



Dave Yost • Auditor of State

VILLAGE OF COAL GROVE
LAWRENCE COUNTY

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LAWRENCE COUNTY

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Dave Yost • 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, 2011 and 2010, 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(A) mandates the Auditor of State to audit Ohio governments. We believe our audit provides a reasonable basis for our opinions.

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, 2011 and 2010, and the respective changes in cash financial position, thereof and the respective budgetary comparison for the General, Street, Federal, and Street Light Funds for the years then ended in conformity with the accounting basis Note 2 describes.

As described in Note 3, during 2010 the Village of Coal Grove adopted Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 7, 2012, 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.

We conducted our audit to opine on the Village's financial statements taken as a whole. Management's Discussion and Analysis includes tables of net assets, changes in net assets and governmental activities. These tables provide additional information, but are not part of the basic financial statements. However these tables are management's responsibility, and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. These tables were subject to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole. Other than the aforementioned procedures applied to the tables, we applied no procedures to any other information in Management's Discussion and Analysis, and we express no opinion or any other assurance on it.



Dave Yost
Auditor of State

June 7, 2012

Village of Coal Grove, Ohio
Lawrence County
Management's Discussion and Analysis
For the Years Ended December 31, 2011 and 2010
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, 2011 and 2010, 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 2011 are as follows:

Net assets of governmental activities increased \$40,748 or 49 percent, a significant change from the prior year. The reason for the increase was mainly due to an increase in Fines, Licenses, and Permits revenue in 2011.

The Village's general receipts are primarily municipal income taxes and debt proceeds. These receipts represent 40 and 35 percent of the total general receipts for governmental activities during the year. Municipal income tax receipts for 2011 changed very little compared to 2010 as development within the Village has remained consistent. Debt Proceeds were the result of an OWDA project done by the Village.

The utility operations had a decrease in net assets of \$26,052 in 2011 which was not a significant change from the prior year.

Key highlights for 2010 are as follows:

Net assets of governmental activities decreased \$47,177 or 36 percent, a somewhat significant change from the prior year. The main reason for the decrease was an increase in general government and security of persons and property expenditures in 2010.

The Village's general receipts are primarily municipal income taxes. These receipts represent 52 percent of the total general receipts for governmental activities during the year. Municipal income tax receipts for 2010 changed very little compared to 2009 as development within the Village has remained consistent.

The utility operations had a decrease in net assets of \$24,089 in 2010 which was not a significant change from the prior year.

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.

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.

Village of Coal Grove, Ohio
Lawrence County
Management's Discussion and Analysis
For the Years Ended December 31, 2011 and 2010
Unaudited

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 2011 and 2010, 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.

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.

Village of Coal Grove, Ohio
Lawrence County
Management's Discussion and Analysis
For the Years Ended December 31, 2011 and 2010
Unaudited

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 2011, the Village's major governmental funds are the General Fund, Federal Fund and Capital Improvement Fund. For 2010, the Village's major governmental funds are the General Fund, Street Fund, Federal Fund and Street 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. For 2011 and 2010, the Village's major enterprise funds are the Water Fund, Sewer Fund, and Trash Pickup 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 2011 compared to 2010 compared to 2009.

Village of Coal Grove, Ohio
Lawrence County
Management's Discussion and Analysis
For the Years Ended December 31, 2011 and 2010
Unaudited

(Table 1)
Net Assets

	Governmental Activities			Business-Type Activities			Total		
	2011	2010	2009	2011	2010	2009	2011	2010	2009
Assets									
Cash and Cash Equivalents	\$123,937	\$83,189	\$130,366	\$65,716	\$91,768	\$115,857	\$189,653	\$174,957	\$246,223
Total Assets	\$123,937	\$83,189	\$130,366	\$65,716	\$91,768	\$115,857	\$189,653	\$174,957	\$246,223
Net Assets									
Restricted for:									
Capital Projects	\$73,955	\$5,726					\$73,955	\$5,726	
Other Purposes	13,008	44,359	71,472				13,008	44,359	71,472
Unrestricted	36,974	33,104	58,894	\$65,716	\$91,768	\$115,857	102,690	124,872	174,751
Total Net Assets	\$123,937	\$83,189	\$130,366	\$65,716	\$91,768	\$115,857	\$189,653	\$174,957	\$246,223

As mentioned previously, net assets of governmental activities increased \$40,748 or 49 percent during 2011. The primary reason contributing to the increase in cash balances was as follows:

- The Fines, Licenses, and Permits revenue increased \$57,625 due to an increase in police personnel which caused an increase the number of tickets issued and revenues received.

As mentioned previously, net assets of governmental activities decreased \$47,177 or 36 percent during 2010. The primary reason contributing to the decrease in cash balances was as follows:

- There was an increase in police personnel in 2010 and there which resulted in an increase in salaries of those employees paid from governmental funds.

Table 2 reflects the changes in net assets in 2011 and 2010 and the comparisons to 2009.

Village of Coal Grove, Ohio
Lawrence County
Management's Discussion and Analysis
For the Years Ended December 31, 2011 and 2010
Unaudited

(Table 2)
Changes in Net Assets

	Governmental Activities 2011	Business Type Activities 2011	Total 2011	Governmental Activities 2010	Business Type Activities 2010	Total 2010	Governmental Activities 2009	Business Type Activities 2009	Total 2009
Receipts:									
Program Receipts:									
Charges for Services and Sales	\$272,494	\$844,142	\$1,116,636	\$125,474	\$859,487	\$984,961	\$89,111	\$797,549	\$886,660
Operating Grants and Contributions	74,553		74,553	73,611		73,611	71,261		71,261
Capital Grants and Contributions	236,181		236,181	392,843		392,843	19,731		19,731
Total Program Receipts	583,228	844,142	1,427,370	591,928	859,487	1,451,415	180,103	797,549	977,652
General Receipts:									
Property Taxes	43,167		43,167	42,429		42,429	35,009		35,009
Municipal Income Taxes	246,322		246,322	255,268		255,268	258,409		258,409
Special Assessments		47,193	47,193		49,987	49,987		46,932	46,932
Grants and Entitlements Not Restricted to Specific Programs	48,781		48,781	48,803		48,803	72,216		72,216
Cable Franchise Fees	6,045		6,045	12,529		12,529	12,410		12,410
Sale of Notes	40,000		40,000	50,000		50,000	70,000		70,000
Other Debt Proceeds	213,377		213,377	48,730		48,730	41,866		41,866
Sale of Capital Assets	625		625	10,010		10,010	17,575		17,575
Miscellaneous	13,666	1,031	14,697	25,096	2,706	27,802	12,220	970	13,190
Total General Receipts	611,983	48,224	660,207	492,865	52,693	545,558	519,705	47,902	567,607
Total Receipts	1,195,211	892,366	2,087,577	1,084,793	912,180	1,996,973	699,808	845,451	1,545,259
Disbursements:									
General Government	271,218		271,218	251,719		251,719	217,004		217,004
Security of Persons and Property	284,465		284,465	250,904		250,904	226,926		226,926
Leisure Time Activities	14,544		14,544	7,237		7,237	5,533		5,533
Community Environment	545		545	760		760	930		930
Transportation	116,103		116,103	116,377		116,377	89,444		89,444
Capital Outlay	408,581		408,581	451,544		451,544	120,624		120,624
Principal Retirements	50,000		50,000	50,857		50,857	80,000		80,000
Interest and Fiscal Charges	1,348		1,348	143		143	3,058		3,058
Water Operating		524,178	524,178		526,437	526,437		495,875	495,875
Sewer Operating		292,826	292,826		288,718	288,718		278,399	278,399
Trash Pickup Operating		108,903	108,903		122,774	122,774		122,913	122,913
Other Enterprise Operating		170	170		769	769		44	44
Total Disbursements	1,146,804	926,077	2,072,881	1,129,541	938,698	2,068,239	743,519	897,231	1,640,750
Excess (Deficiency) Before Transfers and Advances	48,407	(33,711)	14,696	(44,748)	(26,518)	(71,266)	(43,711)	(51,780)	(95,491)
Transfers	(624)	624					5,981	(5,981)	
Advances	(7,035)	7,035		(2,429)	2,429		(19,164)	19,164	
Increase (Decrease) in Net Assets	40,748	(26,052)	14,696	(47,177)	(24,089)	(71,266)	(56,894)	(38,597)	(95,491)
Net Assets, January 1	83,189	91,768	174,957	130,366	115,857	246,223	187,260	154,454	341,714
Net Assets, December 31	\$123,937	\$65,716	\$189,653	\$83,189	\$91,768	\$174,957	\$130,366	\$115,857	\$246,223

In 2011, governmental activities program receipts represent 49% of total governmental receipts and are primarily comprised of restricted intergovernmental receipts such as motor vehicle license and gas tax money, OWDA grant money, and charges for services.

In 2010, governmental activities program receipts represent 55% of total governmental receipts and are primarily comprised of restricted intergovernmental receipts such as motor vehicle license and gas tax money, OWDA grant money, and charges for services.

In 2011, governmental activities general receipts represent 51% of the Village's total governmental receipts, and of this amount, 47% are property taxes and municipal income taxes. Debt proceeds 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, Ohio
Lawrence County
Management's Discussion and Analysis
For the Years Ended December 31, 2011 and 2010
Unaudited

In 2010, governmental activities general receipts represent 45% of the Village's total governmental receipts, and of this amount, 60% are property taxes and municipal income taxes. Debt Proceeds and grants and entitlements make up the balance of the Village's general receipts. Other receipts are insignificant and somewhat unpredictable revenue sources.

