



Mary Taylor, CPA
Auditor of State

Village of Coalton
Jackson County, Ohio

Fiscal Emergency Termination

Local Government Services Section

Village of Coalton - Jackson County

Fiscal Emergency Termination

Table of Contents

	Page
Certification	1
Report on the Termination of the Coalton Financial Planning and Supervision Commission	
Termination of Fiscal Emergency	3
Section 1 - Financial Accounting and Reporting System	4
Section 2 - Correction of Fiscal Emergency Conditions and Current Existence of Fiscal Emergency Conditions	10
Section 3 - Financial Plan Objectives	14
Section 4 - Financial Forecast.....	14
Disclaimer	14
Appendix A	
Village of Coalton Financial Forecast For the Years Ending December 31, 2008 through December 31, 2012	



Mary Taylor, CPA

Auditor of State

CERTIFICATION

Pursuant to a request presented to the Auditor of State by the Village of Coalton Financial Planning and Supervision Commission, the Auditor of State performed an analysis of the Village of Coalton to determine whether the Commission and its functions under Chapter 118 of the Revised Code should be terminated. Based on that analysis, the Auditor of State certifies that the Village of Coalton no longer meets the fiscal emergency conditions set forth in Section 118.27(A)(1), (2), (3), and (4), Revised Code, that the objective of the financial recovery plan is being met, that an effective financial accounting and reporting system in accordance with Section 118.10 of the Revised Code is in the process of being implemented, and it is reasonably expected that this implementation will be completed within two years, and that Management has prepared a financial forecast for a five year period in accordance with the standards issued by the Auditor of State and an opinion has been rendered by the Auditor of State that the financial forecast is considered to be nonadverse. Therefore, the existence of the Village of Coalton Financial Planning and Supervision Commission and its role in the operation of the Village of Coalton is terminated as of September 23, 2008.

Accordingly, on behalf of the Auditor of State, this report is hereby submitted to Frank Doenges, Mayor of the Village of Coalton, Larry Brisker, President of Council, Ted Strickland, Governor, J. Pari Sabety, Director of the Office of Budget and Management, Richard Cordray, Treasurer of State, Jennifer Brunner, Secretary of State, and Clyde Holdren, Jackson County Auditor.

At the time of the termination of the Commission, an effective financial accounting and reporting system has not been fully implemented. Pursuant to Section 118.27(A)(2), Revised Code, the Auditor of State will monitor the progress of implementation and exercise authority under this section and Chapter 117, Revised Code, to secure full implementation within two years.

Mary Taylor

MARY TAYLOR, CPA
Auditor of State

September 23, 2008

Local Government Services Section
88 E. Broad St. / Sixth Floor / Columbus, OH 43215-3506
Telephone: (614) 466-4717 (800) 345-2519 Fax: (614) 728-8027
www.auditor.state.oh.us

This Page left Blank, Intentionally

Village of Coalton - Jackson County

Report on the Termination of the Village of Coalton Financial Planning and Supervision Commission

Report on the Termination of the Coalton Financial Planning and Supervision Commission

At the request of the Financial Planning and Supervision Commission of the Village of Coalton (the Commission), Jackson County, Ohio, as provided by Section 118.27(B) of the Ohio Revised Code, the Auditor of State has performed an analysis in order to determine whether the Commission and its functions under Chapter 118 of the Ohio Revised Code, should be terminated.

Guidelines for performing such an analysis are set forth in Section 118.27(A), Revised Code, which states that:

“A Financial Planning and Supervision Commission with respect to a municipality...and its functions under this chapter, shall continue in existence until such time as a determination is made pursuant to division (B) of this section that the municipality...has done all of the following: (1) Planned, and is in the process of good faith implementation of, an effective financial accounting and reporting system in accordance with section 118.10 of the Revised Code, and it is reasonably expected that such implementation will be completed within two years; (2) Corrected and eliminated or has planned and is in the process of good faith implementation of correcting and eliminating all the fiscal emergency conditions determined pursuant to section 118.04 of the Ohio Revised Code, and no new emergency conditions have occurred...; (3) Met the objectives of the financial plan described in section 118.06 of the Ohio Revised Code; and (4) prepared a financial forecast for a five-year period in accordance with the standards issued by the Auditor of State...”

Results of our work under section 118.27(A), Ohio Revised Code, are as follows:

Pages four through nine of our report indicate that the Village has effectively implemented or is in the process of implementing corrections to its financial accounting and reporting system in accordance with section 118.10(A) of the Ohio Revised Code.

All fiscal emergency conditions have been corrected and eliminated and no new fiscal emergency conditions exist under section 118.04, of the Ohio Revised Code. This analysis can be found beginning on page 10.

We have reviewed the objectives of the financial plan and determined that the Village has met the objectives in accordance with section 118.06, of the Ohio Revised Code. Specific conclusions can be found on page 13.

We examined and issued a non-adverse report on the five-year forecast prepared by the Village. The forecast and our report can be found in Appendix A.

Based on this analysis, the Auditor of State’s Office has determined that the Financial Planning and Supervision Commission and its functions may be terminated. The Village has not completed its implementation of an effective financial accounting and reporting system; therefore, the Auditor of State will monitor the Village to insure full implementation of the remaining items within two years.

It is understood that this report’s determination is for the use of the Financial Planning and Supervision Commission of the Village of Coalton, the Auditor of State of Ohio, the Governor of Ohio, the Mayor of the Village of Coalton, and others as designated by the Auditor of State, and is not to be used for any other purpose. Our procedures and findings follow.

Village of Coalton - Jackson County

Report on the Termination of the Village of Coalton Financial Planning and Supervision Commission

Section 1 - Financial Accounting and Reporting System

When a Village is placed in fiscal emergency, the Auditor of State is required to report on the effectiveness of the Village's financial accounting and reporting system. The Auditor of State, in accordance with Section 118.10(A), Revised Code, assessed the methods, accuracy, and legality of the accounts, records, files and reports of the Village of Coalton (the "Village") and issued a Report on Accounting Methods, dated August 19, 1993. The report identified areas where the Village's financial accounting and reporting system were not in compliance with Section 117.43, Revised Code, and the requirements of the Auditor of State.

The criteria for termination of the Commission include a determination by the Auditor of State that an effective financial accounting and reporting system has been implemented, or is in the process of implementation and is expected to be completed within two years. To reach this determination, we confirmed the actions identified as having been taken by management to address the issues identified in the Report on Accounting Methods. We confirmed whether the actions taken by management were sufficient to correct these issues identified in the report on Accounting Methods. A summary of the actions taken by management to address each issue is presented below:

Budgetary System:

Auditor of State Comment from Report on Accounting Methods:

A permanent appropriation resolution was not passed for 1994.

Implemented:

A permanent appropriation resolution for 2007 was passed on December 4, 2006. A permanent appropriation resolution for 2008 was passed on December 17, 2007.

Auditor of State Comment from Report on Accounting Methods:

The Village routinely appropriates more funds than are available.

Implemented:

The Village Council passes appropriations for each fund that are within the Certificate of Estimated Resources and receives a Certificate of the County Auditor indicating that appropriations from each fund do not exceed the Official or Amended Official Estimate of Resources for the year. The Village received the Certificate of County Auditor That the Total Appropriations From Each Fund Do Not Exceed the Official or Amended Official Estimate of Resources for 2007 and 2008.

Auditor of State Comment from Report on Accounting Methods:

The Certificate of the Total Amount From All Sources Available for Expenditures, and Balances was not filed in 1992, 1993, or 1994.

Implemented:

The Certificate of the Total Amount From All Sources Available For Expenditures and Balances was filed on January 10, 2007 for 2007, and January 9, 2008 for 2008.

Village of Coalton - Jackson County

**Report on the Termination of the Village of Coalton
Financial Planning and Supervision Commission**

Auditor of State Comment from Report on Accounting Methods:

The Village does not maintain separate funds.

Implemented:

The Village implemented the Uniform Accounting Network (UAN) system in 2006. UAN requires the use of separate funds.

Financial Reports:

Auditor of State Comment from Report on Accounting Methods:

The Village does not submit Annual Financial Reports to the Auditor of State's Office within 90 days of the close of the year.

Implemented:

The Village filed its 2007 annual financial report on January 14, 2008.

Auditor of State Comment from Report on Accounting Methods:

The Fiscal Officer does not submit monthly financial reports to Council that show fund balances and details of revenue and expenditures.

Implemented:

Monthly reports are submitted to the Village Council several days prior to each meeting. The monthly reports are read into the minutes at each meeting.

Accounting Ledgers:

Auditor of State Comment from Report on Accounting Methods:

The Village does not maintain a cashbook.

Implemented:

This was corrected when the Village began using the UAN system in 2006.

Village of Coalton - Jackson County

Report on the Termination of the Village of Coalton Financial Planning and Supervision Commission

Auditor of State Comment from Report on Accounting Methods:

The following deficiencies were found with the receipts ledger:

- All ledger pages are not labeled with the fund, major revenue source, account name and number.
- The estimated revenue by account is not posted.
- Month and year-to-date totals are not recorded and the estimated amount remaining to be received is not computed.

Implemented:

The implementation of UAN has corrected the problem of accounts not being labeled properly. All receipt ledger pages are now labeled with the fund, major revenue source, account name and number. Month-to-date and year-to-date totals are recorded in the receipt ledger and revenue estimates are posted.

Auditor of State Comment from Report on Accounting Methods:

The following deficiencies were found with the appropriation ledger:

- All ledger pages are not labeled with the fund, program, activity and object descriptions and the account code.
- Appropriations are not posted to the appropriations ledger.
- The unencumbered balance for each account is not computed.
- Month and year-to-date totals are not recorded.

Implemented:

The implementation of UAN has corrected the problem of accounts not being labeled properly. All appropriation ledger pages are now labeled with the fund, program, activity and object descriptions and the account code. Encumbrances are recorded in the appropriations ledger and the unencumbered balance is computed. Month and year-to-date totals are recorded in the appropriations ledger.

Revenue Transactions:

Auditor of State Comment from Report on Accounting Methods:

A cash journal for utility funds should be maintained until the Fiscal Officer establishes proper accounting records.

Implemented:

The Village uses utility billing software that provides daily collection and billing information. Daily reports are used to prepare receipt pay-ins to the accounting system.

Village of Coalton - Jackson County

Report on the Termination of the Village of Coalton Financial Planning and Supervision Commission

Auditor of State Comment from Report on Accounting Methods:

The Mayor maintains court records at home and there is no segregation of duties or oversight.

In Process:

The Village has established the position of Mayor's Court Clerk. The clerk is responsible for documenting all court proceedings, including receipting in fine monies and bonds, preparing checks for the disbursement of funds, and recording transactions in the cash book. The Mayor reviews monthly reports prepared by the Mayor's Court Clerk.

Auditor of State Comment from Report on Accounting Methods:

The Fiscal Officer does not prepare monthly bank reconciliations.

