



Mary Taylor, CPA  
Auditor of State



VILLAGE OF COAL GROVE  
LAWRENCE COUNTY

TABLE OF CONTENTS

TITLE	PAGE
Independent Accountants' Report.....	1
Management's Discussion and Analysis.....	3
Basic Financial Statements:	
Statement of Net Assets – Cash Basis – December 31, 2009 .....	11
Statement of Activities – Cash Basis – For the Year Ended December 31, 2009.....	12
Statement of Cash Basis Assets and Fund Balances – Governmental Funds – December 31, 2009.....	13
Statement of Cash Receipts, Disbursements, and Changes in Cash Basis Fund Balances - Governmental Funds – For the Year Ended December 31, 2009 .....	14
Statement of Receipts, Disbursements and Changes in Fund Balance - Budget and Actual – Budget Basis - General Fund – For the Year Ended December 31, 2009.....	15
Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budget Basis – Street Fund – For the Year Ended December 31, 2009.....	16
Statement of Receipts, Disbursements and Changes in Fund Balance - Budget and Actual – Budget Basis – State Highway Fund – For the Year Ended December 31, 2009. ....	17
Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budget Basis – Light Fund – For the Year Ended December 31, 2009.....	18
Statement of Fund Net Assets – Cash Basis - Proprietary Funds – December 31, 2009.....	19
Statement of Cash Receipts, Disbursements, and Changes in Fund Net Assets – Cash Basis - Proprietary Funds – For the Year Ended December 31, 2009 .....	20
Statement of Fiduciary Net Assets – Cash Basis – Fiduciary Fund – December 31, 2009.....	21
Statement of Net Assets – Cash Basis – December 31, 2008 .....	22
Statement of Activities – Cash Basis – For the Year Ended December 31, 2008.....	23
Statement of Cash Basis Assets and Fund Balances – Governmental Funds – December 31, 2008.....	24

VILLAGE OF COAL GROVE  
LAWRENCE COUNTY

TABLE OF CONTENTS  
(Continued)

TITLE	PAGE
Statement of Cash Receipts, Disbursements, and Changes in Cash Basis Fund Balances – Governmental Funds – For the Year Ended December 31, 2008 .....	25
Statement of Receipts, Disbursements and Changes in Fund Balance - Budget and Actual – Budget Basis – General Fund – For the Year Ended December 31, 2008.....	26
Statement of Receipts, Disbursements and Changes in Fund Balance - Budget and Actual - Budget Basis - Street Fund – For the Year Ended December 31, 2008 .....	27
Statement of Receipts, Disbursements and Changes in Fund Balance - Budget and Actual – Budget Basis – Light Fund – For the Year Ended December 31, 2008.....	28
Statement of Fund Net Assets – Cash Basis – Proprietary Funds – December 31, 2008.....	29
Statement of Cash Receipts, Disbursements, and Changes in Fund Net Assets – Cash Basis – Proprietary Funds – For the Year Ended December 31, 2008 .....	30
Statement of Fiduciary Net Assets – Cash Basis - Fiduciary Fund – December 31, 2008.....	31
Notes to the Basic Financial Statements .....	33
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> .....	49
Schedule of Findings.....	51
Schedule of Prior Audit Findings.....	58



# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

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

To the Village Council:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Coal Grove, Lawrence County, Ohio (the Village), as of and for the years ended December 31, 2009 and 2008, which collectively comprise the Village's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Village's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Coal Grove, Lawrence County, Ohio, as of December 31, 2009 and 2008, and the respective changes in financial position and the respective budgetary comparisons for the General, Street, State Highway and Light Funds for the years then ended in conformity with the basis of accounting Note 2 describes.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 25, 2010, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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

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

**Mary Taylor, CPA**  
Auditor of State

October 25, 2010

**Village of Coal Grove, Lawrence County**  
Management's Discussion and Analysis  
For the Years Ended December 31, 2009 and 2008  
Unaudited

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This discussion and analysis of the Village of Coal Grove's (the Village) financial performance provides an overall review of the Village's financial activities for the years ended December 31, 2009 and 2008, within the limitations of the Village's cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Village's financial performance.

**Highlights**

Key highlights for 2009 are as follows:

Net assets of governmental activities decreased \$56,894 or 30 percent, a significant change from the prior year. The reasons for the decrease were: an increase in expenditures for security of persons and property and transportation.