In 2011 and 2010, 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. 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 2011, the major program disbursements for governmental activities are for capital outlay and security of persons and property, which account for 36 and 25 percent of all governmental disbursements, respectively. In 2010, the major program disbursements for governmental activities are for capital outlay and general government, which account for 40 and 22 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.

Village of Coal Grove, Ohio
Lawrence County
Management's Discussion and Analysis
For the Years Ended December 31, 2011 and 2010
Unaudited

(Table 3)
Governmental Activities

	Total Cost of Services 2011	Net Cost of Services 2011	Total Cost of Services 2010	Net Cost of Services 2010	Total Cost of Services 2009	Net Cost of Services 2009
General Government	\$271,218	\$86,961	\$251,719	\$128,699	\$217,004	\$130,793
Security of Persons & Property	284,465	284,457	250,904	250,891	226,926	226,906
Leisure Time Activities	14,544	12,969	7,237	5,452	5,533	3,678
Community Environment	545	(230)	760	(462)	930	(95)
Basic Utility Service				(22)		
Transportation	116,103	44,525	116,377	43,354	89,444	18,183
Capital Outlay	408,581	83,546	451,544	58,701	120,624	100,893
Principal Payments	50,000	50,000	50,857	50,857	80,000	80,000
Interest and Fiscal Charges	1,348	1,348	143	143	3,058	3,058
Total Expenses	\$1,146,804	\$563,576	\$1,129,541	\$537,613	\$743,519	\$563,416

Business-type Activities

The water operation of the Village is fairly large and routinely reports receipts and cash disbursements that are relatively equal. The infrastructure did undergo major repairs throughout 2010 and 2011. OWDA monies were utilized to assist in the funding of those projects.

The Village's Funds

In 2011, total governmental funds had receipts, including other financing sources, of \$1,197,343 and disbursements, including other financing uses, of \$1,156,595. The greatest changes with governmental funds occurred within the Capital Improvement Fund.

In 2010, total governmental funds had receipts, including other financing sources, of \$1,084,793 and disbursements, including other financing uses, of \$1,131,970. The greatest changes with governmental funds occurred within the General Fund.

At the end of 2010, General Fund receipts were less than disbursements by \$25,791 indicating that the General Fund is in a deficit spending situation. It was the recommendation of administration that a reduction in disbursements was preferable to requesting additional funds from the taxpayers. Some of these reductions were implemented in 2011, and the situation in 2011 was improved.

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 2011, the Village amended its General Fund budget to reflect changing circumstances. Final disbursements were budgeted at \$561,567 equaling actual disbursements of \$561,567.

During 2010, the Village amended its General Fund budget to reflect changing circumstances. Final disbursements were budgeted at \$514,642 while actual disbursements were \$564,642.

Village of Coal Grove, Ohio
Lawrence County
Management's Discussion and Analysis
For the Years Ended December 31, 2011 and 2010
Unaudited

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, 2011, the Village's outstanding long term debt of \$454,147, included two OWDA loans, a USDA Special Assessment Bond and a Water Well Loan. For further information regarding the Village's debt, refer to Notes 12 and 13 to the basic financial statements.

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. 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, Ohio
Lawrence County
Statement of Net Assets - Cash Basis
December 31, 2011

	<u>Governmental Activities</u>	<u>Business - Type Activities</u>	<u>Total</u>
Assets			
Equity in Pooled Cash and Cash Equivalents	<u>\$123,937</u>	<u>\$65,716</u>	<u>\$189,653</u>
<i>Total Assets</i>	<u><u>\$123,937</u></u>	<u><u>\$65,716</u></u>	<u><u>\$189,653</u></u>
Net Assets			
Restricted for:			
Capital Projects	\$73,955		\$73,955
Other Purposes	13,008		13,008
Unrestricted	<u>36,974</u>	<u>\$65,716</u>	<u>102,690</u>
<i>Total Net Assets</i>	<u><u>\$123,937</u></u>	<u><u>\$65,716</u></u>	<u><u>\$189,653</u></u>

See accompanying notes to the basic financial statements

Village of Coal Grove, Ohio
Lawrence County
Statement of Assets and Fund Balances - Cash Basis
Governmental Funds
December 31, 2011

	General Fund	Federal Fund	Capital Improvement Fund	Other Governmental Funds	Total Governmental Funds
Assets					
Equity in Pooled Cash	\$36,974	\$194	\$73,955	\$12,814	\$123,937
<i>Total Assets</i>	<u>\$36,974</u>	<u>\$194</u>	<u>\$73,955</u>	<u>\$12,814</u>	<u>\$123,937</u>
Fund Balances					
Restricted		\$194		\$12,814	\$13,008
Committed			\$73,955		73,955
Assigned	\$36,974				36,974
<i>Total Fund Balances</i>	<u>\$36,974</u>	<u>\$194</u>	<u>\$73,955</u>	<u>\$12,814</u>	<u>\$123,937</u>

See accompanying notes to the basic financial statements

Village of Coal Grove, Ohio
Lawrence County
Statement of Receipts, Disbursements and Changes Fund Balances - Cash Basis
Governmental Funds
For the Year Ended December 31, 2011

	General Fund	Federal Fund	Capital Improvement Fund	Other Governmental Funds	Total Governmental Funds
Receipts					
Municipal Income Taxes	\$246,322				\$246,322
Property Taxes	43,167				43,167
Intergovernmental	37,043	\$173,167		\$149,305	359,515
Special Assessments			\$88,854		88,854
Charges for Services	1,575			8	1,583
Fines, Licenses and Permits	187,903			200	188,103
Miscellaneous	13,660			5	13,665
<i>Total Receipts</i>	<u>529,670</u>	<u>173,167</u>	<u>88,854</u>	<u>149,518</u>	<u>941,209</u>
Disbursements					
Current:					
Security of Persons and Property	282,616			1,849	284,465
Leisure Time Activities	14,544				14,544
Community Environment	545				545
Transportation				116,103	116,103
General Government	208,204			63,014	271,218
Capital Outlay		386,403	20,625	1,553	408,581
Debt Service:					
Principal Retirement	50,000				50,000
Interest and Fiscal Charges	1,348				1,348
<i>Total Disbursements</i>	<u>557,257</u>	<u>386,403</u>	<u>20,625</u>	<u>182,519</u>	<u>1,146,804</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(27,587)</u>	<u>(213,236)</u>	<u>68,229</u>	<u>(33,001)</u>	<u>(205,595)</u>
Other Financing Sources (Uses)					
Sale of Notes	40,000				40,000
Other Debt Proceeds		213,377			213,377
Sale of Capital Assets	625				625
Transfers In				1,649	1,649
Transfers Out	(1,649)	(624)			(2,273)
Advances In		483			483
Advances Out	(7,518)				(7,518)
<i>Total Other Financing Sources (Uses)</i>	<u>31,458</u>	<u>213,236</u>	<u>0</u>	<u>1,649</u>	<u>246,343</u>
<i>Net Change in Fund Balances</i>	3,871	0	68,229	(31,352)	40,748
<i>Fund Balances Beginning of Year</i>	<u>33,103</u>	<u>194</u>	<u>5,726</u>	<u>44,166</u>	<u>83,189</u>
<i>Fund Balances End of Year</i>	<u>\$36,974</u>	<u>\$194</u>	<u>\$73,955</u>	<u>\$12,814</u>	<u>\$123,937</u>

See accompanying notes to the basic financial statements

Village of Coal Grove, Ohio
Lawrence County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
General Fund
For the Year Ended December 31, 2011

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Municipal Income Taxes	\$260,000	\$246,322	\$246,322	\$0
Property Taxes	44,700	43,167	43,167	0
Intergovernmental	35,433	37,043	37,043	0
Charges for Services	2,000	1,575	1,575	0
Fines, Licenses and Permits	131,700	187,903	187,903	0
Miscellaneous	27,000	13,660	13,660	0
<i>Total Receipts</i>	500,833	529,670	529,670	0
Disbursements				
Current:				
Security of Persons and Property	253,488	285,530	285,530	0
Leisure Time Activities	7,550	14,544	14,544	0
Community Environment	810	545	545	0
Transportation	200			0
General Government	214,335	209,600	209,600	0
Debt Service:				
Principal Retirement	42,500	50,000	50,000	0
Interest and Fiscal Charges		1,348	1,348	0
<i>Total Disbursements</i>	518,883	561,567	561,567	0
<i>Excess of Receipts Over (Under) Disbursements</i>	(18,050)	(31,897)	(31,897)	0
Other Financing Sources (Uses)				
Sale of Notes	50,000	40,000	40,000	0
Sale of Capital Assets	11,000	625	625	0
Transfers Out		(1,649)	(1,649)	0
Advances Out		(7,518)	(7,518)	0
<i>Total Other Financing Sources (Uses)</i>	61,000	31,458	31,458	0
<i>Net Change in Fund Balance</i>	42,950	(439)	(439)	0
<i>Fund Balance Beginning of Year</i>	87,166	87,166	87,166	0
Prior Year Encumbrances Appropriated	5,937	5,937	5,937	0
<i>Fund Balance End of Year</i>	\$136,053	\$92,664	\$92,664	\$0

See accompanying notes to the basic financial statements

Village of Coal Grove, Ohio
Lawrence County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
Federal Fund
For the Year Ended December 31, 2011