Implemented:

Monthly bank reconciliations are prepared. They are included in monthly reports presented to Council by the Fiscal Officer, and are reviewed at the Village Council meetings.

Auditor of State Comment from Report on Accounting Methods:

Deposits are not made in a timely manner.

In Process:

Although there has been significant improvement in this area, deposits are still not being made within 24 hours. The Village passed Ordinance 2008-09, that establishes a policy for deposits. The policy allows for deposits of less than \$1,000 to be made within three days as long as the receipts are secured.

Purchasing Process:

Auditor of State Comment from Report on Accounting Methods:

The purchases of goods and services are not certified by the fiscal officer and documented by the use of a purchase order.

In Process:

Section 5705.41(D) of the Revised Code prohibits the taxing authority from making any contract or give any order involving the expenditure of money unless there is attached thereto a certificate of the Fiscal Officer that the amount required to meet the expenditure has been lawful appropriated for such purpose and is in the treasury or in the process of collection to the credit of an appropriate fund, free from any previous encumbrances.

The Village is not following the process described above in all instances. The Village always uses purchase orders since the Uniform Accounting Network system requires that a purchase order be issued before a payment can be posted to the system. The purchase orders are often issued after the purchase has been made, as evidenced by the invoice date. However, the Village has made significant improvements in the use of purchase orders and certifying purchase obligations.

Village of Coalton - Jackson County

**Report on the Termination of the Village of Coalton
Financial Planning and Supervision Commission**

Cash Disbursements:

Auditor of State Comment from Report on Accounting Methods:

Bills are paid if and when cash is available, regardless of fund balance.

Implemented:

The Uniform Accounting Network software has safeguards built in that prevent cash disbursements if sufficient cash does not exist in the fund.

Auditor of State Comment from Report on Accounting Methods:

Unpaid bills and outstanding commitments are not being reflected in the Village's accounting system.

Partially Implemented:

The Uniform Accounting Network software requires the use of encumbrances, which are recorded in the appropriations ledger and the unencumbered balance is computed. The Fiscal Officer attempts to certify the availability of appropriations and funds to pay the obligation and encumber the purchase commitment.

Payroll Processing:

Auditor of State Comment from Report on Accounting Methods:

The current payroll system does not provide for proper authorization procedures to ensure that employees are properly compensated.

Implemented:

Ordinances EPR060205 and 0705-06 have established rates of pay for all employees. Also, the implementation of the Uniform Accounting Network has addressed deficiencies in the Village's payroll process.

Auditor of State Comment from Report on Accounting Methods:

The Village is delinquent to the Internal Revenue Service, Public Employees Retirement System, and Police and Fire Pension Fund for payroll deductions.

Corrected:

As of July 31, 2008, all delinquencies have been paid and the Village is current with all payroll deductions.

Inventory of Capital Assets:

Auditor of State Comment from Report on Accounting Methods:

The Village does not maintain any records of its capital assets.

Village of Coalton - Jackson County

Report on the Termination of the Village of Coalton Financial Planning and Supervision Commission

Partially Implemented:

In 2007, the Village created a listing of all capital assets. However, all information on the assets was not included. There are no costs associated with the assets nor is there an indication of items being tagged.

Cash Management and Investing:

Auditor of State Comment from Report on Accounting Methods:

The Village does not maintain an investment record to document pertinent information on each investment.

Implemented:

The Village maintains a record of all certificates of deposit that includes all pertinent information.

Debt Administration:

Auditor of State Comment from Report on Accounting Methods:

The Village does not maintain records of their debt issues.

Implemented:

The Village maintains files for each individual debt issue, including loan agreements and amortization schedules.

Audit Report and Management Letters

The Village Council and Officials receive compliance and management letters at the conclusion of each audit. The letters that accompany the December 31, 2007 audit include fourteen noncompliance issues and recommendations. This is significantly fewer non-compliance issues and recommendations than in previous audits. The noncompliance issues included violations of Ohio budgetary law and not depositing money in the time frame prescribed by Ohio Revised Code. Reportable conditions were also noted due to Village employees not properly using time clocks, employees and officials not being bonded, obtaining copies of the backs of checks from the bank, segregation of duties and the lack of a review function related to utility department receipts. The Village is in the process of addressing these issues. As of the date of this report, the Village has implemented policies addressing timely deposits, employee and officials' bonds, and the personal use of City vehicles. The Village's bank is now providing copies of the backs of all checks. The Village is in the process of addressing all other issues.

Village of Coalton - Jackson County

Report on the Termination of the Village of Coalton Financial Planning and Supervision Commission

Section 2 - Correction of Fiscal Emergency Conditions and Current Existence of Fiscal Emergency Conditions

Under Section 118.27(A)(2), Revised Code, the Village shall have corrected or eliminated or have planned and be in the process of good faith implementation of action to correct and eliminate all of the fiscal emergency conditions that existed when declared in fiscal emergency, and no new fiscal emergency conditions may have occurred in order to be terminated from fiscal emergency. Our analysis of the six fiscal emergency conditions described in Section 118, Revised Code, is presented below.

Condition One – Default on Any Debt Obligation

Section 118.03(A)(1) of the Ohio Revised Code, defines a fiscal emergency condition as:

The existence, at the time of the determination by the Auditor of State under section 118.04 of the Revised Code, of a default on any debt obligation for more than thirty days.

A summary of the Village's outstanding debt as of June 30, 2008 is as follows:

<u>Debt Issue</u>	<u>Interest Rate</u>	<u>Issue Date</u>	<u>Issue Amount</u>
Mortgage Revenue Bonds	5.00%	1991	\$165,300
Mortgage Revenue Bonds	5.00%	1991	69,886
OWDA Sewer Improvement Loan	2.20%	2000	7,273
OWDA Sewer Expansion Loan	5.16%	2005	51,725
Police Cruiser Note	6.90%	2007	11,273
Auditor of State Payment Plan	0.00%	2007	26,400
Ohio BWC Payment Plan	0.00%	2008	24,285
			<u>\$356,142</u>

We reviewed the outstanding indebtedness of the Village as of June 30, 2008. The Village has \$356,142 in outstanding debt at June 30, 2008, and has made all debt payments due as of that date.

Conclusion: A fiscal emergency condition does not exist under section 118.03(A)(1) of the Ohio Revised Code, as of June 30, 2008. The Village has not defaulted on any debt obligations.

Village of Coalton - Jackson County

Report on the Termination of the Village of Coalton Financial Planning and Supervision Commission

Condition Two – Payment of All Payroll

Section 118.03(A)(2) of the Ohio Revised Code, defines a fiscal emergency condition as:

The existence, at the time of the determination by the Auditor of State under section 118.04 of the Revised code, of a failure for lack of cash in the funds to make payment of all payroll to employees of the municipal corporation in the amounts and at the times required by law, ordinances, resolutions, or agreements, which failure of payment has continued:

- (a) For more than 30 days after such time for payment, or
- (b) Beyond a period of extension, or beyond the expiration of 90 days from the original time for payment, whichever first occurs, if the time for payment has been extended for more than 30 days by the written consent of at least two thirds of the employees affected by such failure to pay, acting individually or by their duly authorized representatives.

We obtained an understanding of the payroll process through various discussions with the Village Fiscal Officer. We obtained payroll reports with a list of employees, pay rate legislation, and bank statements. We then verified that payroll checks were issued to employees for the pay period ending July 12, 2008, by comparing the payroll reports with the bank statements to ascertain whether Village employees had been paid within the time specified by Village ordinance. Also, we determined that adequate cash was in the bank account and fund balances to cover payroll.

Conclusion: A fiscal emergency condition does not exist under section 118.03(A)(2) of the Ohio Revised Code as of June 30, 2008. All employees have been paid in amounts and at the times required by ordinance.

Condition Three – Increase in Minimum Tax Levy

Section 118.03(A)(3) of the Ohio Revised Code, defines a fiscal emergency condition as:

An increase, by action of the county budget commission pursuant to division (D) of section 5705.31 of the Revised Code, in the minimum levy of the municipal corporation for the current or next fiscal year which results in a reduction in the minimum levies for one or more other subdivisions or taxing districts.

We confirmed with the Jackson County Auditor, Chairman of the County Budget Commission, whether there had been an increase, pursuant to division (D) of section 5705.31 of the Ohio Revised Code, in the minimum levy of the Village of Coalton for the year which resulted in a reduction in the minimum levies for one or more other subdivisions or taxing districts. The confirmation received from the Jackson County Auditor indicated that no action had been taken by the Jackson County Budget Commission to increase the inside millage of the Village and, therefore, no other subdivision's millage was reduced for 2007.

Conclusion: A fiscal emergency condition does not exist under section 118.03(A)(3), Ohio Revised Code as of June 30, 2008.

Village of Coalton - Jackson County

Report on the Termination of the Village of Coalton Financial Planning and Supervision Commission

Condition Four – Past Due Accounts Payable from the General Fund and all Funds

Section 118.03(A)(4) of the Ohio Revised Code, defines a fiscal emergency condition as:

The existence of a condition in which all accounts that, at the end of its preceding fiscal year, were due and payable from the general fund and that either had been due and payable at least thirty days at the end of the fiscal year or to which a penalty has been added for failure to pay by the end of the fiscal year, including, but not limited to, final judgments, fringe benefit payments due and payable, and amounts due and payable to persons and other governmental entities and including any interest and penalties thereon, less the year end balance in the general fund, exceeding one-sixth of the general fund budget for the year, or in which all accounts that, at the end of its preceding fiscal year, were due and payable from all funds of the municipal corporation and that either had been due and payable for at least thirty days as at the end of the fiscal year or to which a penalty has been added for failure to pay by the end of the fiscal year, less the year-end balance in the general fund and in respective special funds lawfully available to pay such accounts, exceeded one-sixth of the available revenues during the preceding fiscal year, excluding nonrecurring receipts, of the general fund and of all special funds from which such accounts lawfully are payable.

We reviewed Village records, including all invoices paid in 2008 to determine if there were any amounts that were due and payable from the general fund as of December 31, 2007, and that had been due and payable for at least thirty days or to which a penalty had been added for failure to pay as of December 31, 2007, including, but not limited to, final judgments, fringe benefit payments due and payable, and amounts due and payable to persons and other governmental entities including any interest penalties. No such payables were noted, so no further calculation is required.

Conclusion: A fiscal emergency condition does not exist under section 118.03(A)(4) of the Ohio Revised Code. The general fund had no accounts payable which were at least thirty days past-due at December 31, 2007.

Condition Five – Deficit Fund Balances

Section 118.03(A)(5) of the Ohio Revised Code, defines a fiscal emergency condition as:

The existence of a condition in which the aggregate of deficit amounts of all deficit funds at the end of its preceding fiscal year, less the total of any year-end balance in the general fund and in any special fund that may be transferred as provided in section 5705.14 of the Revised Code to meet such deficit, exceeded one-sixth of the total of the general fund budget for that year and the receipts to those deficit funds during that year other than from transfers from the general fund.