The Village's general receipts are primarily property taxes and municipal income taxes. These receipts represent 7 and 50 percent of the total general receipts for governmental activities during the year. Property and municipal income tax receipts for 2009 changed very little compared to 2008 as development within the Village has slowed.

The water operation had a decrease in net assets of \$5,880 in 2009 due to an increase in water rates and an increase in salaries paid from that fund. The sewer operation ended 2009 with a decrease of \$27,361 compared to 2008 due to repairs in that department and over-time paid. The trash pickup operation had a decrease in net assets of \$5,312 due to an increase in rates and an increase in cost for garbage pickup.

Key highlights for 2008 are as follows:

Net assets of governmental activities decreased \$19,737 or 10 percent, a somewhat significant change from the prior year. The main reason for the decrease was the Village sold a large piece of land and used the proceeds to pay off a lease/purchase of a fire truck.

The Village's general receipts are primarily property taxes and municipal income taxes. These receipts represent 8 and 30 percent of the total general receipts for governmental activities during the year. Property and municipal income tax receipts for 2008 changed very little compared to 2007 as development within the Village has slowed.

The water operation had a decrease in net assets of \$9,285 in 2008 due, in part, to repair expenses related to a water well. The sewer operation ended 2008 with an increase in net assets of \$7,121 compared to 2007. The trash pickup operation broke even.

**Using the Basic Financial Statements**

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

**Village of Coal Grove, Lawrence County**  
Management's Discussion and Analysis  
For the Years Ended December 31, 2009 and 2008  
Unaudited

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**Report Components**

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

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

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

**Basis of Accounting**

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

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

**Reporting the Village as a Whole**

The statement of net assets and the statement of activities reflect how the Village did financially during 2009 and 2008, within the limitations of cash basis accounting. The statement of net assets presents the cash balances of the governmental and business-type activities of the Village at year end. The statement of activities compares cash disbursements with program receipts for each governmental program and business-type activity. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function or business-type activity draws from the Village's general receipts.

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

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

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



**Village of Coal Grove, Lawrence County**  
Management's Discussion and Analysis  
For the Years Ended December 31, 2009 and 2008  
Unaudited

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

**Reporting the Village's Most Significant Funds**

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

Governmental Funds – Most of the Village's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the Village's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Village's programs. The Village's significant governmental funds are presented on the financial statements in separate columns. The information for nonmajor funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. For 2009, the Village's major governmental funds are the General Fund, Street Fund, State Highway Fund and Light Fund. For 2008, the Village's major governmental funds are the General Fund, Street Fund, and Light Fund. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements.

Proprietary Funds – When the Village charges customers for the services it provides, these services are generally reported in proprietary funds. When the services are provided to the general public, the activity is reported as an enterprise fund. For 2009, the Village's major enterprise funds are the Water Operating Fund, Sewer Operating Fund, and Trash Pickup Operating Fund. For 2008, the Village's major enterprise funds are the Water Operating Fund and Sewer Operating Fund.

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

**The Village as a Whole**

Table 1 provides a summary of the Village's net assets for 2009 compared to 2008 compared to 2007.

**Village of Coal Grove, Lawrence County**  
**Management's Discussion and Analysis**  
**For the Years Ended December 31, 2009 and 2008**  
**Unaudited**

(Table 1)  
**Net Assets**

	Governmental Activities			Business-Type Activities			Total		
	2009	2008	2007	2009	2008	2007	2009	2008	2007
<b>Assets</b>									
Cash and Cash Equivalents	\$130,366	\$187,260	\$206,997	\$115,857	\$154,454	\$157,114	\$246,223	\$341,714	\$364,111
Total Assets	<u>\$130,366</u>	<u>\$187,260</u>	<u>\$206,997</u>	<u>\$115,857</u>	<u>\$154,454</u>	<u>\$157,114</u>	<u>\$246,223</u>	<u>\$341,714</u>	<u>\$364,111</u>
<b>Net Assets</b>									
Restricted for:									
Other Purposes	\$71,472	\$95,406	\$179,240				\$71,472	\$95,406	\$179,240
Unrestricted	58,894	91,854	27,757	\$115,857	\$154,454	\$157,114	174,751	246,308	184,871
Total Net Assets	<u>\$130,366</u>	<u>\$187,260</u>	<u>\$206,997</u>	<u>\$115,857</u>	<u>\$154,454</u>	<u>\$157,114</u>	<u>\$246,223</u>	<u>\$341,714</u>	<u>\$364,111</u>