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Receipts				
Intergovernmental	\$208,000	\$489,517	\$173,167	(\$316,350)
<i>Total Receipts</i>	<u>208,000</u>	<u>489,517</u>	<u>173,167</u>	<u>(316,350)</u>
Disbursements				
Capital Outlay	490,000	490,000	386,403	103,597
<i>Total Disbursements</i>	<u>490,000</u>	<u>490,000</u>	<u>386,403</u>	<u>103,597</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(282,000)</u>	<u>(483)</u>	<u>(213,236)</u>	<u>(212,753)</u>
Other Financing Sources (Uses)				
Other Debt Proceeds			213,377	213,377
Transfers Out		(624)	(624)	0
Advances In		483	483	0
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>(141)</u>	<u>213,236</u>	<u>213,377</u>
<i>Net Change in Fund Balance</i>	<u>(282,000)</u>	<u>(624)</u>	<u>0</u>	<u>624</u>
<i>Fund Balance Beginning of Year</i>	194	194	194	0
Prior Year Encumbrances Appropriated	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>(\$281,806)</u>	<u>(\$430)</u>	<u>\$194</u>	<u>\$624</u>

See accompanying notes to the basic financial statements

Village of Coal Grove, Ohio
Lawrence County
Statement of Fund Net Assets - Cash Basis
Proprietary Funds
 December 31, 2011

	Business-Type Activities				Total Enterprise Funds
	Water Fund	Sewer Fund	Trash Pickup Fund	Other Enterprise Funds	
Assets					
Equity in Pooled Cash and Cash Equivalents	\$24,726	\$31,600	\$9,390	\$0	\$65,716
<i>Total Assets</i>	<u>\$24,726</u>	<u>\$31,600</u>	<u>\$9,390</u>	<u>\$0</u>	<u>\$65,716</u>
Net Assets					
Unrestricted	\$24,726	\$31,600	\$9,390	\$0	65,716
<i>Total Net Assets</i>	<u>\$24,726</u>	<u>\$31,600</u>	<u>\$9,390</u>	<u>\$0</u>	<u>\$65,716</u>

See accompanying notes to the basic financial statements

Village of Coal Grove, Ohio
Lawrence County
Statement of Receipts, Disbursements and Changes in Fund Net Assets - Cash Basis
Proprietary Funds
For the Year Ended December 31, 2011

	Business-Type Activities				Total Enterprise Funds
	Water Fund	Sewer Fund	Trash Pickup Fund	Other Enterprise Funds	
Operating Receipts					
Charges for Services	\$513,082	\$213,525	\$117,535		\$844,142
<i>Total Operating Receipts</i>	<u>513,082</u>	<u>213,525</u>	<u>117,535</u>	<u>\$0</u>	<u>844,142</u>
Operating Disbursements					
Personal Services	221,443	57,304	5,053		283,800
Employee Fringe Benefits	165,829	41,178	155		207,162
Contractual Services	42,615	61,405	103,695		207,715
Supplies and Materials	81,657	66,896		170	148,723
Other	9,019				9,019
<i>Total Operating Disbursements</i>	<u>520,563</u>	<u>226,783</u>	<u>108,903</u>	<u>170</u>	<u>856,419</u>
<i>Operating Income (Loss)</i>	<u>(7,481)</u>	<u>(13,258)</u>	<u>8,632</u>	<u>(170)</u>	<u>(12,277)</u>
Non-Operating Receipts (Disbursements)					
Special Assessments		47,193			47,193
Miscellaneous Receipts	1,031				1,031
Capital Outlay	(33)				(33)
Principal Retirement	(3,529)	(47,920)			(51,449)
Interest and Other Fiscal Charges	(53)	(18,123)			(18,176)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(2,584)</u>	<u>(18,850)</u>	<u>0</u>	<u>\$0</u>	<u>(21,434)</u>
<i>Income (Loss) before Transfers and Advances</i>	<u>(10,065)</u>	<u>(32,108)</u>	<u>8,632</u>	<u>(170)</u>	<u>(33,711)</u>
Transfers In	624				624
Advances In	6,760		758		7,518
Advances Out	(483)				(483)
<i>Change in Net Assets</i>	<u>(3,164)</u>	<u>(32,108)</u>	<u>9,390</u>	<u>(170)</u>	<u>(26,052)</u>
<i>Net Assets Beginning of Year</i>	<u>27,890</u>	<u>63,708</u>	<u>0</u>	<u>170</u>	<u>91,768</u>
<i>Net Assets End of Year</i>	<u>\$24,726</u>	<u>\$31,600</u>	<u>\$9,390</u>	<u>\$0</u>	<u>\$65,716</u>

See accompanying notes to the basic financial statements

Village of Coal Grove, Ohio
Lawrence County
Statement of Fiduciary Net Assets - Cash Basis
Fiduciary Fund
December 31, 2011

	<u>Agency</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$9,494</u>
<i>Total Assets</i>	<u><u>\$9,494</u></u>
Net Assets	
Held on Behalf of Mayor's Court	<u>9,494</u>
<i>Total Net Assets</i>	<u><u>\$9,494</u></u>

See accompanying notes to the basic financial statements

Village of Coal Grove, Ohio
Lawrence County
Statement of Net Assets - Cash Basis
December 31, 2010

	<u>Governmental Activities</u>	<u>Business - Type Activities</u>	<u>Total</u>
Assets			
Equity in Pooled Cash and Cash Equivalents	<u>\$83,189</u>	<u>\$91,768</u>	<u>\$174,957</u>
<i>Total Assets</i>	<u><u>\$83,189</u></u>	<u><u>\$91,768</u></u>	<u><u>\$174,957</u></u>
Net Assets			
Restricted for:			
Capital Projects	\$5,726		\$5,726
Other Purposes	44,359		44,359
Unrestricted	<u>33,104</u>	<u>\$91,768</u>	<u>124,872</u>
<i>Total Net Assets</i>	<u><u>\$83,189</u></u>	<u><u>\$91,768</u></u>	<u><u>\$174,957</u></u>

See accompanying notes to the basic financial statements

Village of Coal Grove, Ohio
Lawrence County
Statement of Activities - Cash Basis
For the Year Ended December 31, 2010

	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							
Current:							
Security of Persons and Property	\$250,904	\$13			(\$250,891)		(\$250,891)
Leisure Time Activities	7,237	1,785			(5,452)		(5,452)
Community Environment	760	700	\$522		462		462
Basic Utility Services			22		22		22
Transportation	116,377		73,023		(43,354)		(43,354)
General Government	251,719	122,976	44		(128,699)		(128,699)
Capital Outlay	451,544			\$392,843	(58,701)		(58,701)
Debt Service:							
Principal Retirement	50,857				(50,857)		(50,857)
Interest and Fiscal Charges	143				(143)		(143)
Total Governmental Activities	1,129,541	125,474	73,611	392,843	(537,613)	\$0	(537,613)
Business-Type Activities							
Water	526,437	520,196				(6,241)	(6,241)
Sewer	288,718	218,934				(69,784)	(69,784)
Trash Pickup	122,774	120,357				(2,417)	(2,417)
Sewer Repair and Replace	769					(769)	(769)
Total Business-Type Activities	938,698	859,487	0	0	0	(79,211)	(79,211)
Total Primary Government	\$2,068,239	\$984,961	\$73,611	\$392,843	(537,613)	(79,211)	(616,824)
			General Receipts:				
			Property Taxes Levied for:				
			General Purposes		42,429		42,429
			Special Assessments			49,987	49,987
			Income Taxes		255,268		255,268
			Grants and Entitlements not Restricted to Specific Programs		48,803		48,803
			Sale of Notes		50,000		50,000
			Other Debt Proceeds		48,730		48,730
			Sale of Capital Assets		10,010		10,010
			Cable Franchise Fees		12,529		12,529
			Miscellaneous		25,096	2,706	27,802
			Advances		(2,429)	2,429	0
			Total General Receipts, Transfers and Advances		490,436	55,122	545,558
			Change in Net Assets		(47,177)	(24,089)	(71,266)
			Net Assets Beginning of Year		130,366	115,857	246,223
			Net Assets End of Year		\$83,189	\$91,768	\$174,957

See accompanying notes to the basic financial statements

Village of Coal Grove, Ohio
Lawrence County
Statement of Assets and Fund Balances - Cash Basis
Governmental Funds
December 31, 2010

	General Fund	Street Fund	Federal Fund	Street Light Fund	Other Governmental Funds	Total Governmental Funds
Assets						
Equity in Pooled Cash	\$33,103	\$17,099	\$194	\$22,168	\$10,625	\$83,189
<i>Total Assets</i>	<u>\$33,103</u>	<u>\$17,099</u>	<u>\$194</u>	<u>\$22,168</u>	<u>\$10,625</u>	<u>\$83,189</u>
Fund Balances						
Restricted		\$17,099	\$194	\$22,168	\$10,625	\$50,086
Assigned	\$5,937					5,937
Unassigned (Deficit)	27,166					27,166
<i>Total Fund Balances</i>	<u>\$33,103</u>	<u>\$17,099</u>	<u>\$194</u>	<u>\$22,168</u>	<u>\$10,625</u>	<u>\$83,189</u>

See accompanying notes to the basic financial statements

Village of Coal Grove, Ohio
Lawrence County
Statement of Receipts, Disbursements and Changes Fund Balances - Cash Basis
Governmental Funds
For the Year Ended December 31, 2010