We computed the fund balance of each fund as of December 31, 2007, by subtracting all accounts payable and encumbrances from the year-end cash balance of each fund. No further calculations were necessary because there were no deficit fund balances.

Conclusion: A fiscal emergency condition does not exist under Section 118.03(A)(5) of the Ohio Revised Code. There were no deficit fund balances at December 31, 2007.

Village of Coalton - Jackson County

Report on the Termination of the Village of Coalton Financial Planning and Supervision Commission

Condition Six – Treasury Balances

Section 118.03(A)(6) of the Ohio Revised Code, defines a fiscal emergency condition as:

The existence of a condition in which, at the end of the preceding fiscal year, moneys and marketable investments in or held for the unsegregated treasury of the municipal corporation minus outstanding checks and warrants, were less in amount than the aggregate of the positive balances of the general fund and those special funds the purposes of which the unsegregated treasury is held to meet, and such deficit exceeded one-sixth of the total amount received into the unsegregated treasury during the preceding fiscal year.

We verified the Village's reconciliation of its bank balance to its cash book balance as of December 31, 2007, which included subtracting the outstanding checks to arrive at the treasury balance. We then determined the aggregate sum of positive fund cash balances of all funds, the purpose of which the unsegregated treasury is held to meet, to determine if a treasury deficit existed. No further calculations were necessary because the treasury balance equaled the sum of all fund cash balances.

Schedule I

Treasury Balance

Ohio Revised Code Section 118.03(A)(6)

As of December 31, 2007

	Amounts at December 31, 2007
Bank Cash Balances:	
Milton Bank	\$283,661
Adjustments for:	
Outstanding Checks	(5,861)
Other Adjusting Factors	583
Total Treasury Balance	<u>278,383</u>
Less: Total Positive Cash Balances	
General	33,604
Street Construction, Maintenance and Repair	38,700
State Highway	2,903
Cemetery	1,775
Fire Department	10,605
CIB - Sales Tax	37,294
Cemetery Perpetual Care	11,458
Housing Rehabilitation	2,760
FEMA	2,433
Water Operating	80,977
Sewer Operating	18,849
Sewer CCR	12,235
Sewer RP	19,172
Enterprise Deposit	3,720
Trash	1,898
Total Positive Cash Fund Balances	<u>278,383</u>
Treasury Deficiency	<u>\$0</u>

Village of Coalton - Jackson County

Report on the Termination of the Village of Coalton Financial Planning and Supervision Commission

Conclusion: Schedule I indicates that a fiscal emergency condition does not exist under Section 118.03(A)(6) of the Ohio Revised Code as of December 31, 2007. The treasury balance did not exceed the positive cash balances as of December 31, 2007.

Section 3 - Financial Plan Objectives

We obtained a copy of the financial plan of the Village and determined whether the objectives of the plan have been met. The sole objective listed in the financial plan, which has been met, was to eliminate the fiscal emergency conditions which were determined by the Auditor of State, pursuant to section 118.04 of the Revised Code.

Section 4 - Financial Forecast

Financial forecasting is an important management tool to assist the Village in making sound financial decisions for avoiding fiscal crises in the future. A five-year forecast is required under 118.27(A)(4) of the Revised Code. After examining the financial forecast, the Auditor of State rendered a non-adverse report. The financial forecast is contained in Appendix A.

DISCLAIMER

Because the preceding procedures were not sufficient to constitute an audit made in accordance with generally accepted auditing standards, we do not express an opinion on any of the specific accounts and fund balances referred to above. Had we performed additional procedures or had we made an audit of the financial statements in accordance with generally accepted auditing standards, other matters might have come to our attention that would have been reported herein.

APPENDIX A

**Village of Coalton
Jackson County**

Financial Forecast

For the Years Ending December 31, 2008 Through December 31, 2012

This Page Left Blank, Intentionally

Village of Coalton - Jackson County

Table of Contents

	Page
Accountant's Report	A-3
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget Basis For the Years Ended December 31, 2005 through 2007, Actual; and Ending December 31, 2008 through 2012, Forecasted General Fund.....	A-4
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget Basis For the Years Ended December 31, 2005 through 2007, Actual; and Ending December 31, 2008 through 2012, Forecasted Street Construction and Maintenance Special Revenue Fund	A-8
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget Basis For the Years Ended December 31, 2005 through 2007, Actual; and Ending December 31, 2008 through 2012, Forecasted Fire Department Special Revenue Fund	A-10
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget Basis For the Years Ended December 31, 2005 through 2007, Actual; and Ending December 31, 2008 through 2012, Forecasted Community Improvement Board Special Revenue Fund	A-12
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget Basis For the Years Ended December 31, 2005 through 2007, Actual; and Ending December 31, 2008 through 2012, Forecasted - Water Operating Enterprise Fund.....	A-14
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget Basis For the Years Ended December 31, 2005 through 2007, Actual; and Ending December 31, 2008 through 2012, Forecasted - Sewer Operating Enterprise Fund	A-16
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget Basis For the Years Ended December 31, 2005 through 2007, Actual; and Ending December 31, 2008 through 2012, Forecasted - Sewer Debt Service Enterprise Fund.....	A-18
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget Basis For the Years Ended December 31, 2005 through 2007, Actual; and Ending December 31, 2008 through 2012, Forecasted - Sewer Replacement and Repair Enterprise Fund	A-20
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget Basis For the Years Ended December 31, 2005 through 2007, Actual; and Ending December 31, 2008 through 2012, Forecasted - Trash Enterprise Fund	A-22
Summary of Significant Accounting Policies and Forecast Assumptions	A-25

This page intentionally left blank.



Mary Taylor, CPA

Auditor of State

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

Based upon the requirement set forth in Section 118.27 (A)(4), Revised Code, the Local Government Services Division of the Auditor of State's Office has examined the accompanying forecasted statements of revenues, expenditures and changes in fund balances of the various funds of the Village of Coalton, which encompass the five years ending December 31, 2012. These statements are presented on the cash basis of accounting used by the Village of Coalton rather than on generally accepted accounting principles. The Village of Coalton's management is responsible for the forecast. Our responsibility is to determine whether the Village has met the criteria that allows for the fiscal emergency to be terminated.

Based on our examination of the accompanying forecast, there is nothing in the forecast nor has anything come to our attention that indicates the fiscal emergency should not be terminated. However, some assumptions inevitably will not materialize, and unanticipated events and circumstances may occur; therefore, the actual results of operations during the forecast period will vary from the forecast, and the variations may be material.

This report is intended solely for the use of the Village of Coalton and the Financial Planning and Supervision Commission of Coalton and should not be used for any other purpose. We have no responsibility to update this report for events and circumstances occurring after the date of this report.

A handwritten signature in cursive script that reads "Mary Taylor".

MARY TAYLOR, CPA
Auditor of State

June 30, 2008

Local Government Services Section
88 E. Broad St. / Sixth Floor / Columbus, OH 43215-3506
Telephone: (614) 466-4717 (800) 345-2519 Fax: (614) 728-8027
www.auditor.state.oh.us

Village of Coalton, Ohio

*Statement of Revenues, Expenditures and Changes in Fund Balance - Budget Basis
For the Years Ended December 31, 2005 Through 2007, Actual
and Ending December 31, 2008 Through 2012, Forecasted*

General Fund

	2005 Actual	2006 Actual	2007 Actual	2008 Forecasted
Revenues				
Property Taxes	\$18,839	\$21,440	\$38,831	\$39,000
Intergovernmental	34,499	62,710	42,455	62,500
Fines, Licenses, and Permits	15,281	11,072	10,929	11,000
Interest	0	87	33	0
Gifts and Donations	0	1,347	600	0
Miscellaneous	963	1,146	5,891	700
Total Revenues	69,582	97,802	98,739	113,200
Expenditures				
Security of Persons and Property				
Police				
Personal Services	11,251	12,813	17,868	19,800
Fringe Benefits	5,535	14,665	7,881	6,100
Contractual Services	2,092	8,335	3,477	3,700
Matierials and Supplies	2,583	2,258	3,921	4,100
Total Security of Persons and Property	21,461	38,071	33,147	33,700
Transportation				
Street Maintenance and Repair				
Contractual Services	75	0	4,545	5,400
Matierials and Supplies	701	25	0	0
Total Transportation	776	25	4,545	5,400
Leisure Time Activities				
Parks				
Contractual Services	0	239	682	700
Matierials and Supplies	0	2,497	216	300
Total Leisure Time Activities	0	2,736	898	1,000
Basic Utility Service				
Trash				
Contractual Services	0	0	30	0
Matierials and Supplies	1,485	0	0	0
Total Basic Utility Service	1,485	0	30	0
General Government				
Mayor				
Personal Services	1,606	1,606	1,794	3,200
Fringe Benefits	1,337	792	937	900
Contractual Services	325	0	350	600
Matierials and Supplies	0	16	108	100
Capital Outlay	0	0	0	0
Total Mayor	3,268	2,414	3,189	4,800

2009 Forecasted	2010 Forecasted	2011 Forecasted	2012 Forecasted
\$40,000	\$40,600	\$41,200	\$43,200
52,200	52,000	47,600	47,500
11,000	11,000	11,000	11,000
0	0	0	0
0	0	0	0
700	700	700	700
103,900	104,300	100,500	102,400
20,300	20,800	21,300	21,900
5,300	5,400	4,700	4,600
3,800	4,000	4,200	4,400
4,300	4,500	4,800	5,000
33,700	34,700	35,000	35,900
5,600	5,800	6,100	6,300
0	0	0	0
5,600	5,800	6,100	6,300
700	800	800	800
300	300	300	300
1,000	1,100	1,100	1,100
0	0	0	0
0	0	0	0
0	0	0	0
3,300	3,400	3,500	5,400
900	900	800	1,000
800	1,000	1,100	1,200
200	300	400	400
1,800	0	0	0
7,000	5,600	5,800	8,000

Village of Coalton, Ohio

*Statement of Revenues, Expenditures and Changes in Fund Balance - Budget Basis
For the Years Ended December 31, 2005 Through 2007, Actual
and Ending December 31, 2008 Through 2012, Forecasted*

General Fund
(continued)