As mentioned previously, net assets of governmental activities decreased \$56,894 or 30 percent during 2009. The primary reasons contributing to the decreases in cash balances are as follows:

- The current expense renewal levy failed in 2008 and 2009 which resulted in a decrease in tax monies received for the General Fund in 2009.
- The Village sold a large piece of land in 2008 and then used the proceeds to pay off a lease/purchase of a fire truck. Upon paying off the lease/purchase in 2008, the Village removed the fire fee from utility bills.
- There was an increase in salaries of employees paid from governmental funds including the Mayor and Council members, upon entering a new term.

As mentioned previously, net assets of governmental activities decreased \$19,737 or 10 percent during 2008. The primary reasons contributing to the decreases in cash balances are as follows:

- The Village sold a large piece of land in 2008 and then used the proceeds to pay off a lease/purchase of a fire truck. The Village had already made one of the lease payments for 2008 prior to paying off the lease/purchase. Upon paying off the lease/purchase in 2008, the Village removed the fire fee from utility bills.
- There was an increase in salaries of those employees paid from governmental funds..

Table 2 reflects the changes in net assets in 2009 and 2008 and the comparisons to 2007.

**Village of Coal Grove, Lawrence County**  
**Management's Discussion and Analysis**  
**For the Years Ended December 31, 2009 and 2008**  
**Unaudited**

(Table 2)  
**Changes in Net Assets**

	Governmental Activities 2009	Business Type Activities 2009	Total 2009	Governmental Activities 2008	Business Type Activities 2008	Total 2008	Governmental Activities 2007	Business Type Activities 2007	Total 2007
<b>Receipts:</b>									
<b>Program Receipts:</b>									
Charges for Services and Sales	\$89,111	\$797,549	\$886,660	\$139,438	\$766,210	\$905,648	\$114,391	\$767,549	\$881,940
Operating Grants and Contributions	71,261		71,261	71,193		71,193	119,551		119,551
Capital Grants and Contributions	19,731		19,731	12,118		12,118	586,866		586,866
<b>Total Program Receipts</b>	<b>180,103</b>	<b>797,549</b>	<b>977,652</b>	<b>222,749</b>	<b>766,210</b>	<b>988,959</b>	<b>820,808</b>	<b>767,549</b>	<b>1,588,357</b>
<b>General Receipts:</b>									
Property Taxes	35,009		35,009	59,147		59,147	45,930		45,930
Other Taxes			0			0	4,474		4,474
Municipal Income Taxes	258,409		258,409	212,305		212,305	225,525		225,525
Special Assessments		46,932	46,932		49,048	49,048		50,903	50,903
Grants and Entitlements Not Restricted to Specific Programs	72,216		72,216	59,313		59,313	63,054		63,054
Cable Franchise Fees	12,410		12,410	20,631		20,631			0
Proceeds of Notes	70,000		70,000	70,000		70,000	80,000		80,000
Loan Proceeds	41,866		41,866		30,000	30,000	82,580		82,580
Sale of Capital Assets	17,575		17,575	278,006		278,006	7,000		7,000
Miscellaneous	12,220	970	13,190	12,294	985	13,279	12,011	1,050	13,061
<b>Total General Receipts</b>	<b>519,705</b>	<b>47,902</b>	<b>567,607</b>	<b>711,696</b>	<b>80,033</b>	<b>791,729</b>	<b>520,574</b>	<b>51,953</b>	<b>572,527</b>
<b>Total Receipts</b>	<b>699,808</b>	<b>845,451</b>	<b>1,545,259</b>	<b>934,445</b>	<b>846,243</b>	<b>1,780,688</b>	<b>1,341,382</b>	<b>819,502</b>	<b>2,160,884</b>
<b>Disbursements:</b>									
General Government	217,004		217,004	224,766		224,766	174,264		174,264
Security of Persons and Property	226,926		226,926	236,859		236,859	258,363		258,363
Leisure Time Activities	5,533		5,533	12,189		12,189	14,827		14,827
Community Environment	930		930	1,082		1,082	685		685
Transportation	89,444		89,444	95,702		95,702	126,164		126,164
Capital Outlay	120,624		120,624	77,048		77,048	374,428		374,428
Principal Payments	80,000		80,000	290,758		290,758	430,904		430,904
Interest and Fiscal Charges	3,058		3,058	15,778		15,778	25,735		25,735
Water Operating		495,875	495,875		515,262	515,262		580,324	580,324
Sewer Operating		278,399	278,399		262,216	262,216		238,579	238,579
Trash Pickup Operating		122,913	122,913			0			0
Other Enterprise Operating		44	44		71,425	71,425		69,028	69,028
<b>Total Disbursements</b>	<b>743,519</b>	<b>897,231</b>	<b>1,640,750</b>	<b>954,182</b>	<b>848,903</b>	<b>1,803,085</b>	<b>1,405,370</b>	<b>887,931</b>	<b>2,293,301</b>
<b>Excess (Deficiency) Before Transfers and Advances</b>									
	(43,711)	(51,780)	(95,491)	(19,737)	(2,660)	(22,397)	(63,988)	(68,429)	(132,417)
<b>Transfers</b>									
	5,981	(5,981)	0			0			0
<b>Advances</b>									
	(19,164)	19,164	0			0	(40)	40	0
<b>Increase (Decrease) in Net Assets</b>	<b>(56,894)</b>	<b>(38,597)</b>	<b>(95,491)</b>	<b>(19,737)</b>	<b>(2,660)</b>	<b>(22,397)</b>	<b>(64,028)</b>	<b>(68,389)</b>	<b>(132,417)</b>
<b>Net Assets, January 1</b>									
	187,260	154,454	341,714	206,997	157,114	364,111	271,025	225,503	496,528
<b>Net Assets, December 31</b>	<b>\$130,366</b>	<b>\$115,857</b>	<b>\$246,223</b>	<b>\$187,260</b>	<b>\$154,454</b>	<b>\$341,714</b>	<b>\$206,997</b>	<b>\$157,114</b>	<b>\$364,111</b>