	General Fund	Street Fund	Federal Fund	Street Light Fund	Other Governmental Funds	Total Governmental Funds
Receipts						
Municipal Income Taxes	\$255,268					\$255,268
Property Taxes	28,778			\$11,157		39,935
Intergovernmental	34,177	\$113,587	\$360,541	2,516	\$6,930	517,751
Special Assessments					5,726	5,726
Charges for Services	1,785				13	1,798
Fines, Licenses and Permits	130,228				250	130,478
Miscellaneous	25,097					25,097
<i>Total Receipts</i>	<u>475,333</u>	<u>113,587</u>	<u>360,541</u>	<u>13,673</u>	<u>12,919</u>	<u>976,053</u>
Disbursements						
Current:						
Security of Persons and Property	248,942				1,963	250,905
Leisure Time Activities	7,237					7,237
Community Environment	760					760
Transportation	47	87,218		22,888	6,223	116,376
General Government	251,719					251,719
Capital Outlay		34,603	409,077		7,864	451,544
Debt Service:						
Principal Retirement	50,000				857	50,857
Interest and Fiscal Charges					143	143
<i>Total Disbursements</i>	<u>558,705</u>	<u>121,821</u>	<u>409,077</u>	<u>22,888</u>	<u>17,050</u>	<u>1,129,541</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(83,372)</u>	<u>(8,234)</u>	<u>(48,536)</u>	<u>(9,215)</u>	<u>(4,131)</u>	<u>(153,488)</u>
Other Financing Sources (Uses)						
Sale of Notes	50,000					50,000
Other Debt Proceeds			48,730			48,730
Sale of Capital Assets	10,010					10,010
Advances Out	(2,429)					(2,429)
<i>Total Other Financing Sources (Uses)</i>	<u>57,581</u>	<u>0</u>	<u>48,730</u>	<u>0</u>	<u>0</u>	<u>106,311</u>
<i>Net Change in Fund Balances</i>	<u>(25,791)</u>	<u>(8,234)</u>	<u>194</u>	<u>(9,215)</u>	<u>(4,131)</u>	<u>(47,177)</u>
<i>Fund Balances Beginning of Year</i>	<u>58,894</u>	<u>25,333</u>	<u>0</u>	<u>31,383</u>	<u>14,756</u>	<u>130,366</u>
<i>Fund Balances End of Year</i>	<u>\$33,103</u>	<u>\$17,099</u>	<u>\$194</u>	<u>\$22,168</u>	<u>\$10,625</u>	<u>\$83,189</u>

See accompanying notes to the basic financial statements

Village of Coal Grove, Ohio
Lawrence County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
General Fund
For the Year Ended December 31, 2010

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts				
Municipal Income Taxes	\$284,484	\$284,484	\$255,268	(\$29,216)
Property Taxes	28,801	28,801	28,778	(23)
Intergovernmental	42,042	42,042	34,177	(7,865)
Charges for Services	1,919	1,919	1,785	(134)
Fines, Licenses and Permits	110,338	110,338	130,228	19,890
Miscellaneous	16,035	16,035	25,097	9,062
<i>Total Receipts</i>	<u>483,619</u>	<u>483,619</u>	<u>475,333</u>	<u>(8,286)</u>
Disbursements				
Current:				
Security of Persons and Property	216,244	253,768	253,768	0
Leisure Time Activities	7,034	7,237	7,237	0
Community Environment	980	760	760	0
Transportation	50	47	47	0
General Government	290,515	252,830	252,830	0
Debt Service:				
Principal Retirement			50,000	(50,000)
<i>Total Disbursements</i>	<u>514,823</u>	<u>514,642</u>	<u>564,642</u>	<u>(50,000)</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(31,204)</u>	<u>(31,023)</u>	<u>(89,309)</u>	<u>(58,286)</u>
Other Financing Sources (Uses)				
Sale of Notes			50,000	50,000
Sale of Capital Assets	18,181	18,181	10,010	(8,171)
Advances Out	(29)		(2,429)	(2,429)
<i>Total Other Financing Sources (Uses)</i>	<u>18,152</u>	<u>18,181</u>	<u>57,581</u>	<u>39,400</u>
<i>Net Change in Fund Balance</i>	(13,052)	(12,842)	(31,728)	(18,886)
<i>Fund Balance Beginning of Year</i>	57,710	57,710	57,710	0
Prior Year Encumbrances Appropriated	61,184	61,184	61,184	0
<i>Fund Balance End of Year</i>	<u>\$105,842</u>	<u>\$106,052</u>	<u>\$87,166</u>	<u>(\$18,886)</u>

See accompanying notes to the basic financial statements

Village of Coal Grove, Ohio
Lawrence County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
Street Fund
For the Year Ended December 31, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Intergovernmental	\$76,220	\$76,220	\$113,587	\$37,367
<i>Total Receipts</i>	76,220	76,220	113,587	37,367
Disbursements				
Current:				
Transportation	79,021	87,494	87,494	0
Capital Outlay	3,669	2,301	34,603	(32,302)
<i>Total Disbursements</i>	82,690	89,795	122,097	(32,302)
<i>Excess of Receipts Over (Under) Disbursements</i>	(6,470)	(13,575)	(8,510)	5,065
 <i>Net Change in Fund Balance</i>	(6,470)	(13,575)	(8,510)	5,065
<i>Fund Balance Beginning of Year</i>	20,400	20,400	20,400	0
Prior Year Encumbrances Appropriated	0	0	0	0
<i>Fund Balance End of Year</i>	\$13,930	\$6,825	\$11,890	\$5,065

See accompanying notes to the basic financial statements

Village of Coal Grove, Ohio
Lawrence County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
Federal Fund
For the Year Ended December 31, 2010

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Receipts				
Intergovernmental			\$360,541	\$360,541
<i>Total Receipts</i>	\$0	\$0	360,541	360,541
Disbursements				
Capital Outlay	410,000	409,077	409,077	0
<i>Total Disbursements</i>	410,000	409,077	409,077	0
<i>Excess of Receipts Over (Under) Disbursements</i>	(410,000)	(409,077)	(48,536)	360,541
Other Financing Sources (Uses)				
Other Debt Proceeds			48,730	48,730
<i>Total Other Financing Sources (Uses)</i>	0	0	48,730	48,730
<i>Net Change in Fund Balance</i>	(410,000)	(409,077)	194	409,271
<i>Fund Balance Beginning of Year</i>	0	0	0	0
Prior Year Encumbrances Appropriated	0	0	0	0
<i>Fund Balance End of Year</i>	<u>(\$410,000)</u>	<u>(\$409,077)</u>	<u>\$194</u>	<u>\$409,271</u>

See accompanying notes to the basic financial statements

Village of Coal Grove, Ohio
Lawrence County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
Street Light Fund
For the Year Ended December 31, 2010

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Receipts				
Property Taxes	\$7,500	\$7,500	\$11,157	\$3,657
Intergovernmental			2,516	2,516
<i>Total Receipts</i>	<u>7,500</u>	<u>7,500</u>	<u>13,673</u>	<u>6,173</u>
Disbursements				
Current:				
Transportation	<u>15,747</u>	<u>22,888</u>	<u>22,888</u>	<u>0</u>
<i>Total Disbursements</i>	<u>15,747</u>	<u>22,888</u>	<u>22,888</u>	<u>0</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(8,247)</u>	<u>(15,388)</u>	<u>(9,215)</u>	<u>6,173</u>
<i>Net Change in Fund Balance</i>	(8,247)	(15,388)	(9,215)	6,173
<i>Fund Balance Beginning of Year</i>	31,383	31,383	31,383	0
Prior Year Encumbrances Appropriated	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$23,136</u>	<u>\$15,995</u>	<u>\$22,168</u>	<u>\$6,173</u>

See accompanying notes to the basic financial statements

Village of Coal Grove, Ohio
Lawrence County
Statement of Fund Net Assets - Cash Basis
Proprietary Funds
December 31, 2010

	Business-Type Activities				Total Enterprise Funds
	Water Fund	Sewer Fund	Trash Pickup Fund	Other Enterprise Funds	
Assets					
Equity in Pooled Cash and Cash Equivalents	\$27,890	\$63,708	\$0	\$170	\$91,768
<i>Total Assets</i>	<u>\$27,890</u>	<u>\$63,708</u>	<u>\$0</u>	<u>\$170</u>	<u>\$91,768</u>
Net Assets					
Unrestricted	\$27,890	\$63,708	\$0	\$170	91,768
<i>Total Net Assets</i>	<u>\$27,890</u>	<u>\$63,708</u>	<u>\$0</u>	<u>\$170</u>	<u>\$91,768</u>

See accompanying notes to the basic financial statements

Village of Coal Grove, Ohio
Lawrence County
Statement of Receipts, Disbursements and Changes in Fund Net Assets - Cash Basis
Proprietary Funds
For the Year Ended December 31, 2010