	2005 Actual	2006 Actual	2007 Actual	2008 Forecasted
Council				
Personal Services	\$3,107	\$1,034	\$1,152	\$3,200
Fringe Benefits	2,583	6,480	10,602	1,100
Contractual Services	8,530	3,557	6,591	6,000
Materials and Supplies	525	38	115	100
Capital Outlay	0	0	0	1,500
Other	0	423	2,255	0
Total Council	14,745	11,532	20,715	11,900
Clerk/Treasurer				
Personal Services	9,080	3,508	4,591	1,200
Fringe Benefits	7,553	1,319	2,715	1,200
Contractual Services	4,162	1,769	613	700
Materials and Supplies	1,647	877	847	1,000
Capital Outlay	0	0	0	1,000
Total Clerk/Treasurer	22,442	7,473	8,766	5,100
Solicitor				
Contractual Services	1,200	4,041	5,276	5,400
Property Tax Collection Fees				
Contractual Services	0	1,004	1,580	1,600
State Auditor Fees				
Contractual Services	0	3,622	18,311	12,000
Total General Government	41,655	30,086	57,837	40,800
Total Expenditures	65,377	70,918	96,457	80,900
<i>Excess of Revenues Over (Under) Expenditures</i>	4,205	26,884	2,282	32,300
Other Financing Sources (Uses)				
Proceeds from Sale of Capital Assets	0	0	1,081	0
Advances In	0	0	0	3,800
Transfers Out	(6,888)	(122)	(3,500)	(7,500)
Advances Out	0	0	(7,651)	0
Other Financing Uses	(2,267)	0	0	0
<i>Total Other Financing Sources (Uses)</i>	<i>(9,155)</i>	<i>(122)</i>	<i>(10,070)</i>	<i>(3,700)</i>
<i>Net Change in Fund Balance</i>	<i>(4,950)</i>	<i>26,762</i>	<i>(7,788)</i>	<i>28,600</i>
<i>Fund Balances at Beginning of Year</i>	<i>19,580</i>	<i>14,630</i>	<i>41,392</i>	<i>33,604</i>
<i>Fund Balances at End of Year</i>	<i>\$14,630</i>	<i>\$41,392</i>	<i>\$33,604</i>	<i>\$62,204</i>

2009 Forecasted	2010 Forecasted	2011 Forecasted	2012 Forecasted
\$3,300	\$3,400	\$3,500	\$6,500
1,400	1,400	900	1,200
5,500	5,700	6,000	6,200
200	200	200	300
1,800	2,000	2,000	2,000
0	0	0	0
12,200	12,700	12,600	16,200
1,200	1,200	1,300	1,300
1,500	1,500	900	700
1,000	1,100	1,200	1,400
1,000	1,100	1,200	1,400
1,000	1,000	2,500	1,000
5,700	5,900	7,100	5,800
5,400	5,400	5,400	5,400
1,600	1,700	1,700	1,700
2,400	13,000	2,400	14,000
34,300	44,300	35,000	51,100
74,600	85,900	77,200	94,400
29,300	18,400	23,300	8,000
0	0	0	0
3,900	0	0	0
(7,500)	(10,500)	(9,500)	(9,500)
0	0	0	0
0	0	0	0
(3,600)	(10,500)	(9,500)	(9,500)
25,700	7,900	13,800	(1,500)
62,204	87,904	95,804	109,604
\$87,904	\$95,804	\$109,604	\$108,104

Village of Coalton, Jackson County

*Statement of Revenues, Expenditures and Changes in Fund Balance - Budget Basis
For the Years Ended December 31, 2005 Through 2007, Actual
and Ending December 31, 2008 Through 2012, Forecasted*

Street Construction and Maintenance Fund

	2005 Actual	2006 Actual	2007 Actual	2008 Forecasted
Revenues				
Intergovernmental	\$17,406	\$24,646	\$22,529	\$22,500
Miscellaneous	0	0	159	0
<i>Total Revenues</i>	<u>17,406</u>	<u>24,646</u>	<u>22,688</u>	<u>22,500</u>
Expenditures				
Transportation				
Street Maintenance and Repair				
Personal Services	2,480	0	536	2,700
Fringe Benefits	1,692	0	499	600
Contractual Services	2,942	10,005	8,458	6,000
Materials and Supplies	693	0	6,728	6,000
Capital Outlay	0	0	0	9,000
<i>Total Expenditures</i>	<u>7,807</u>	<u>10,005</u>	<u>16,221</u>	<u>24,300</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>9,599</u>	<u>14,641</u>	<u>6,467</u>	<u>(1,800)</u>
Other Financing Sources (Uses)				
Other Financing Uses	(342)	0	0	0
<i>Total Other Financing Sources (Uses)</i>	<u>(342)</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	9,257	14,641	6,467	(1,800)
<i>Fund Balances at Beginning of Year</i>	<u>8,335</u>	<u>17,592</u>	<u>32,233</u>	<u>38,700</u>
<i>Fund Balances at End of Year</i>	<u><u>\$17,592</u></u>	<u><u>\$32,233</u></u>	<u><u>\$38,700</u></u>	<u><u>\$36,900</u></u>

2009 Forecasted	2010 Forecasted	2011 Forecasted	2012 Forecasted
\$22,500	\$22,500	\$22,500	\$22,500
0	0	0	0
22,500	22,500	22,500	22,500
2,800	2,900	3,000	3,000
800	800	600	600
6,200	6,500	6,700	7,000
6,200	6,400	6,600	6,800
7,500	5,000	5,000	5,000
23,500	21,600	21,900	22,400
(1,000)	900	600	100
0	0	0	0
0	0	0	0
(1,000)	900	600	100
36,900	35,900	36,800	37,400
\$35,900	\$36,800	\$37,400	\$37,500

Village of Coalton, Jackson County
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget Basis
For the Years Ended December 31, 2005 Through 2007, Actual
and Ending December 31, 2008 Through 2012, Forecasted

Fire Department Fund

	2005	2006	2007	2008
	Actual	Actual	Actual	Forecasted
Revenues				
Intergovernmental	\$6,150	\$6,547	\$4,750	\$80,000
Charges for Services	9,068	11,027	9,870	18,000
Miscellaneous	0	50	0	0
<i>Total Revenues</i>	<u>15,218</u>	<u>17,624</u>	<u>14,620</u>	<u>98,000</u>
Expenditures				
Security of Persons and Property				
Fire				
Fringe Benefits	0	0	3,625	3,700
Contractual Services	11,873	10,440	11,027	11,500
Materials and Supplies	974	2,831	375	3,000
Capital Outlay	0	9,185	6,019	80,000
Other	1,240	0	0	0
<i>Total Expenditures</i>	<u>14,087</u>	<u>22,456</u>	<u>21,046</u>	<u>98,200</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>1,131</u>	<u>(4,832)</u>	<u>(6,426)</u>	<u>(200)</u>
Other Financing Sources (Uses)				
Transfers In	6,888	0	2,500	7,500
Advances In	0	0	7,651	0
Advances Out	0	0	0	(3,800)
<i>Total Other Financing Sources (Uses)</i>	<u>6,888</u>	<u>0</u>	<u>10,151</u>	<u>3,700</u>
<i>Net Change in Fund Balance</i>	8,019	(4,832)	3,725	3,500
<i>Fund Balances at Beginning of Year</i>	<u>3,693</u>	<u>11,712</u>	<u>6,880</u>	<u>10,605</u>
<i>Fund Balances at End of Year</i>	<u><u>\$11,712</u></u>	<u><u>\$6,880</u></u>	<u><u>\$10,605</u></u>	<u><u>\$14,105</u></u>

2009 Forecasted	2010 Forecasted	2011 Forecasted	2012 Forecasted
\$5,000	\$5,000	\$5,000	\$5,000
16,700	17,300	18,000	18,700
0	0	0	0
21,700	22,300	23,000	23,700
4,400	4,500	3,200	3,100
11,900	12,400	12,900	13,400
3,100	3,200	3,400	3,500
5,000	6,000	6,000	6,000
0	0	0	0
24,400	26,100	25,500	26,000
(2,700)	(3,800)	(2,500)	(2,300)
7,500	7,500	7,500	7,500
0	0	0	0
(3,900)	0	0	0
3,600	7,500	7,500	7,500
900	3,700	5,000	5,200
14,105	15,005	18,705	23,705
\$15,005	\$18,705	\$23,705	\$28,905

Village of Coalton, Jackson County
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget Basis
For the Years Ended December 31, 2005 Through 2007, Actual
and Ending December 31, 2008 Through 2012, Forecasted

Community Improvement Board Fund

	2005 Actual	2006 Actual	2007 Actual	2008 Forecasted
Revenues				
Intergovernmental	\$19,213	\$22,835	\$19,483	\$21,600
Interest	0	134	0	0
<i>Total Revenues</i>	<u>19,213</u>	<u>22,969</u>	<u>19,483</u>	<u>21,600</u>
Expenditures				
Community Environment				
Community Improvement				
Capital Outlay	0	7,702	25,895	7,500
Debt Service:				
Principal	16,362	5,000	7,036	7,100
Interest and Fiscal Charges	1,201	400	939	800
<i>Total Expenditures</i>	<u>17,563</u>	<u>13,102</u>	<u>33,870</u>	<u>15,400</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>1,650</u>	<u>9,867</u>	<u>(14,387)</u>	<u>6,200</u>
Other Financing Sources (Uses)				
Transfers Out	0	0	(1,500)	(1,000)
Proceeds of Capital Lease	0	0	23,926	0
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>0</u>	<u>22,426</u>	<u>(1,000)</u>
<i>Net Change in Fund Balance</i>	1,650	9,867	8,039	5,200
<i>Fund Balances at Beginning of Year</i>	<u>17,738</u>	<u>19,388</u>	<u>29,255</u>	<u>37,294</u>
<i>Fund Balances at End of Year</i>	<u><u>\$19,388</u></u>	<u><u>\$29,255</u></u>	<u><u>\$37,294</u></u>	<u><u>\$42,494</u></u>

2009 Forecasted	2010 Forecasted	2011 Forecasted	2012 Forecasted
\$19,800	\$20,100	\$20,400	\$20,700
0	0	0	0
19,800	20,100	20,400	20,700
6,500	7,000	7,500	8,000
10,500	3,000	2,800	2,800
1,800	1,400	1,200	1,000
18,800	11,400	11,500	11,800
1,000	8,700	8,900	8,900
0	0	0	0
0	0	0	0
0	0	0	0
1,000	8,700	8,900	8,900
42,494	43,494	52,194	61,094
\$43,494	\$52,194	\$61,094	\$69,994

Village of Coalton, Jackson County
Statement of Revenues, Expenses, and Changes in Fund Net Assets - Budget Basis
For the Years Ended December 31, 2005 Through 2007, Actual
and Ending December 31, 2008 Through 2012, Forecasted