In 2009, governmental activities program receipts represent 26% of total governmental receipts and are primarily comprised of restricted intergovernmental receipts such as motor vehicle license and gas tax money, building permits and inspection fees and fines and fees.

In 2008, governmental activities program receipts represent 24% of total governmental receipts and are primarily comprised of restricted intergovernmental receipts such as motor vehicle license and gas tax money, building permits and inspection fees and fines and fees.

In 2009, governmental activities general receipts represent 74% of the Village's total governmental receipts, and of this amount, 56% are property taxes and municipal income taxes. Proceeds from notes, loan proceeds and grants and entitlements make up the balance of the Village's general receipts. Other receipts are insignificant and somewhat unpredictable revenue sources.

**Village of Coal Grove, Lawrence County**  
Management's Discussion and Analysis  
For the Years Ended December 31, 2009 and 2008  
Unaudited

In 2008, governmental activities general receipts represent 76% of the Village's total governmental receipts, and of this amount, 38% are property taxes and municipal income taxes. Proceeds from notes, sale of assets and grants and entitlements make up the balance of the Village's general receipts. Other receipts are insignificant and somewhat unpredictable revenue sources.

In 2009 and 2008, disbursements for General Government represent the overhead costs of running the Village and the support services provided for the other Village activities. These include all or a portion of the costs of council, mayor, clerk-treasurer, income tax department, as well as internal services such as payroll and purchasing. Since these do not represent direct services to residents, we try to limit these costs.

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

**Governmental Activities**

If you look at the Statement of Activities, you will see that the first column lists the major services provided by the Village. The next column identifies the costs of providing these services. In 2009, the major program disbursements for governmental activities are for security of persons and property and general government, which account for 31 and 29 percent of all governmental disbursements, respectively. In 2008, the major program disbursements for governmental activities are for principal payments and security of persons and property which account for 30 and 25 percent of all governmental disbursements respectively. The next three columns of the Statement entitled Program Receipts identify amounts paid by people who are directly charged for the service and grants received by the Village that must be used to provide a specific service. The net Receipt (Disbursement) column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service which ends up being paid from money provided by local taxpayers. These net costs are paid from the general receipts which are presented at the bottom of the Statement. A comparison between the total cost of services and the net cost is presented in Table 3.