	Business-Type Activities				Total Enterprise Funds
	Water Fund	Sewer Fund	Trash Pickup Fund	Other Enterprise Funds	
Operating Receipts					
Charges for Services	\$520,196	\$218,934	\$120,357		\$859,487
<i>Total Operating Receipts</i>	<u>520,196</u>	<u>218,934</u>	<u>120,357</u>	<u>\$0</u>	<u>859,487</u>
Operating Disbursements					
Personal Services	218,050	54,123	9,379		281,552
Employee Fringe Benefits	174,016	38,210	513		212,739
Contractual Services	36,386	65,680	112,882		214,948
Supplies and Materials	87,925	64,792		769	153,486
Other	8,469				8,469
<i>Total Operating Disbursements</i>	<u>524,846</u>	<u>222,805</u>	<u>122,774</u>	<u>769</u>	<u>871,194</u>
<i>Operating Income (Loss)</i>	<u>(4,650)</u>	<u>(3,871)</u>	<u>(2,417)</u>	<u>(769)</u>	<u>(11,707)</u>
Non-Operating Receipts (Disbursements)					
Special Assessments		49,987			49,987
Miscellaneous Receipts	2,706				2,706
Capital Outlay	(81)				(81)
Principal Retirement	(1,510)	(46,724)			(48,234)
Interest and Other Fiscal Charges		(19,189)			(19,189)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>1,115</u>	<u>(15,926)</u>	<u>0</u>	<u>0</u>	<u>(14,811)</u>
<i>Income (Loss) before Transfers and Advances</i>	<u>(3,535)</u>	<u>(19,797)</u>	<u>(2,417)</u>	<u>(769)</u>	<u>(26,518)</u>
Advances In	2,400		29		2,429
<i>Change in Net Assets</i>	<u>(1,135)</u>	<u>(19,797)</u>	<u>(2,388)</u>	<u>(769)</u>	<u>(24,089)</u>
<i>Net Assets Beginning of Year</i>	<u>29,025</u>	<u>83,505</u>	<u>2,388</u>	<u>939</u>	<u>115,857</u>
<i>Net Assets End of Year</i>	<u>\$27,890</u>	<u>\$63,708</u>	<u>\$0</u>	<u>\$170</u>	<u>\$91,768</u>

See accompanying notes to the basic financial statements

Village of Coal Grove, Ohio
Lawrence County
Statement of Fiduciary Net Assets - Cash Basis
Fiduciary Fund
December 31, 2010

	<u>Agency</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$14,417</u>
<i>Total Assets</i>	<u><u>\$14,417</u></u>
Net Assets	
Held on Behalf of Mayor's Court	<u>14,417</u>
<i>Total Net Assets</i>	<u><u>\$14,417</u></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, 2011 and 2010

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 are included to ensure the financial statements of the Village are not misleading.

Primary Government

The primary government consists of all funds, departments, boards, and agencies that are not legally separate from the Village. The primary government of the Village provides the following services to its citizens: police and fire protection, parks and recreation, street maintenance and repairs, water, sewer and refuse collection. Council has direct responsibility for these services.

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 financial support to, the organization; or the Village is obligated for the debt of the organization. Component units may also include organizations for which the Village authorizes the issuance of debt or the levying of taxes or determines the budget if there is also the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the Village. The Village has no component units.

Public Entity Risk Pools

The Village participated in a public entity risk pool. 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.

Note 2 - Summary of Significant Accounting Policies

As discussed further in the "Basis of Accounting" section of this note, 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

Village of Coal Grove
Lawrence County
Notes to the Basic Financial Statements
For the Years Ended December 31, 2011 and 2010

before November 30, 1989, have been applied, to the extent they are applicable to the modified cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements. 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.

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 in nature and those that are considered business-type activities. 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 program or function of the Village's governmental activities 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, grants and contributions restricted to meeting the operational or capital requirements of a particular program, and receipts of interest earned on grants required to be used to support 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 program or business activity is self-financing on a cash basis or draws from the general receipts of the Village.

Fund Financial Statements During the year, the Village segregates transactions related to certain Village functions or activities in separate funds in order 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 fund is presented in a single column on the face of the proprietary fund financial 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.

Fund Accounting

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

Village of Coal Grove
Lawrence County
Notes to the Basic Financial Statements
For the Years Ended December 31, 2011 and 2010

Governmental Funds Governmental funds are those through which most governmental functions of the Village are financed. The following are the Village's major governmental funds:

General Fund (2011 and 2010) The General Fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Village for any purpose provided it is expended or transferred according to the general laws of Ohio.

Street Fund (2010 only) The Street Fund accounts for and reports that portion of the State gasoline tax and motor vehicle license registration fees restricted for maintenance and repair of streets within the Village.

Federal Fund (2011 and 2010) The Federal Fund received grant monies utilized to upgrade the utility system.

Street Light Fund (2010 only) The Street Light Fund received property tax revenues which were used to provide street lighting throughout the Village.

Capital Improvement Fund (2011 only) The Capital Improvement Fund received a user fee that residents pay through utility billings which is used for any capital improvements needed for the Village.

The other governmental funds of the Village account for and report grants and other resources, whose use is restricted, committed or assigned 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 funds or internal service funds.

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 following are the Village's major enterprise funds for 2011 and 2010:

Water Fund The water fund accounts for the provision of water treatment and distribution to the residents and commercial users located within the Village.

Sewer Fund The sewer fund accounts for the provision of sanitary sewer services to the residents and commercial users within the Village.

Trash Pickup Fund The trash pickup fund accounts for the provision of trash pickup services to the residents and commercial users within the Village.

Internal Service Fund The internal service fund accounts for the financing of services provided by one department or agency to other departments or agencies of the Village on a cost reimbursement basis. The Village has no internal service funds.

Village of Coal Grove
Lawrence County
Notes to the Basic Financial Statements
For the Years Ended December 31, 2011 and 2010

Fiduciary Funds Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds, and agency funds. Trust funds are used to account for assets held by the Village under a trust agreement for individuals, private organizations, or other governments and are not available to support the Village's own programs. The Village does not have any trust funds. Agency funds are purely custodial in nature and are used to account for assets held by the Village for individuals, other governments, or other organizations. The Village has one agency fund, 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.

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.

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.

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 Village Council may appropriate. The appropriations ordinance is Village Council's authorization to spend resources and sets annual limits on cash disbursements plus encumbrances at the level of control selected by Village Council. The legal level of control has been established by Village Council at the fund, function, and object 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 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 Village Council during the year.

Cash

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

Village of Coal Grove
Lawrence County
Notes to the Basic Financial Statements
For the Years Ended December 31, 2011 and 2010

Inventory and Prepaid Items

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

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.

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.

Employer Contributions to Cost-Sharing Pension Plans

The Village recognizes the disbursement for 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.

Long-Term Obligations

The Village's cash basis financial statements do not report liabilities for bonds and other long-term obligations. Proceeds of debt are reported when 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 is reported at inception. Lease payments are reported when paid.

Net Assets

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

The Village's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted resources are available.

Fund Balance

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

Nonspendable The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or are legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of interfund loans. The Village did not have any nonspendable fund balance in 2011 or 2010.

Village of Coal Grove
Lawrence County
Notes to the Basic Financial Statements
For the Years Ended December 31, 2011 and 2010

Restricted Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

Enabling legislation authorizes the Village to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. Legal enforceability means that the Village can be compelled by an external party—such as citizens, public interest groups, or the judiciary to use resources created by enabling legislation only for the purposes specified by the legislation.

Committed The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (ordinance or resolution) of Village Council. Those committed amounts cannot be used for any other purpose unless Village Council removes or changes the specified use by taking the same type of action (ordinance or resolution) it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, the committed fund balance classification may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by Village Council, separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints is not considered to be legally enforceable. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned Amounts in the assigned fund balance classification are intended to be used by the Village for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by Village Council or a Village official delegated that authority by ordinance, or by State Statute.

Unassigned Unassigned fund balance is the residual classification for the general fund and includes amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Village applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

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.

Village of Coal Grove
Lawrence County
Notes to the Basic Financial Statements
For the Years Ended December 31, 2011 and 2010

Note 3 – Change in Accounting Principle

For 2011 and 2010, the Village implemented Governmental Accounting Standard Board (GASB) Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions." GASB Statement No. 54 enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The implementation of GASB Statement No. 54 had no effect on actual beginning fund balances.

Note 4 - Compliance

The Village had material noncompliance violations as follows: Ohio Rev. Code Section 2949.091 (A)(1)(a)(b) for an increase in court costs not collected and remitted to the State; Ohio Rev. Code Section 5705.36 (A)(2) for appropriations exceeding actual resources in the Federal Fund for 2011; Ohio Rev. Code Section 5705.39 for appropriations exceeding estimated resources in various funds for 2011 and 2010; 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 – Budgetary Basis presented for the General Fund, Federal Fund, Street Light Fund, and Street Fund for 2010 and the General Fund and Federal Fund for 2011 is 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 restricted, committed or assigned fund balance (cash basis). The encumbrances outstanding at year end (budgetary basis) amounted to \$5,937 for the General Fund for 2010 and \$4,310 for the General Fund for 2011.

Note 6 – Deposits

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

Active deposits are public deposits 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.

Village of Coal Grove
Lawrence County
Notes to the Basic Financial Statements
For the Years Ended December 31, 2011 and 2010

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 two 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;
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) 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.

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

Deposits

Custodial credit risk 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, 2011, \$259,914 of the Village's bank balance was covered by Federal Deposit Insurance Corporation. At December 31, 2010, \$236,433 was covered by Federal Deposit Insurance Corporation. These balances were exposed to custodial credit risk because those deposits were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Village's name.

Village of Coal Grove
Lawrence County
Notes to the Basic Financial Statements
For the Years Ended December 31, 2011 and 2010

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 on substantially all income earned in the Village as well as incomes of residents outside the Village. Additional increases in the income tax rate require voter approval. Employers within the Village withhold income tax on employee compensation and remit at least quarterly and file an annual declaration.

Note 8 - Property Taxes

Property taxes include amounts levied against all real and public utility property located in the Village. Property tax revenue received during 2011 for real and public utility property taxes represents collections of 2010 taxes.

2011 real property taxes are levied after October 1, 2011, on the assessed value as of January 1, 2011, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2011 real property taxes are collected in and intended to finance 2012.

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits later payment dates to be established.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2011 public utility property taxes which became a lien December 31, 2010, are levied after October 1, 2011, and are collected in 2011 with real property taxes.