Water Operating Fund

	2005 Actual	2006 Actual	2007 Actual	2008 Forecasted
Operating Revenues				
Charges for Services	\$88,969	\$105,509	\$111,596	\$114,900
<i>Total Revenues</i>	<u>88,969</u>	<u>105,509</u>	<u>111,596</u>	<u>114,900</u>
Operating Expenses				
Personal Services	18,589	8,774	8,227	9,900
Fringe Benefits	3,644	4,695	4,466	3,500
Contractual Services	4,372	12,669	21,156	22,000
Materials and Supplies	45,372	44,361	44,555	46,300
Capital Outlay	0	2,000	0	40,400
Other	0	648	0	500
Total Expenses	<u>71,977</u>	<u>73,147</u>	<u>78,404</u>	<u>122,600</u>
<i>Operating Income (Loss)</i>	<u>16,992</u>	<u>32,362</u>	<u>33,192</u>	<u>(7,700)</u>
Non-Operating Expenses				
Other Financing Uses	<u>(2,144)</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Total Non-Operating Expenses</i>	<u>(2,144)</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Income (Loss) Before Contributions</i>	14,848	32,362	33,192	(7,700)
Capital Contributions	<u>0</u>	<u>0</u>	<u>0</u>	<u>28,400</u>
<i>Change in Net Assets</i>	14,848	32,362	33,192	20,700
<i>Net Assets at Beginning of Year</i>	<u>575</u>	<u>15,423</u>	<u>47,785</u>	<u>80,977</u>
<i>Net Assets at End of Year</i>	<u>\$15,423</u>	<u>\$47,785</u>	<u>\$80,977</u>	<u>\$101,677</u>

2009 Forecasted	2010 Forecasted	2011 Forecasted	2012 Forecasted
\$117,200	\$119,600	\$122,000	\$124,400
117,200	119,600	122,000	124,400
10,100	10,200	10,500	10,700
4,200	4,500	3,100	2,800
22,900	23,800	24,800	25,200
48,200	50,100	52,100	54,200
15,000	16,500	18,000	20,000
500	500	500	500
100,900	105,600	109,000	113,400
16,300	14,000	13,000	11,000
0	0	0	0
0	0	0	0
16,300	14,000	13,000	11,000
0	0	0	0
16,300	14,000	13,000	11,000
101,677	117,977	131,977	144,977
\$117,977	\$131,977	\$144,977	\$155,977

Village of Coalton, Jackson County
Statement of Revenues, Expenses, and Changes in Fund Net Assets - Budget Basis
For the Years Ended December 31, 2005 Through 2007, Actual
and Ending December 31, 2008 Through 2012, Forecasted

Sewer Operating Fund

	2005 Actual	2006 Actual	2007 Actual	2008 Forecasted
Operating Revenues				
Charges for Services	\$40,332	\$44,547	\$48,812	\$49,000
Miscellaneous	6	0	282	0
<i>Total Revenues</i>	<u>40,338</u>	<u>44,547</u>	<u>49,094</u>	<u>49,000</u>
Operating Expenses				
Personal Services	18,589	9,487	6,107	11,800
Fringe Benefits	3,644	4,632	4,023	3,400
Contractual Services	8,361	19,157	24,511	23,000
Materials and Supplies	1,054	2,846	6,548	6,700
Capital Outlay	0	1,800	0	5,500
Other	0	546	0	0
Total Expenses	<u>31,648</u>	<u>38,468</u>	<u>41,189</u>	<u>50,400</u>
<i>Operating Income (Loss)</i>	<u>8,690</u>	<u>6,079</u>	<u>7,905</u>	<u>(1,400)</u>
Non-Operating Expenses				
Other Financing Uses	(1,807)	0	(1,850)	0
<i>Total Non-Operating Expenses</i>	<u>(1,807)</u>	<u>0</u>	<u>(1,850)</u>	<u>0</u>
<i>Change in Net Assets</i>	6,883	6,079	6,055	(1,400)
<i>Net Assets at Beginning of Year</i>	<u>(168)</u>	<u>6,715</u>	<u>12,794</u>	<u>18,849</u>
<i>Net Assets at End of Year</i>	<u><u>\$6,715</u></u>	<u><u>\$12,794</u></u>	<u><u>\$18,849</u></u>	<u><u>\$17,449</u></u>

2009 Forecasted	2010 Forecasted	2011 Forecasted	2012 Forecasted
\$49,800	\$50,800	\$51,800	\$53,900
0	0	0	0
49,800	50,800	51,800	53,900
11,900	12,000	12,300	12,500
4,000	4,200	3,200	3,100
23,700	24,400	25,100	25,900
7,000	7,200	7,400	7,600
1,500	1,500	1,500	1,500
0	0	0	0
48,100	49,300	49,500	50,600
1,700	1,500	2,300	3,300
0	0	0	0
0	0	0	0
1,700	1,500	2,300	3,300
17,449	19,149	20,649	22,949
\$19,149	\$20,649	\$22,949	\$26,249

Village of Coalton, Jackson County
Statement of Revenues, Expenses, and Changes in Fund Net Assets - Budget Basis
For the Years Ended December 31, 2005 Through 2007, Actual
and Ending December 31, 2008 Through 2012, Forecasted

Sewer Debt Fund

	2005 Actual	2006 Actual	2007 Actual	2008 Forecasted
Operating Revenues				
Charges for Services	\$17,412	\$19,399	\$20,847	\$21,000
<i>Total Revenues</i>	<u>17,412</u>	<u>19,399</u>	<u>20,847</u>	<u>21,000</u>
Operating Expenses				
Debt Service:				
Principal	5,494	10,736	9,381	9,900
Interest and Fiscal Charges	14,354	12,901	12,391	12,000
Total Expenses	<u>19,848</u>	<u>23,637</u>	<u>21,772</u>	<u>21,900</u>
<i>Operating Income (Loss)</i>	<u>(2,436)</u>	<u>(4,238)</u>	<u>(925)</u>	<u>(900)</u>
Non-Operating Revenues (Expenses)				
Interest Income	0	61	0	100
Other Financing Uses	(9)	0	0	0
<i>Total Non-Operating Revenues (Expenses)</i>	<u>(9)</u>	<u>61</u>	<u>0</u>	<u>100</u>
<i>Change in Net Assets</i>	(2,445)	(4,177)	(925)	(800)
<i>Net Assets at Beginning of Year</i>	<u>19,783</u>	<u>17,338</u>	<u>13,161</u>	<u>12,236</u>
<i>Net Assets at End of Year</i>	<u><u>\$17,338</u></u>	<u><u>\$13,161</u></u>	<u><u>\$12,236</u></u>	<u><u>\$11,436</u></u>

2009 Forecasted	2010 Forecasted	2011 Forecasted	2012 Forecasted
\$21,300	\$21,700	\$22,100	\$22,600
21,300	21,700	22,100	22,600
10,300	8,800	7,600	7,900
11,600	11,200	10,800	10,500
21,900	20,000	18,400	18,400
(600)	1,700	3,700	4,200
100	100	100	100
0	0	0	0
100	100	100	100
(500)	1,800	3,800	4,300
11,436	10,936	12,736	16,536
\$10,936	\$12,736	\$16,536	\$20,836

Village of Coalton, Jackson County
Statement of Revenues, Expenses, and Changes in Fund Net Assets - Budget Basis
For the Years Ended December 31, 2005 Through 2007, Actual
and Ending December 31, 2008 Through 2012, Forecasted

Sewer Replacement and Repair Fund

	2005 Actual	2006 Actual	2007 Actual	2008 Forecasted
Operating Revenues				
Charges for Services	\$12,220	\$13,583	\$14,511	\$14,700
<i>Total Revenues</i>	<u>12,220</u>	<u>13,583</u>	<u>14,511</u>	<u>14,700</u>
Operating Expenses				
Personal Services	2,212	924	3,297	6,000
Fringe Benefits	0	516	650	1,300
Contractual Services	6,325	2,319	3,434	3,600
Materials and Supplies	472	874	1,098	1,100
Capital Outlay	8,979	3,387	0	2,500
Other	0	18	0	0
<i>Total Expenses</i>	<u>17,988</u>	<u>8,038</u>	<u>8,479</u>	<u>14,500</u>
<i>Operating Income (Loss)</i>	<u>(5,768)</u>	<u>5,545</u>	<u>6,032</u>	<u>200</u>
Non-Operating Revenues (Expenses)				
Interest Income	0	63	0	0
Other Financing Uses	(177)	0	0	0
<i>Total Non-Operating Revenues (Expenses)</i>	<u>(177)</u>	<u>63</u>	<u>0</u>	<u>0</u>
<i>Change in Net Assets</i>	(5,945)	5,608	6,032	200
<i>Net Assets at Beginning of Year</i>	<u>13,477</u>	<u>7,532</u>	<u>13,140</u>	<u>19,172</u>
<i>Net Assets at End of Year</i>	<u><u>\$7,532</u></u>	<u><u>\$13,140</u></u>	<u><u>\$19,172</u></u>	<u><u>\$19,372</u></u>

2009 Forecasted	2010 Forecasted	2011 Forecasted	2012 Forecasted
\$15,000	\$15,300	\$15,600	\$15,900
15,000	15,300	15,600	15,900
6,100	6,200	6,400	6,500
1,100	1,100	1,200	1,200
3,700	3,800	3,900	4,000
1,200	1,200	1,300	1,300
1,500	1,500	1,500	1,500
0	0	0	0
13,600	13,800	14,300	14,500
1,400	1,500	1,300	1,400
0	0	0	0
0	0	0	0
0	0	0	0
1,400	1,500	1,300	1,400
19,372	20,772	22,272	23,572
\$20,772	\$22,272	\$23,572	\$24,972

Village of Coalton, Jackson County
Statement of Revenues, Expenses, and Changes in Fund Net Assets - Budget Basis
For the Years Ended December 31, 2005 Through 2007, Actual
and Ending December 31, 2008 Through 2012, Forecasted

Trash Fund

	2005	2006	2007	2008
	Actual	Actual	Actual	Forecasted
Operating Revenues				
Charges for Services	\$24,404	\$24,406	\$24,213	\$27,800
Miscellaneous	0	296	0	0
<i>Total Revenues</i>	<u>24,404</u>	<u>24,702</u>	<u>24,213</u>	<u>27,800</u>
Operating Expenses				
Personal Services	10,831	2,094	1,619	4,400
Fringe Benefits	0	2,843	1,506	1,200
Contractual Services	12,883	13,271	19,445	17,600
Materials and Supplies	2,215	5,351	3,649	4,000
Capital Outlay	0	0	0	75,000
Other	0	118	0	0
Debt Service:				
Principal	0	0	0	0
Interest and Fiscal Charges	0	0	0	0
<i>Total Expenses</i>	<u>25,929</u>	<u>23,677</u>	<u>26,219</u>	<u>102,200</u>
<i>Operating Income (Loss)</i>	<u>(1,525)</u>	<u>1,025</u>	<u>(2,006)</u>	<u>(74,400)</u>
Non-Operating Revenues (Expenses)				
Transfers-In	0	0	2,500	0
Proceeds of Capital Lease	0	0	0	75,000
Other Financing Uses	(1,464)	0	0	0
<i>Total Non-Operating Revenues (Expenses)</i>	<u>(1,464)</u>	<u>0</u>	<u>2,500</u>	<u>75,000</u>
<i>Change in Net Assets</i>	(2,989)	1,025	494	600
<i>Net Assets at Beginning of Year</i>	<u>3,368</u>	<u>379</u>	<u>1,404</u>	<u>1,898</u>
<i>Net Assets at End of Year</i>	<u><u>\$379</u></u>	<u><u>\$1,404</u></u>	<u><u>\$1,898</u></u>	<u><u>\$2,498</u></u>

2009 Forecasted	2010 Forecasted	2011 Forecasted	2012 Forecasted
\$31,400	\$35,700	\$35,700	\$35,800
0	0	0	0
31,400	35,700	35,700	35,800
4,400	4,500	4,600	4,700
1,500	1,500	1,100	1,000
18,200	18,700	19,300	19,800
4,100	4,200	4,400	4,500
0	0	0	0
0	0	0	0
3,300	3,400	3,900	4,200
1,700	1,500	1,500	1,400
33,200	33,800	34,800	35,600
(1,800)	1,900	900	200
0	3,000	2,000	2,000
0	0	0	0
0	0	0	0
0	3,000	2,000	2,000
(1,800)	4,900	2,900	2,200
2,498	698	5,598	8,498
\$698	\$5,598	\$8,498	\$10,698

This page intentionally left blank.

