalf of the Village for a wastewater improvement project were not recorded as memo receipts and disbursements by the Village.

To ensure the Village's financial statements and notes to the financial statements are complete and accurate, the Village should adopt policies and procedures, including a final review of the statements and notes by the Fiscal Officer or Village Council, to identify and correct errors or omissions.

Officials' Response:

We did not receive a response from Officials to the findings reported above.

**VILLAGE OF COAL GROVE
LAWRENCE COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2007 AND 2006**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2004-001	Contrary to Ohio Rev. Code Section 2949.091, the Village Mayor's Court did not increase court costs effective September 26, 2003.	Yes	
2004-002; 2005-001	Ohio Rev. Code Section 5705.41 (D)(1), expenditures were not properly encumbered	No	See Finding Number 2007-003



Mary Taylor, CPA
Auditor of State

VILLAGE OF COAL GROVE

LAWRENCE COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JULY 8, 2008**