The full tax rate for all Village operations for the year ended December 31, 2011, was \$1.8 per \$1,000 of assessed value. The full tax rate for all Village operations for the year ended December 31, 2010, was \$1.8 per \$1,000 of assessed value. The assessed values of real property and public utility tangible property upon which 2011 property tax receipts were based are as follows:

	2011	2010
Real Property		
Residential/Agricultural	\$18,617,050	\$17,269,950
Public Utility Personal Property	2,426,850	2,281,700
Tangible Personal Property	1,039,040	912,230
Total	\$22,082,940	\$20,463,880

The County Treasurer collects property taxes on behalf of all taxing districts in the county, including the Village. The County Auditor periodically remits to the Village its portion of the taxes collected.

Village of Coal Grove
Lawrence County
Notes to the Basic Financial Statements
For the Years Ended December 31, 2011 and 2010

Note 9 - Risk Management

Prior to 2009, 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 Ohio governments ("Members"). The Plan was legally separate from its member governments.

On January 1, 2009, through an internal reorganization, the Plan created three separate non-profit corporations including:

- Ohio Plan Risk Management, Inc. (OPRM) - formerly known as the Ohio Risk Management Plan;
- Ohio Plan Healthcare Consortium, Inc. (OPHC) - formerly known as the Ohio Healthcare Consortium; and
- Ohio Plan, Inc. - mirrors the oversight function previously performed by the Board of Directors. The Board of Trustees consists of eleven (11) members that include appointed and elected officials from member organizations.

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio. These coverage programs, referred to as Ohio Plan Risk management ("OPRM"), are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss, except OPRM retains 40% (17.5% through October 31, 2010 and 15% through October 31, 2009) of the premium and losses on the first \$250,000 casualty treaty and 10% of the first \$1,000,000 property treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 761 and 725 members as of December 31, 2010 and 2009 respectively. The Village participates in this coverage.

The Plan formed the Ohio Plan Healthcare Consortium ("OPHC"), as authorized by Section 9.833 of the Ohio Revised Code. The OPHC was established to provide cost effective employee benefit programs for Ohio political sub-divisions and is a self-funded, group purchasing consortium that offers medical, dental, vision and prescription drug coverage as well as life insurance for its members. The OPHC is sold through seventeen appointed independent agents in the State of Ohio. Coverage programs are developed specific to each member's healthcare needs and the related premiums for coverage are determined through the application of uniform underwriting criteria. Variable plan options are available to members. These plans vary primarily by deductibles, coinsurance levels, office visit co-pays and out-of-pocket maximums. OPHC had 65 and 60 members as of December 31, 2010 and 2009 respectively. The Village does not participate in this coverage.

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.

Village of Coal Grove
Lawrence County
Notes to the Basic Financial Statements
For the Years Ended December 31, 2011 and 2010

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31: 2010 and 2009 (the latest information available), and include amounts for both OPRRM and OPHC:

	2010		2009	
	OPRM	OPHC	OPRM	OPHC
Assets	\$12,036,541	\$1,355,131	\$11,176,186	\$1,358,802
Liabilities	(4,845,056)	(1,055,096)	(4,852,485)	(1,253,617)
Members' Equity	<u>\$7,191,485</u>	<u>\$300,035</u>	<u>\$6,323,701</u>	<u>\$105,185</u>

You can read the complete audited financial statements for OPRM and OPHC at the Plan's website, www.ohioplan.org.

Note 10 - Defined Benefit Pension Plans

Ohio Public Employees Retirement System

Plan Description – The Village participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The Traditional Pension 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. Under the Combined Plan, OPERS invests employer contributions to provide a formula retirement benefit similar in nature to, but less than, the Traditional Pension Plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the Member-Directed Plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost-of-living adjustments to members of the Traditional Pension 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. Interested parties may obtain a copy by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 614-222-5601 or 800-222-7377.

Funding Policy – The Ohio Revised Code provides statutory authority for member and employer contributions and currently limits the employer contribution to a rate not to exceed 14 percent of covered payroll for state and local employer units. Member contribution rates, as set forth in the Ohio Revised Code, are not to exceed 10 percent of covered payroll for members in the State and local divisions. For the year ended December 31, 2011 and 2010, members in the state and local divisions contributed 10 percent of covered payroll. Members in the state and local divisions may participate in all three plans. For 2011 and 2010, member and employer contribution rates were consistent across all three plans.

The Village's 2011 and 2010 contribution rate was 14.0 percent of covered payroll. The portion of employer contributions used to fund pension benefits is net of post-employment health care benefits. The portion of employer contribution allocated to health care for members in the Traditional Plan was 5.5 percent from January 1 through February 28, 2010, and 5 percent from March 1 through December 31, 2010. The portion of employer contributions allocated to health care for members in the Combined Plan was 4.73 percent from January 1 through February 28, 2010, and 4.23 percent from March 1 through December 31, 2010. Employer contribution rates are actuarially determined.

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The Village's required contributions for pension obligations to the Traditional Pension for the years ended December 31, 2011, 2010, and 2009 were \$67,300, \$67,791, \$63,797 respectively. The full amount has been contributed for 2011, 2010, and 2009. The Village had no members participate in the Combined Plan or the Member-Directed Plan.

Ohio Police and Fire Pension Fund

Plan Description – 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 OP&F, 140 East Town Street, Columbus, Ohio 43215-5164.

Funding Policy – The Ohio Revised Code requires plan members to contribute 10.0 percent of their annual covered salary, while employers are required to contribute 19.5 percent for police officers.

The OP&F Pension Fund is authorized by the Ohio Revised Code to allocate a portion of the employer contributions to retiree health care benefits. The portion of employer contributions used to fund pension benefits was 12.75 percent of covered payroll for police officers. The Village's contributions to OP&F for police were \$12,263 for the year ended December 31, 2011, \$7,703 for the year ended December 31, 2010, and \$10,404 for the year ended December 31, 2009. The full amount has been contributed for 2011, 2010, and 2009.

Note 11 - Postemployment Benefits

Ohio Public Employees Retirement System

Plan Description – Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: The Traditional Pension Plan—a cost-sharing, multiple-employer defined benefit pension plan; the Member-Directed Plan—a defined contribution plan; and the Combined Plan—a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing multiple-employer defined benefit post-employment health care plan for qualifying members of both the Traditional Pension and the Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage. The plan includes a medical plan, prescription drug program and Medicare Part B premium reimbursement.

In order to qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The Ohio Revised Code permits, but does not mandate, OPERS to provide health care benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

Disclosures for the health care plan are presented separately in the OPERS financial report which may be obtained by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 614-222-5601 or 800-222-7377.

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Funding Policy – The post-employment health care plan was established under, and is administrated in accordance with, Internal Revenue Code 401(h). The Ohio Revised Code provides the statutory authority requiring public employers to fund post-retirement health care through contributions to OPERS. A portion of each employer's contribution to OPERS is set aside for the funding of post-retirement health care.

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2010, state and local employers contributed at a rate of 14.0 percent of covered payroll. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14 percent of covered payroll for state and local employer units.

Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of post-employment health care benefits. The portion of employer contributions allocated to health care for members in the Traditional Plan was 5.5 percent from January 1 through February 28, 2010, and 5 percent from March 1 through December 31, 2010. The portion of employer contributions allocated to health care for members in the Combined Plan was 4.73 percent from January 1 through February 28, 2010, and 4.23 percent from March 1 through December 31, 2010.

The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits provided, by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. Active members do not make contributions to the post-employment health care plan.

The Village's contributions allocated to fund post-employment health care benefits for the years ended December 31, 2011, 2010, and 2009 were \$24,036, \$24,211, and \$27,343, respectively; 100 percent has been contributed for 2011, 2010 and 2009.

The Health Care Preservation Plan (HCPP) adopted by the OPERS Retirement Board on September 9, 2004, was effective January 1, 2007. Member and employer contribution rates increased on January 1 of each year from 2006 to 2008. These rate increases allowed additional funds to be allocated to the health care plan.

Ohio Police and Fire Pension Fund

Plan Description – The Village contributes to the Ohio Police and Fire Pension Fund (OP&F) sponsored health care program, a cost-sharing multiple-employer defined post-employment health care plan administered by OP&F. OP&F provides health care benefits including coverage for medical, prescription drugs, dental, vision, Medicare Part B Premium and long-term care to retirees, qualifying benefit recipients and their eligible dependents.

OP&F provides access to post-retirement health care coverage for 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. The health care coverage provided by OP&F meets the definition of an Other Post-Employment Benefit (OPEB) as described in GASB Statement No. 45.

The Ohio Revised Code allows, but does not mandate OP&F to provide OPEB benefits. Authority for the OP&F Board of Trustees to provide health care coverage to eligible participants and to establish and amend benefits is 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 OP&F, 140 East Town Street, Columbus, Ohio 43215-5164.

Village of Coal Grove
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For the Years Ended December 31, 2011 and 2010

Funding Policy – The Ohio Revised Code provides for contribution requirements of the participating employers and of plan members to the OP&F defined benefit pension plan. Participating employers are required by Ohio Revised Code to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently, 19.5 percent of covered payroll for police employers. Active members do not make contributions to the OPEB Plan.

OP&F maintains funds for health care in two separate accounts. One for health care benefits under an IRS Code Section 115 trust and one for Medicare Part B reimbursements administrated as an Internal Revenue Code 401(h) account, both of which are within the defined benefit pension plan, under the authority granted by the Ohio Revised Code to the OP&F Board of Trustees.

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. For the year ended December 31, 2010, the employer contribution allocated to the health care plan was 6.75 percent of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h).