Village of Coalton, Ohio
Summary of Significant Accounting Policies and Forecast Assumptions
For the Years Ending December 31, 2008 through 2012

Note 1 – The Village

The Village of Coal (the “Village”) is located in Jackson County, Ohio, approximately 75 miles south of the City of Columbus and has a population of approximately 545. The Village is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and the laws of the State of Ohio. The Village is governed by a six-member Council and a Mayor elected by the voters of the Village. An appointed fiscal officer serves as the chief fiscal officer. In addition, there are two other appointed officials; a Village Administrator and Solicitor. All Village appointees are made by the Village Council.

On August 1, 1993, the Auditor of State’s office declared the Village of Coalton to be in a state of fiscal emergency in accordance with Section 118.03, Ohio Revised Code. The declaration resulted in the establishment of a Financial Planning and Supervision Commission. The Commission is comprised of the Mayor, Council President, three individuals whose residency or principal place of business is within the Village, and a designee from both the State Treasurer’s office and the Office of Budget and Management. This Commission is required to adopt a financial recovery plan for the Village. Once the plan has been adopted, the Village’s discretion is limited in that all financial activity of the Village must be accordance with the plan.

The Village of Coalton provides general governmental services, including police and fire protection services. The Village’s departments include administration, police, a volunteer fire department, street, water, sewer, and trash. The operation of each of these activities is directly controlled by the Village Council through the budgetary process. The administration includes the Mayor, Fiscal Officer, Administrator, and Solicitor.

Note 2 – Nature of Presentation

This financial forecast presents, to the best of the Village’s knowledge and belief, the expected revenues and expenditures and changes in fund balances for the forecast period. Accordingly, the forecast reflects the Village’s judgment, as of June 30, 2008, the date of the forecast, the expected conditions, and its expected course of action. The assumptions disclosed herein are those that management believes are significant to the forecast. There will usually be differences between the forecasted and actual results because events and circumstances do not occur as expected and those differences may be material.

The forecast presents the funds that are significant to the operations of the Village. These funds include the General Fund, the Street Construction and Maintenance, Fire Department, and Community Improvement Board Special Revenue Funds, and the Water, Sewer, Sewer Debt, Sewer Replacement and Repair, and Trash Enterprise Funds.

Note 3 – Summary of Significant Accounting Policies

A. Basis of Accounting

This financial forecast has been prepared on a basis of cash receipts, disbursements and encumbrances, which is consistent with the budget basis (non-GAAP) of accounting used to prepare the historical financial statements. Under this basis of accounting, certain revenue and related assets are recognized when paid rather than when earned and certain expenditures are recognized when paid rather than when the obligation is incurred. However, by virtue of Ohio law, the Village is required to maintain the encumbrance method of accounting. This method requires purchase orders, contracts and other commitments for the expenditure of monies to be recorded as the equivalent of an expenditure in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance.

Village of Coalton, Ohio
Summary of Significant Accounting Policies and Forecast Assumptions
For the Years Ending December 31, 2008 through 2012

B. Fund Accounting

The Village maintains its accounting records in accordance with the principles of “fund” accounting. Fund accounting is the concept developed to meet the needs of governmental entities in which legal or other restraints require the segregation of specific receipts and disbursements. The transactions of each fund are reflected in a self-balancing group of accounts, an accounting entity that stands separate from the activities reported in other funds. The restrictions associated with each fund are as follows:

Governmental Funds

General Fund The General Fund is the operating fund of the Village and is used to account for all financial resources except those required to be accounted for in another fund. The General Fund balance is available to the Village for any purpose provided it is disbursed or transferred in accordance with Ohio law.

Special Revenue Funds Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to disbursements for specified purposes.

Street Construction and Maintenance Fund Accounts for monies received from the State for gasoline and motor vehicle license taxes used for the construction, maintenance, and repair of Village streets.

Fire Department Fund Accounts for fire contract and service fees received for the operation of the Village’s fire department.

Community Improvement Board Fund Accumulates intergovernmental resources from a County-wide one percent sales tax. The sales tax is collected by the State, which distributes it to the Jackson County Auditor. The Jackson County Auditor then distributes the funds to all subdivisions in Jackson County. The receipts can be used by the Village for all operational and capital expenses except those pertaining to salaries.

Proprietary Funds

Enterprise Funds Enterprise Funds account for activity for which a fee is charged to external users for goods or services.

Water Operating Fund Accounts for charges for services received from Village residents used for the operations of the Village’s water operations.

Sewer Operating Fund Accounts for charges for services received from Village residents used for the operations of the Village’s sewer operations.

Sewer Debt Fund Used for the accumulation of resources for the payment of principal and interest charges for sewer debt.

Sewer Replacement and Repair Fund Used for the accumulation of resources used for the maintenance of the Village’s sewer facilities.

Trash Fund Accounts for charges for services received from Village residents used for the operations of the Village’s trash department.

Village of Coalton, Ohio
Summary of Significant Accounting Policies and Forecast Assumptions
For the Years Ending December 31, 2008 through 2012

Fiduciary Funds Fiduciary Funds account for assets held by the Village in a trustee capacity are as an agent for individuals, private organizations, or other governmental units. The Fiduciary Fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency funds.

C. Budgetary Process

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of the budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriations resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. All funds, other than agency funds, are legally required to be budgeted and appropriated. The primary level of budgetary control adopted by the Village is the fund/department/salaries and Other Expenditures/Expenses level for all funds.

Tax Budget A budget of estimated cash receipts and disbursements is submitted to the Jackson County Auditor, as secretary of the County Budget Commission, by July 20 of each year, for the succeeding year.

Estimated Resources The County Budget Commission certified its actions to the Village by September 1. As part of this certification, the Village receives the official certificate of estimated resources, which states the projected receipts of each fund. On or about January 1, the certificate of estimates resources is amended to include any unencumbered balances from the preceding year. Prior to December 31, the Village must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated on the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriation measure.

Appropriations If the annual appropriation measure for the full year is not ready for approval by Council, a temporary appropriation measure to control cash disbursements must be passed on or about January 1 of each year. A temporary appropriation measure remains in place until the annual appropriation measure is adopted for the entire year. By March 31, an annual appropriation ordinance must be legally enacted by the Village. The appropriation measure may be amended or supplemented during the year as new information becomes available.

Encumbrances The Village used the encumbrance method of accounting. Under this system, purchase orders, contracts, and other commitments for the expenditure of funds are recorded in order to reserve a portion of the applicable appropriation.

D. Property, Plant, and Equipment

Capital assets acquired or constructed for general governmental services are recorded as expenditures. Depreciation is not recorded for these capital assets as the purpose of the financial statements for the governmental services is to report the expenditure of resources, not costs.

Village of Coalton, Ohio
Summary of Significant Accounting Policies and Forecast Assumptions
For the Years Ending December 31, 2008 through 2012

Note 4 – Revenue Assumptions

A. General Fund

Property Taxes Property taxes are applied to real estate, public utility real and personal property, manufactured homes, and tangible personal property used in business which are located within the Village. Property taxes are collected for, and distributed to, the Village by the Jackson County Auditor and Treasurer. The Village may request advances from Jackson County Auditor as the taxes are collected. When final settlements are made, any amounts remaining to be distributed to the Village are paid. Deductions for auditor and treasurer fees, advertising delinquent taxes, election expenses, and other fees are made at these settlement times. The amounts shown in the revenue section of the forecast represent gross property tax revenues. The Village uses property tax levies to finance general operations, street operations, and police protection services.

State law allows for certain reductions in the form of rollbacks and homestead exemptions for real estate taxes. The State reimburses the Village for all revenue lost due to the exemptions. The amount of the reimbursement is presented in the account “intergovernmental revenue”. Beginning in 2006, the State of Ohio eliminated the ten percent rollback on commercial and industrial real property. This change increased real property taxes collected against commercial and industrial property and decreased intergovernmental revenue.

All property tax revenues are based on property valuations and levy rates. The County is required to reappraise property every six years and update the valuations every three years between the reappraisals. The last reappraisal was completed in 2005. The next triennial update will take place in 2008. Based on past years, the Village anticipates consistent increases in real property assessed valuation, except public utility personal property and tangible personal property, due to the railroads moving equipment out of the Village and changes in the State tax code. The Village’s assessed values upon which property tax receipts were based for the last three years are as follows:

Class of Property	2005	2006	2007
Real Property			
Residential and Agricultural	\$2,485,440	\$2,490,050	\$2,493,840
Commercial and Industrial	682,150	686,780	686,780
Public Utility Personal Property	201,780	193,250	48,710
Tangible Personal Property	572,589	448,989	221,939
Total Assessed Value	<u>\$3,941,959</u>	<u>\$3,819,069</u>	<u>\$3,451,269</u>

The property tax revenues are generated from several levies. The levy type, the fund in which the proceeds are received, the original year approved, the latest renewal year, the first and last year of collection, and the full tax rate are as follows:

Village of Coalton, Ohio
Summary of Significant Accounting Policies and Forecast Assumptions
For the Years Ending December 31, 2008 through 2012

Levy Type	Fund	Original Year Approved	Latest Year Renewed	First Year of Collection	Last Year of Collection	Total Rate (Per \$1,000 of Assessed Valuation)
Inside Millage	General	n/a	n/a	n/a	n/a	1.90
Operating	General	2002	2008	2009	2013	5.00
Operating	General	2006	n/a	2007	2011	6.00
Total						12.90

The 2002 General Operating Levy was renewed in 2008 and will be collected in 2009 through 2013. The 2006 General Fund Operating Levy was first collected in 2007 and will be collected through 2011. As the operating levies expire, it is the Village's intention to request voter approval to renew the levies in the last year of collection.