(Table 3)  
**Governmental Activities**

	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
	2009	2009	2008	2008	2007	2007
General Government	\$217,004	\$130,793	\$224,766	\$111,898	\$174,264	\$108,620
Security of Persons & Property	226,926	226,906	236,859	212,869	258,363	168,551
Leisure Time Activities	5,533	3,678	12,189	10,859	14,827	13,252
Community Environment	930	(95)	1,082	(168)	685	(120)
Transportation	89,444	18,183	95,702	24,509	126,164	50,058
Capital Outlay	120,624	100,893	77,048	64,930	374,428	(212,438)
Principal Payments	80,000	80,000	290,758	290,758	430,904	430,904
Interest and Fiscal Charges	3,058	3,058	15,778	15,778	25,735	25,735
<b>Total Expenses</b>	<b>\$743,519</b>	<b>\$563,416</b>	<b>\$954,182</b>	<b>\$731,433</b>	<b>\$1,405,370</b>	<b>\$584,562</b>

**Village of Coal Grove, Lawrence County**  
Management's Discussion and Analysis  
For the Years Ended December 31, 2009 and 2008  
Unaudited

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**Business-type Activities**

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

**The Village's Funds**

In 2009, total governmental funds had receipts including other financing sources of \$706,423 and disbursements including other financing uses of \$763,317. The greatest changes with governmental funds occurred within the General Fund.

In 2008, total governmental funds had receipts including other financing sources of \$934,445 and disbursements including other financing uses of \$954,182. The greatest changes with governmental funds occurred within the General Fund.

At the end of 2009, General Fund receipts were less than disbursements by \$32,960 indicating that the General Fund is in a deficit spending situation. It was the recommendation of the finance committee and the administration that a reduction in disbursements was preferable to requesting additional funds from the taxpayers. Some of these reductions have already been implemented for 2008 including the sale of land and an increase in the Village's court costs for Mayor's Court.

**General Fund Budgeting Highlights**

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

During 2009, the Village amended its General Fund budget to reflect changing circumstances. Final disbursements were budgeted at \$631,868 while actual disbursements were \$559,817.

During 2008, the Village amended its General Fund budget to reflect changing circumstances. Final disbursements were budgeted at \$767,663 while actual disbursements were \$799,607. The result is a decrease in fund balance of \$5,313 for 2008.

**Capital Assets and Debt Administration**

**Capital Assets**

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

**Debt**

At December 31, 2009, the Village's outstanding debt included \$535,113 which included two OWDA loans, a USDA Special Assessment Bond and a Bond Anticipation Note. The Village also began a water system improvement project which included an OWDA loan totaling \$90,596 and American Recovery Reinvestment Act (ARRA) OWDA principal forgiveness (e.g. grant) monies totaling \$361,124. For further information regarding the Village's debt, refer to Notes 12 and 13 to the basic financial statements.

**Village of Coal Grove, Lawrence County**  
Management's Discussion and Analysis  
For the Years Ended December 31, 2009 and 2008  
Unaudited

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**Current Issues**

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

**Contacting the Village's Financial Management**

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

Village of Coal Grove, Lawrence County

Statement of Net Assets - Cash Basis

December 31, 2009

	<u>Governmental Activities</u>	<u>Business - Type Activities</u>	<u>Total</u>
<b>Assets</b>			
Equity in Pooled Cash and Cash Equivalents	<u>\$130,366</u>	<u>\$115,857</u>	<u>\$246,223</u>
<i>Total Assets</i>	<u><u>\$130,366</u></u>	<u><u>\$115,857</u></u>	<u><u>\$246,223</u></u>
<b>Net Assets</b>			
Restricted for:			
Other Purposes	\$71,472		\$71,472
Unrestricted	<u>58,894</u>	<u>\$115,857</u>	<u>174,751</u>
<i>Total Net Assets</i>	<u><u>\$130,366</u></u>	<u><u>\$115,857</u></u>	<u><u>\$246,223</u></u>

See accompanying notes to the basic financial statements

**Village of Coal Grove, Lawrence County**  
**Statement of Activities - Cash Basis**  
**For the Year Ended December 31, 2009**