The OP&F Board of Trustees also is authorized to establish requirements for contributions to the health care plan by retirees and their eligible dependents, or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The Village's contributions to OP&F which were allocated to fund post-employment health care benefits for police were \$4,245 for the year ended December 31, 2011, and \$2,666 for the year ended December 31, 2010, and \$3,819 for the year ended December 31, 2009. The full amount has been contributed for 2011, 2010, and 2009.

Note 12 – Notes Payable

A summary of the note transactions for the year ended December 31, 2011, follows:

	Interest Rate	Balance at December 31, 2010	Additions	Reductions	Balance at December 31, 2011
2010 Bond Anticipation Note	2.67%	\$50,000	\$0	\$50,000	\$0
2011 Bond Anticipation Note	2.44%	0	40,000	0	40,000

A summary of the note transactions for the year ended December 31, 2010, follows:

	Interest Rate	Balance at December 31, 2009	Additions	Reductions	Balance at December 31, 2010
2009 Bond Anticipation Note	4.96%	\$60,000	\$0	\$60,000	\$0
2010 Bond Anticipation Note	2.67%	0	50,000	0	50,000

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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, 2011. A \$10,000 payment to principal plus the interest is paid each year and a new note issued for the balance. The bond anticipation note is backed by the full faith and credit of the Village and matures in 2011.

Note 13 - Debt

The Village's long-term debt activity for the year ended December 31, 2011, was as follows:

	Interest Rate	Balance December 31, 2010	Additions	Reductions	Balance December 31, 2011
<u>Business Type Activities</u>					
1988 OWDA Loan (\$707,721)	8.26%	\$87,469	\$0	\$34,500	\$52,969
1990 Special Assesment Bonds (\$495,000)	5.00%	321,100	0	13,600	307,500
2008 Water Well Loan (\$30,000)	4.62%	13,857	0	6,245	7,612
2010 OWDA Loan #5252 (\$90,596)	0%	89,086	0	3,020	86,066
Total Business-Type Activities		\$511,512	\$0	\$57,365	\$454,147

The Village's long-term debt activity for the year ended December 31, 2010, was as follows:

	Interest Rate	Balance December 31, 2009	Additions	Reductions	Balance December 31, 2010
<u>Business Type Activities</u>					
1988 OWDA Loan (\$707,721)	8.26%	\$121,293	\$0	\$33,824	\$87,469
1990 Special Assesment Bonds (\$495,000)	5.00%	334,000	0	12,900	321,100
2008 Water Well Loan (\$30,000)	4.62%	19,820	0	5,963	13,857
2010 OWDA Loan #5252 (\$90,596)	0%	0	90,596	1,510	89,086
Total Business-Type Activities		\$475,113	\$90,596	\$54,197	\$511,512

The 1988 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 water well loan was obtained for the purpose of paying for emergency repairs to a water well. The full faith, credit and revenue of the Village are pledged for the payment of the loan.

Village of Coal Grove
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For the Years Ended December 31, 2011 and 2010

In 2009, the Village began a water system improvement project which included an OWDA loan, totaling \$90,596, and American Recovery Reinvestment Act (ARRA) OWDA principal forgiveness (e.g. grant) monies, totaling \$361,124. In 2009, \$41,866 of loan proceeds were received and posted to the accounting system; however, since the loan was not complete it was not included in the schedule of debt outstanding. In 2010, \$48,730 of loan proceeds were received and posted to the accounting system. This project was completed during 2010 and is, therefore, included in the schedule above. The loan has a 0% interest rate for 30 years. The Village has agreed to set utility rates to cover OWDA debt service requirements.

In 2011, the Village began a water system improvement project which included an OWDA loan, totaling \$452,121. As of December 31, 2011, only \$213,377 of the loan monies had been disbursed by OWDA on behalf of the Village. Due to the fact that not all loan monies were disbursed by OWDA on behalf of the Village by December 31, 2011, a loan amortization schedule has not been finalized by OWDA. The loan has a 2.0% interest rate for 30 years. The Village has agreed to set utility rates to cover OWDA debt service requirements.

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

	OWDA Loans		Special Assessment Bonds		Water Well Loan	
	Principal	Interest	Principal	Interest	Principal	Interest
2012	\$38,210	\$1,059	\$14,300	\$15,375	\$6,541	\$214
2013	20,799	345	15,000	14,660	1,071	6
2014	3,020		15,700	13,910		
2015	3,020		16,500	13,125		
2016	3,020		17,300	12,300		
2017-2021	15,099		100,400	47,620		
2022-2026	15,099		128,300	19,870		
2027-2031	15,099					
2032-2036	15,099					
2037-2041	10,570					
Total	\$139,035	\$1,404	\$307,500	\$136,860	\$7,612	\$220

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, 2011 and 2010, respectively, were an overall debt margin of \$2,318,709 and \$2,148,707 and an unvoted debt margin of \$1,214,562 and \$1,125,513.

Note 14 – Leases

A summary of the lease transactions for the year ended December 31, 2011, follows:

	Interest Rate	Balance at	Additions	Reductions	Balance at
		December 31, 2010			December 31, 2011
Loader Backhoe	7.299%	\$21,319	\$0	\$10,384	\$10,935

Village of Coal Grove
Lawrence County
Notes to the Basic Financial Statements
For the Years Ended December 31, 2011 and 2010

A summary of the lease transactions for the year ended December 31, 2010, follows:

	Interest Rate	Balance at December 31, 2009	Additions	Reductions	Balance at December 31, 2010
Loader Backhoe	7.299%	\$31,181	\$0	\$9,862	\$21,319

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 15 – Fund Balances

Fund balance is classified as restricted, committed, assigned and/or unassigned based primarily on the extent to which the Village is bound to observe constraints imposed upon the use of the resources in the government funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

2010						
Fund Balances	General Fund	Federal Fund	Street Fund	Street Light Fund	Other Governmental Funds	Total
Restricted for						
Road Improvements			\$17,099		\$3,945	\$21,044
Drug Enforcement					234	234
Public Utilities Upgrade		194				194
Capital Improvements					5,906	5,906
Community Service					529	529
Fire Protection					11	11
Street Lighting				22,168		22,168
<i>Total Restricted</i>	0	194	17,099	22,168	10,625	50,086
Assigned to						
Encumbrances	5,937					5,937
<i>Total Assigned</i>	5,937	0	0	0	0	5,937
Unassigned (deficits):	27,166					27,166
<i>Total Fund Balances</i>	<u>\$33,103</u>	<u>\$194</u>	<u>\$17,099</u>	<u>\$22,168</u>	<u>\$10,625</u>	<u>\$83,189</u>

Village of Coal Grove
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Notes to the Basic Financial Statements
For the Years Ended December 31, 2011 and 2010

2011					
Fund Balances	General Fund	Federal Fund	Capital Improvement	Other Governmental Funds	Total
Restricted for					
Road Improvements				\$9,682	\$9,682
Drug Enforcement				234	234
Public Utilities Upgrade		194			194
Capital Improvements				180	180
Community Service				529	529
Fire Protection				22	22
Street Lighting				2,167	2,167
<i>Total Restricted</i>	0	194	0	12,814	13,008
Committed to					
Capital Improvements			73,955		73,955
<i>Total Committed</i>	0	0	73,955	0	73,955
Unassigned (deficits):	36,974				36,974
<i>Total Fund Balances</i>	\$36,974	\$194	\$73,955	\$12,814	\$123,937

Note 16 - Interfund Transfers and Advances

During 2011, the following transfers and advances were made:

Transfers From			
Transfers To	General Fund	Federal Fund	Total
Fire Equipment Grant Fund	\$1,649		\$1,649
Water Fund		624	624
Total	\$1,649	\$624	\$2,273

Advances From			
Advances To	General Fund	Water Fund	Total
Water Fund	\$6,760		\$6,760
Trash Pickup Fund	758		758
Federal Fund		483	483
Total	\$7,518	\$483	\$8,001

Village of Coal Grove
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Notes to the Basic Financial Statements
For the Years Ended December 31, 2011 and 2010

During 2010, the following advances were made:

Advances To	Advances From	
	General Fund	Total
Water Fund	\$2,400	\$2,400
Trash Pickup Fund	29	29
Total	\$2,429	\$2,429

Transfers represent the allocation of unrestricted receipts collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

The General Fund transfers to the other funds were made to provide additional resources for current operations and utility services as needed. The transfer from the Federal Fund to the Water Fund was simply a reimbursement of expenses the Water Fund incurred for the water improvement project which the Federal Fund grant was directly received for. The advance from the Water Fund to the Federal Fund was also directly related to the funding of the water improvement project.

Note 17 – Construction and Contractual Commitments

As of December 31, 2011, the Village had the following outstanding contractual commitments related to the water system improvement project:

Contractor	Total Contract Amount at December 31, 2011	Total Paid as of December 31, 2011	Contract Remaining at December 31, 2011
E.L. Robinson	\$79,975	\$67,030	\$12,945
Distel Construction	351,150	319,890	31,260
Total	\$431,125	\$386,920	\$44,205

Note 18 – 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.

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Dave Yost • 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, 2011 and 2010, which collectively comprise the Village's basic financial statements and have issued our report thereon dated June 7, 2012, wherein, we noted the Village uses a comprehensive accounting basis other than generally accepted accounting principles and adopted the provisions of Governmental Accounting Standards Board Statement No. 54. We also noted 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(A) mandates 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 the purpose of expressing our opinion on the financial statements, but not for the purpose of opining 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 was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. Therefore, we cannot assure that we have identified all deficiencies, significant deficiencies or material weaknesses. However, as described in the accompanying Schedule of Findings we identified certain deficiencies in internal control over financial reporting, that we consider material weaknesses.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and timely corrected. We consider findings 2011-01 and 2011-05 described in the accompanying Schedule of Findings to be material weaknesses.