Ohio law provides for a reduction in the rates of voted levies to offset increased values resulting from a reappraisal of real property. Reduction factors are applied to voted levies so that each levy yields the same amount of property taxes as in the prior calendar year. Increases to voted levy revenues, other than bond levies, are restricted to assessments for new construction. The reduction factors are computed annually and applied separately for residential and agricultural property and commercial and industrial property. Rates applied to tangible personal property are not reduced. The effective residential and agricultural rates and the effective commercial and industrial rates per \$1,000 of assessed valuation for collection years 2005, 2006, and 2007 are as follows:

Levy Type	Full Tax Rate	Effective Rates for Collection Years					
		Residential and Agricultural			Commercial and Industrial		
		2005	2006	2007	2005	2006	2007
Inside Millage							
General Operating	1.900	1.900	1.900	1.900	1.671	1.900	1.900
Outside Millage							
General Operating	5.000	3.233	3.226	3.227	4.397	4.154	4.154
General Operating	6.000	0.000	5.987	5.988	0.000	5.980	5.980
Total	12.900	5.133	11.113	11.115	6.068	12.034	12.034

Public utility and personal property taxes are collected and settled by the county with real estate taxes and are recorded as property taxes. Beginning in 2001, the Ohio General Assembly reduced the assessment rate for certain tangible personal property of electric and gas utilities from 88 percent to 25 percent. Starting in tax year 2005, the assessment rate for personal property owned by telephone utilities prior to 1995 was being phased down from 88 percent to 25 percent (in tax year 2007) over a three-year period. Beginning in 2007, House Bill 66 switched telephone companies from being public utilities to general business taxpayers and began a four-year phase out of the tangible personal property tax on local and inter-exchange telephone companies which will be completed in 2011. No tangible personal property taxes will be levied or collected after calendar year 2010 on local and inter-exchange telephone companies. The State of Ohio reimburses the Village for the loss of tangible personal property taxes as a result of these changes within certain limitations (see Intergovernmental Revenue below).

Village of Coalton, Ohio

Summary of Significant Accounting Policies and Forecast Assumptions For the Years Ending December 31, 2008 through 2012

Real Property Property tax revenue includes real estate taxes, public utility property taxes and manufactured home taxes. The amounts shown in the revenue section of the forecast statements represent gross property tax revenue and are based upon anticipated increased assessed valuations and existing tax levies. Real property taxes have increased each year. The increases were due to reappraisals, collections beginning in 2006, and the 6 mill tax levy, for which collections began in 2007. Additionally, increases in revenue resulting from increases in assessed value of two percent for 2009 and five percent for 2012 due to the triennial update and sexennial reappraisals, respectively, are included in the forecast.

Tangible Personal Property Tangible personal property tax is levied on machinery and equipment, furniture and fixtures, and inventory of businesses. Effective for tax years 2005 and 2006, the 23 percent assessment rate on business inventory was to be reduced by two percent if the total statewide collections of personal property taxes for the second preceding year exceed the total statewide collections of property taxes for the third preceding year. Effective for tax years 2007 and beyond, the assessment rate for inventory was to be reduced by two percent per year until it is completely phased out regardless of the growth in collections.

Beginning in 2006, House Bill 66 will phase out, by 25 percent each year, tangible personal property tax on most business inventory, manufacturing machinery and equipment, and furniture and fixtures. This change supersedes the changes and phase out periods addressed above. No tangible personal property taxes will be levied or collected in calendar year 2009 from general business taxpayers (except telephone companies whose last year to pay tangible personal property tax is 2010). Most new manufacturing machinery and equipment that would have been first taxable in tax year 2006 and thereafter will not be subject to any tangible personal property tax. The Village, based on the last year of collections before the phase out period, will lose approximately \$4,700, annually, when tangible personal property tax is completely phased out in 2009, except for telephone companies which will be phased out in 2011. The State of Ohio will reimburse the Village for the loss of tangible personal property taxes as a result of the changes in House Bill 66 with certain limitations (see Intergovernmental Revenue below).

Intergovernmental Revenue Intergovernmental revenues include local government monies, local government revenue assistance, and State allocations to offset the rollback and homestead tax relief programs and the elimination of the tangible personal property tax. The local government funds are distributed monthly by the State to the County Auditor and from the County Auditor to the Village.

Beginning in 2006, the State will reimburse the Village for lost revenue due to the phase out of tangible personal property tax. In tax years 2006 through 2010, the Village will be fully reimbursed relative to prior law for revenue lost due to the taxable value reductions prescribed by HB 66. In tax years 2011 through 2017, the reimbursements are phased out. The reimbursement will be made for the base year amount, except that taxing authorities are only reimbursed for inventory property assessment percentage reductions beyond those already in place before the passage of HB 66. This means the Village is only reimbursed for the difference between prior law and its phase-outs and the phase-outs in HB 66.

State law grants tax relief in the form of a ten percent reduction in real property tax bills. In addition, a two and one-half percent rollback is granted on residential property taxes. Tax relief is also granted to qualified elderly and disabled homeowners. The State reimburses the Village for the loss of real property taxes caused by the homestead and rollback tax relief programs. Beginning in 2006, the State eliminated the ten percent rollback on commercial and industrial real property.

The State exempts the first \$10,000 in personal property from taxation. The State reimburses the Village for the lost revenue. Beginning with tax year 2004, the State will phase out the reimbursement by 10 percent each year. Under HB 66, the phase-out period has been accelerated. The last reimbursement for this exemption will be in October 2008.

Village of Coalton, Ohio
Summary of Significant Accounting Policies and Forecast Assumptions
For the Years Ending December 31, 2008 through 2012

Section 503.12 (B) of House Bill 66 establishes a Task Force to study potential sources of State funding for the local government and the local government revenue assistance programs that have the capacity for growth and stability in funding levels and that considers the changes to the Ohio tax code. In December 2006, the Task Force submitted a report to the Governor and to the General Assembly setting forth its recommendations. The report recommends replacing the percentage-of-tax methodology with a percentage-of-tax receipts formula. In general, the formula proposes that the three local government funds at the State level receive a percentage of the general revenue fund tax receipts in total collected by the State. The recommendation was included in the State Budget bill for fiscal years 2008 and 2009. As part of the change, the Local Government Revenue Assistance program was eliminated.

Beginning in tax collection year 2008, the State expanded the homestead exemption to allow eligible homeowners to shield the first \$25,000 in market value from taxation. This expanded exemption will increase State allocation revenue and decrease property tax revenues by an equal amount. No increase has been included in intergovernmental revenues nor a decrease in property tax because the amount cannot yet be determined.

Fines, Licenses, and Permits Fines, licenses, and permits represents revenues derived from the Mayor's Court and building permits. It is the Village's intention to continue to operate the Mayor's Court, therefore, revenues are expected to remain consistent with the past several years.

Donations Donations represent monies donated to the Village for the operation of the Village recreation department. In previous years, this revenue came solely from the Renaissance Institute for the operations of the Village's ball field and park. It is uncertain whether these donations will continue and no donations are anticipated in the forecast.

B. Street Construction and Maintenance Fund

Intergovernmental Revenue Intergovernmental revenue consists of gasoline and motor vehicle license tax. Revenues have historically increased at a rate of 2 to 3 percent per year; however, due to the worsening local economy and the steep increase in fuel costs, the forecast anticipates no annual growth for the forecast period.

C. Fire Department Fund

Intergovernmental Revenue Intergovernmental revenue consists of Federal and State Homeland Security grants received for equipment purchases and training costs. For fiscal year 2008, the Fire department has been awarded an \$80,000 capital improvement grant. The Village does not expect to receive capital improvement grants of this magnitude in future years and the forecast anticipates \$5,000 annually in Federal and State Homeland Security grants beginning in 2010 and continuing throughout the forecast.

Charges for Services The Village has two fire protection contracts with Coal and Jackson Townships, signed in 2007, and both reflect a one hundred percent increase. This increase is to enable the Village to charge an amount closer to what it costs to provide these services. The contracts also provide for annual four percent increases through 2010. The annual increases are expected to continue through the remainder of the forecast period. The decrease noted in 2009 is the result of the final payment for 2007 not being received by the Village until early 2007.

Transfers Transfers in from the General Fund to aid in operations are expected to continue throughout the forecast period and are anticipated to be \$7,500 annually throughout the forecast period.

Village of Coalton, Ohio
Summary of Significant Accounting Policies and Forecast Assumptions
For the Years Ending December 31, 2008 through 2012

D. Community Improvement Board Fund

Intergovernmental Revenue Intergovernmental revenue is derived from a County-wide, one percent sales tax collected by the State of Ohio and distributed by the Jackson County Auditor to all the municipalities within Jackson County. The sales tax was approved by voters in November, 1987, for the purpose of funding community improvements. Though receipts are expected to decrease in 2009 due to the timing of monthly remittances from the Jackson County Auditor, 1.5 percent annual increase are anticipated for the remainder of the forecast period. The only restrictions on this revenue is that the Village cannot use it for salary and salary-related expenses.

E. Water Operations Fund

Charges for Services Charges for services consisting of user fees charged to Village residents for water service have historically grown at a rate of approximately three percent per year due to rate increases. The Village anticipates this trend to continue.

Intergovernmental Revenue Intergovernmental revenues consist of an Ohio Valley Regional Development Authority capital improvement grant received in fiscal year 2008. The forecast does not reflect this revenue source beyond 2008.

F. Sewer Operations Fund

Charges for Services Charges for services consisting of user fees charged to Village residents for sewer service have historically grown at a rate of approximately two percent per year due to rate increases. The Village anticipates this trend to continue.

G. Sewer Debt Fund

Charges for Services Charges for services consisting of user fees charged to Village residents for sewer service have historically grown at a rate of approximately two percent per year due to rate increases. The Village anticipates this trend to continue.

H. Sewer Replacement and Repair Fund

Charges for Services Charges for services consisting of user fees charged to Village residents for sewer service have historically grown at a rate of approximately two percent per year due to rate increases. The Village anticipates this trend to continue.

I. Trash Fund

Charges for Services Charges for services consists of user fees charged to Village residents for trash service. In fiscal year 2008, a \$2.50 per month increase, representing 25 percent, is scheduled to take effect in June, 2008. In fiscal year 2010, a \$1.50 per month increase, or 12 percent, is scheduled to take effect in January. These increases have been included in the forecast.

Proceeds of Capital Lease Lease proceeds of \$75,000 are forecasted for fiscal year 2008 for the purchase of a new trash truck.

Village of Coalton, Ohio
Summary of Significant Accounting Policies and Forecast Assumptions
For the Years Ending December 31, 2008 through 2012

Note 5 – Expenditure/Expense Assumptions

A. Personal Services

Personal services include the salaries and wages paid to the employees and elected officials of the Village. All employees receive their compensation on a weekly basis except the Village Administrator, who is paid monthly and the Mayor and Council, who are paid annually.