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 we must report under *Government Auditing Standards* which are described in the accompanying Schedule of Findings as items 2011-01 through 2011-04.

We also noted certain matters not requiring inclusion in this report that we reported to the Village's management in a separate letter dated June 7, 2012.

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



Dave Yost
Auditor of State

June 7, 2012

**VILLAGE OF COAL GROVE
LAWRENCE COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2011 AND 2010**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2011-01

Noncompliance Citation/Material Weakness

Ohio Rev. Code Section 2949.091(A)(1)(a)(b) states that the court in which any person is convicted of or pleads guilty to any offense shall impose one of the following sums as costs in the case in addition to any other court costs that the court is required by law to impose upon the offender:

- (i) Thirty dollars if the offense is a felony;
- (ii) Twenty dollars if the offense is a misdemeanor other than a traffic offense that is not a moving violation;
- (iii) Ten dollars if the offense is a traffic offense that is not a moving violation, excluding parking violations.

All moneys collected pursuant to division (A)(1)(a) of this section during a month shall be transmitted on or before the twentieth day of the following month by the clerk of the court to the treasurer of state and deposited by the treasurer of state to the credit of the indigent defense support fund established under section 120.08 of the Revised Code. The court shall not waive the payment of the additional thirty-, twenty-, or ten-dollar court costs, unless the court determines that the offender is indigent and waives the payment of all court costs imposed upon the indigent offender.

Prior to October 16, 2009, the court costs stated above were a flat fee of \$15; however, after that date they were adjusted to the amounts stated above. From October 16, 2009 through December 31, 2011, however, the Village Mayor's Court continued to collect a flat fee of \$15 for all tickets issued instead of charging the appropriate rates stated above. The Village was not aware of the change and thus, they did not adjust their fees at any point. From October 16, 2009 to December 31, 2011, the Mayor's Court collected 1,899 receipts for tickets issued for which they only collected the \$15 fee instead of the proper fee of \$20. Based on this, the Mayor's Court should have collected an additional \$9,495 in court costs under Ohio Rev. Code section 2949.091.

When mandated, the Mayor's Court should impose court costs pursuant to the Ohio Revised Code.

Officials' Response:

We did not receive a response from Officials to this finding.

**VILLAGE OF COAL GROVE
LAWRENCE COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2011 AND 2010
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2011-02

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 determination by the fiscal officer that revenue to be collected will be greater or less than the amount in the official certificate of estimated resources.

Ohio Rev. Code Section 5705.36(A)(3) requires obtaining an increased amended certificate from the budget commission if the legislative authority intends to appropriate and expend excess revenue.

Ohio Rev. Code Section 5705.36(A)(4) requires obtaining a reduced amended certificate if the amount of the deficiency will reduce available resources below the current level of appropriation.

The total appropriations made during a fiscal year from any fund must not exceed the amount contained in the certificate of estimated resources or the amended certificate of estimated resources which was certified prior to making the appropriation or supplemental appropriation.

On December 31, 2011, appropriations exceeded actual resources as follows:

Fund	Actual Resources	Appropriations	Variance
2052 – Federal Fund	\$387,220	\$490,624	(\$103,404)

This could result in overspending if not properly monitored.

We recommend the Village Clerk/Treasurer monitor estimated and actual resources. When it is apparent that actual receipts will fall short of budgetary estimates and appropriations are greater than estimated resources, the Village Council should obtain a reduced amended certificate from the County Budget Commission. We further recommend the Village Council make corresponding reductions in appropriations.

Officials' Response:

We did not receive a response from Officials to this finding.

FINDING NUMBER 2011-03

Noncompliance Citation

Ohio Rev. Code Section 5705.39 provides in part that total appropriations from each fund shall not exceed the total estimated resources. No appropriation measure is effective until the County Auditor files a certificate that the total appropriations from each fund do not exceed the total official estimate or amended official estimate.

**VILLAGE OF COAL GROVE
LAWRENCE COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2011 AND 2010
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2011-03 (Continued)

Noncompliance Citation - Ohio Rev. Code Section 5705.39 (Continued)

As discussed in Auditor of State Bulletin 97-012, if a local government is participating in a grant or loan program whereby proceeds will be received after the expenditures are incurred, it is possible that if properly budgeted, appropriations for one fiscal year will exceed the available amount on the certificate of estimated resources. However, an advance should be used to prevent a negative fund balance. Negative variances in grant funds, between appropriations and certified available resources, should be investigated to determine the cause of the variance.

Appropriations exceeded estimated resources as follows at December 31, 2010:

Fund	Estimated Resources	Appropriations	Variance
1000 – General Fund	\$501,800	\$511,133	(\$9,333)
2011 – Street Fund	\$76,220	\$89,519	(\$13,299)
2052 – Federal Fund	\$0	\$409,077	(\$409,077)
5101 – Water Fund	\$475,405	\$526,437	(\$51,032)

Appropriations exceeded estimated resources as follows at December 31, 2011:

Fund	Estimated Resources	Appropriations	Variance
2052 – Federal Fund	\$490,194	\$490,624	(\$430)

We recommend the Village Clerk/Treasurer and Village Council ensure all appropriations are less than the estimated resources prior to approval. We further recommend the Village Clerk/Treasurer file permanent appropriations and amendments, thereto, with the Lawrence County Auditor.

Officials' Response:

We did not receive a response from Officials to this finding.

FINDING NUMBER 2011-04

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. Further, contracts and orders for expenditures lacking prior certification shall be null and void.

**VILLAGE OF COAL GROVE
LAWRENCE COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2011 AND 2010
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2011-04 (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.

Sixty percent (60%) of disbursements tested in 2011 and sixty percent (60%) of disbursements tested in 2010 had obligation/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 Village Clerk/Treasurer 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, 2011 AND 2010
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2011-04 (Continued)

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

We recommend the Village officials and employees obtain the Village Clerk/Treasurer'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 Village Clerk/Treasurer 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 Village Clerk/Treasurer should post approved purchase orders to the proper appropriation code to reduce the available appropriation.

Officials' Response:

We did not receive a response from Officials to this finding.

FINDING NUMBER 2011-05

Material Weakness – Financial Reporting

Sound financial reporting is the responsibility of the Village Clerk/Treasurer and Village Council 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 financial statements had the following errors that required audit adjustment or reclassification:

In 2010:

- General Fund debt proceeds and payment of principal of \$50,000 was unrecorded;
- Street Fund intergovernmental revenue and capital outlay expenditure of \$32,302 was unrecorded;
- Misclassified Federal Fund intergovernmental revenue (\$360,541) and debt proceeds (\$48,730) as special assessments;
- Misclassified Federal Fund expenditures of \$409,077 as basic utility services instead of capital outlay;
- Misclassified Street Light Fund revenue of \$2,494 as property taxes instead of intergovernmental revenue;
- Misclassified Other Governmental Funds debt payment of principal and interest in the amounts of \$857 and \$143, respectively, as capital outlay;
- Misclassified Other Governmental Funds' expenditures of \$7,500 as transportation instead of capital outlay;
- Misclassified Sewer fund special assessment revenues of \$49,987 as taxes;
- We also reclassified all balance sheet equity to report under new GASB 54 standards.

VILLAGE OF COAL GROVE
LAWRENCE COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2011 AND 2010
(Continued)

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

FINDING NUMBER 2011-05 (Continued)

Material Weakness – Financial Reporting (Continued)

In 2011:

- Misclassified Federal Fund intergovernmental revenues (\$173,166) and debt proceeds (\$213,377) as special assessments;
- Misclassified Federal Fund expenditures of \$386,403 as basic utility services instead of capital outlay;
- Misclassified Sewer Fund special assessment revenues of \$47,193 as taxes;
- Capital Improvement Fund Balance of \$73,955 was misclassified as restricted when it should have reported as committed;
- General Fund balance of \$36,974 was misclassified as unassigned when it should have been assigned;
- General Fund debt service expenditures of \$51,348 were misclassified as other financing sources instead of principal and interest;
- Misclassified \$63,014 between General Revenues and Capital Grants
- Misallocated \$88,854 of Charges for Services between the General Government and Capital Outlay expenditures.

The Village Clerk/Treasurer made classification errors in posting of revenues and expenditures. This caused the mispostings of revenues and expenditures as noted above.

To ensure the Village's financial statements and notes to the financial statements are complete and accurate, the Village Council should adopt policies and procedures, including a final review of the statements, management's discussion and analysis, and footnotes by the Village Clerk/Treasurer and Village Council to identify and correct errors or omissions.

Officials' Response:

We did not receive a response from Officials to this finding.

**VILLAGE OF COAL GROVE
LAWRENCE COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2011 AND 2010**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2009-001	Ohio Rev. Code Section 5705.36 (A)(2), appropriations exceeding actual resources	No	See Finding Number 2011-02
2009-002	Ohio Rev. Code Section 5705.39, appropriations exceeding estimated resources	No	See Finding Number 2011-03
2009-003	Ohio Rev. Code Section 5705.41(B), budgetary expenditures exceeded appropriations	No	Partially corrected; This was reissued in Management Letter.
2009-004	Ohio Rev. Code Section 5705.41 (D)(1), expenditures were not properly encumbered	No	See Finding Number 2011-04
2009-005	Financial Reporting	No	See Finding Number 2011-05



Dave Yost • 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 26, 2012