Village Council, by ordinance, sets the salary or hourly rates and other forms of compensation, such as paid leave for the employees. One employee is classified as a full-time employee; all others are classified as part-time employees. All employee salaries, except elected officials and the utilities manager, are expected to increase at a rate of \$0.25 per hour, beginning in 2009 through 2012. Council has legislated that all elected officials be paid \$1 annually. This forecast anticipates salaries of \$4,680 for Mayor and Council beginning in 2012. The utilities manager's annual salary of \$9,100 is expected to increase to \$9,490 annually, beginning in 2010.

There are two part-time employees the Village pays out of the Council/Personal Services line item. These employees mow the Village Hall lawn, maintain the Village Hall, and perform any additional tasks assigned by Council.

Employee salaries are allocated among funds based upon actual hours worked.

The following table illustrates the Village employee salary estimates for each fund for the 2008 fiscal year with allotments being made in line with historical averages:

Employee	Annual Salary	Fund					
		General	Street Construction and Maintenance	Water Operating	Sewer Operating	Sewer Replacement and Repair	Trash
Mayor	\$1	\$1	\$0	\$0	\$0	\$0	\$0
Council Members (6)	6	6	0	0	0	0	0
Chief of Police	19,760	19,760	0	0	0	0	0
Fiscal Officer	5,305	1,165	0	1,275	1,275	638	952
Village Administrator	6,000	0	0	1,800	1,800	900	1,500
Utilities Manager	9,100	0	0	2,730	4,550	1,820	0
Water/Sewer/Mayor's Court Clerk	6,963	3,205	0	1,114	1,114	629	901
24 Hr/Week Laborer*	9,984	2,000	1,488	2,000	2,000	1,496	1,000
10 Hr/Week Laborer*	4,940	1,235	1,235	988	988	494	0
Total	\$62,059	\$27,372	\$2,723	\$9,907	\$11,727	\$5,977	\$4,353

*General Fund portion of the laborers are included in the Council Department.

The Chief of Police earns vacation based upon years of employment. All vacation days must be taken during the year and cannot be carried forward. Currently, the Chief of Police earns four weeks vacation per year.

B. Fringe Benefits

Fringe benefits include employer contributions to the State pension systems, workers' compensation, and Medicare.

Village of Coalton, Ohio
Summary of Significant Accounting Policies and Forecast Assumptions
For the Years Ending December 31, 2008 through 2012

The Village participates in the Ohio Public Employees Retirement System (OPERS). OPERS provides basic retirement, disability, and death benefits to plan members and beneficiaries. Benefits for OPERS are established by Chapter 145 of the Ohio Revised Code. Employees are required to contribute 10 percent of their annual-covered wages and the Village is required to contribute 14 percent of annual covered wages.

The Village contributes to the Ohio Police and Fire Pension Fund (OPFPF), a cost-sharing, multiple-employer defined benefit pension plan. OPFPF provides basic retirement, disability, and death benefits to plan members and beneficiaries. Benefits for OPFPF are established by Chapter 742 of the Ohio Revised Code. The Police Chief is the only full-time employee contributing to OPFPF. Employees are required to contribute 10 percent of their annual-covered wages and the Village is required to contribute 19.5 percent of annual-covered wages.

The Village anticipates the annual workers' compensation premiums to be \$5,500. In addition, \$750 per month will be paid to the Ohio Bureau of Workers' Compensation for delinquent premium payments through March 2011. Current and delinquent workers' compensation payments will be made from all funds from which employee's salaries are paid. Fire Department contributions represent coverage for volunteer fireman required for response and service calls.

Fringe benefits, overall, are forecasted to increase at the same rate as salaries.

C. Contractual Services

Contractual services consist of utilities, professional services, property and casualty insurance, contract labor, audit costs, and Uniform Accounting Network Fees. In the Trash Fund, contractual services consist primarily of contract labor, trash tipping fees, and maintenance on the trash truck. In the Fire Department Fund, contractual services consist primarily of liability and vehicle insurance. Other than decreases in expenditures related to contract labor and the bi-annual fluctuations related to audit costs, contractual services are anticipated to increase for all funds at a rate of two to three percent annually.

D. Materials and Supplies

Material and supplies expenditures include office supplies, building supplies, gas purchases, postage, road materials, sewer chemicals, water supplies, etc. Material and supplies expenditures are expected to increase for all funds at a rate of two to four percent each year due to inflation.

E. Capital Outlay

General Fund

The Village anticipates the purchase of a used dump truck in 2008 and additional purchases of computer equipment throughout the forecast period. The purchase of the dump truck will be spread over numerous funds with the General Fund portion being \$1,500 in fiscal year 2008. The Village anticipates expenditures of \$2,000 to \$3,000 annually for new computer equipment for the Council and fiscal officer departments.

Street Construction and Maintenance Fund

The Village expects to expend \$7,500 on street paving and improvement projects in 2008 and 2009 and \$5,000 per year thereafter. In addition, the Street Construction and Maintenance Fund will contribute \$1,500 for the purchase of the aforementioned dump truck in 2008.

Village of Coalton, Ohio
Summary of Significant Accounting Policies and Forecast Assumptions
For the Years Ending December 31, 2008 through 2012

Fire Department Fund

The Fire Department Fund is expected to expend \$80,000 for equipment purchases in 2008 from a Homeland Security Capital Improvements Grant. The Village also anticipates annual spending of \$5,000 to \$6,000 for capital improvements for the remainder of the forecast period.

Community Improvement Board Fund

The Village is anticipating expending \$4,000 for street improvements, \$10,000 for a new trash truck, and \$3,500 for the aforementioned dump truck in 2008. In future years, the Village plans on expending between \$6,500 and \$8,000 annually on street paving and improvement projects.

Water Operating Fund

In 2008, the Village expects to complete its water meter replacement project at a cost of \$31,900, contribute \$1,500 toward the purchase of the aforementioned dump truck, and spend \$7,000 for a new utility billing system. The allocation for the utility billing system was made at 52 percent for the Water Fund, 29 percent for the Sewer Fund, 15 percent from the Sewer Replacement and Repair Fund, and 4 percent in the Trash Fund. This allocation was based upon estimated revenues in 2008, combined with other estimated capital expenditures in the funds in 2008. In future years, the Village anticipates annual capital expenditures of between \$15,000 and \$20,000 for water line replacement and the water tank telemetry project.

Sewer Operating Fund

In 2008, the Village will contribute \$1,500 to the purchase of the aforementioned dump truck and \$4,000 for a new utility billing system. The Village anticipates spending \$1,500 each year for the remainder of the forecast period for sewer plant improvements.

Sewer Replacement and Repair Fund

The Sewer Replacement and Repair Fund will contribute \$500 to the purchase of the dump truck in 2008 and an additional \$2,000 to the new utility billing system. In future fiscal years, the Village anticipates spending \$1,500 each year of the forecast period for sewer plant improvements.

Trash Fund

The Trash Fund will contribute \$500 towards the purchase of a new utility billing system in 2008 and anticipates purchasing a new trash truck at a cost of \$75,000.

F. Debt Service

Community Improvement Board Fund

The Community Improvement Board Fund will make Debt Service principal and interest payments for a police cruiser through 2009 and capital lease principal and interest payments on a trash truck through 2018. The trash truck capital lease will be retired from both the Community Improvement Board Fund and the Trash Fund.

The following table reflects the Village's estimated principal and interest payments from the Community Improvement Board Fund:

Village of Coalton, Ohio
Summary of Significant Accounting Policies and Forecast Assumptions
For the Years Ending December 31, 2008 through 2012

Year Ending December 31,	Police Cruiser Principal	Police Cruiser Interest	Trash Truck Principal	Trash Truck Interest
2008	\$7,137	\$838	\$0	\$0
2009	7,643	332	2,900	1,800
2010	0	0	3,000	1,400
2011	0	0	2,800	1,200
2012	0	0	2,800	1,000
2013 - 2017	0	0	15,800	2,800
2018	0	0	3,600	100
	<u>\$14,780</u>	<u>\$1,170</u>	<u>\$30,900</u>	<u>\$8,300</u>

Sewer Debt Fund

The Sewer Debt Fund will make principal and interest payments on an Ohio Water Development Authority Loan which will be retired in 2010 and on two United States Department of Agriculture Rural Development Revenue Bonds through 2028.

The following table reflects the Villages principal and interest payments from the Sewer Debt Fund:

Year Ending December 31,	USDA Principal	USDA Interest	OWDA Principal	OWDA Interest	Total Principal	Total Interest
2008	\$6,300	\$11,839	\$3,559	\$179	\$9,859	\$12,018
2009	6,700	11,524	3,638	100	10,338	11,624
2010	7,000	11,189	1,849	20	8,849	11,209
2011	7,600	10,839	0	0	7,600	10,839
2012	7,900	10,459	0	0	7,900	10,459
2013 - 2017	48,600	45,780	0	0	48,600	45,780
2018 - 2022	68,200	31,835	0	0	68,200	31,835
2023 - 2027	72,286	13,022	0	0	72,286	13,022
2028	12,200	610	0	0	12,200	610
	<u>\$236,786</u>	<u>\$147,097</u>	<u>\$9,046</u>	<u>\$299</u>	<u>\$245,832</u>	<u>\$147,396</u>

Trash Fund

The Trash Fund will make capital lease principal and interest payments for a trash truck through 2018.

The following table reflects the Village's estimated principal and interest payments from the Trash Fund:

Village of Coalton, Ohio
Summary of Significant Accounting Policies and Forecast Assumptions
For the Years Ending December 31, 2008 through 2012

Year Ending December 31,	Trash Truck Principal	Trash Truck Interest
2009	\$3,300	\$1,700
2010	3,400	1,500
2011	3,900	1,500
2012	4,200	1,400
2013	4,400	1,300
2015 - 2019	24,900	3,400
	\$44,100	\$10,800

G. Transfers

The following table reflects the Village's anticipated transfers for the forecast period:

Transfer		2008	2009	2010	2011	2012
From	To					
General Fund	Fire Fund	\$7,500	\$7,500	\$7,500	\$7,500	\$7,500
General Fund	Trash Fund	0	0	3,000	2,000	2,000
		\$7,500	\$7,500	\$10,500	\$9,500	\$9,500

The Village anticipates the General Fund making annual transfers of \$7,500 to the Fire Special Revenue Fund for operations. Additionally, annual transfers ranging from a high of \$3,000 in 2009 to a low of \$2,000 in 2012, will be made to the Trash Fund for the payment of Debt Service on the Village's trash truck.

H. Advances

The Village anticipates the Fire Department Fund returning \$7,700 in advances made to it by the General Fund in 2008 and 2009.

Village of Coalton, Ohio
Summary of Significant Accounting Policies and Forecast Assumptions
For the Years Ending December 31, 2008 through 2012

This page intentionally left blank.



Mary Taylor, CPA
Auditor of State

VILLAGE OF COALTON

JACKSON COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
SEPTEMBER 23, 2008**