	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Assets			
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b>Governmental Activities</b>							
General Government	\$217,004	\$86,211			(\$130,793)		(\$130,793)
Security of Persons and Property	226,926	20			(226,906)		(226,906)
Leisure Time Activities	5,533	1,855			(3,678)		(3,678)
Community Environment	930	1,025			95		95
Transportation	89,444		\$71,261		(18,183)		(18,183)
Capital Outlay	120,624			\$19,731	(100,893)		(100,893)
Principal Payments	80,000				(80,000)		(80,000)
Interest and Fiscal Charges	3,058				(3,058)		(3,058)
<i>Total Governmental Activities</i>	<u>743,519</u>	<u>89,111</u>	<u>71,261</u>	<u>19,731</u>	<u>(563,416)</u>	<u>\$0</u>	<u>(563,416)</u>
<b>Business Type Activities</b>							
Water Operating	495,875	471,225				(24,650)	(24,650)
Sewer Operating	278,399	210,087				(68,312)	(68,312)
Trash Pickup Operating	122,913	116,237				(6,676)	(6,676)
Other Enterprise Operating	44					(44)	(44)
<i>Total Business-Type Activities</i>	<u>897,231</u>	<u>797,549</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(99,682)</u>	<u>(99,682)</u>
<b>Total</b>	<u>\$1,640,750</u>	<u>\$886,660</u>	<u>\$71,261</u>	<u>\$19,731</u>	<u>(563,416)</u>	<u>(99,682)</u>	<u>(663,098)</u>
<b>General Receipts</b>							
Property Taxes Levied for:							
					35,009		35,009
					12,410		12,410
						46,932	46,932
					258,409		258,409
					72,216		72,216
					70,000		70,000
					41,866		41,866
					17,575		17,575
					12,220	970	13,190
<i>Total General Receipts</i>					<u>519,705</u>	<u>47,902</u>	<u>567,607</u>
Transfers					5,981	(5,981)	0
Advances					(19,164)	19,164	0
<b>Total General Receipts, Transfers and Advances</b>					<u>506,522</u>	<u>61,085</u>	<u>567,607</u>
Change in Net Assets					(56,894)	(38,597)	(95,491)
<i>Net Assets Beginning of Year</i>					<u>187,260</u>	<u>154,454</u>	<u>341,714</u>
<i>Net Assets End of Year</i>					<u>\$130,366</u>	<u>\$115,857</u>	<u>\$246,223</u>

See accompanying notes to the basic financial statements



**Village of Coal Grove , Lawrence County**  
*Statement of Cash Basis Assets and Fund Balances*  
*Governmental Funds*  
*December 31, 2009*

	<u>General</u>	<u>Street Fund</u>	<u>State Highway Fund</u>	<u>Light Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets</b>						
Equity in Pooled Cash	\$58,894	\$25,333	\$12,623	\$31,383	\$2,133	\$130,366
<i>Total Assets</i>	<u>\$58,894</u>	<u>\$25,333</u>	<u>\$12,623</u>	<u>\$31,383</u>	<u>\$2,133</u>	<u>\$130,366</u>
<b>Fund Balances</b>						
Reserved:						
Reserved for Encumbrances	\$1,184	\$4,933				\$6,117
Unreserved:						
Undesignated (Deficit), Reported in:						
General Fund	57,710					57,710
Special Revenue Funds		20,400	\$12,623	\$31,383	\$2,133	66,539
<i>Total Fund Balances</i>	<u>\$58,894</u>	<u>\$25,333</u>	<u>\$12,623</u>	<u>\$31,383</u>	<u>\$2,133</u>	<u>\$130,366</u>

See accompanying notes to the basic financial statements

**Village of Coal Grove, Lawrence County**  
*Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances*  
*Governmental Funds*  
*For the Year Ended December 31, 2009*

	General Fund	Street Fund	State Highway Fund	Light Fund	Other Governmental Funds	Total Governmental Funds
<b>Receipts</b>						
Property and Other Local Taxes	\$23,820			\$11,189		\$35,009
Municipal Income Taxes	258,409					258,409
Charges for Services	1,855				\$20	1,875
Fines, Licenses and Permits	99,347				300	99,647
Intergovernmental	41,813	78,823	6,373	2,341	33,857	163,207
Miscellaneous	12,220					12,220
<i>Total Receipts</i>	<u>437,464</u>	<u>78,823</u>	<u>6,373</u>	<u>13,530</u>	<u>34,177</u>	<u>570,367</u>
<b>Disbursements</b>						
Current:						
General Government	217,004					217,004
Security of Persons and Property	226,314				612	226,926
Leisure Time Activities	5,533					5,533
Community Environment	930					930
Transportation	46	71,546	2,479	15,373		89,444
Capital Outlay	6,900	16,969	3,248		93,507	120,624
Debt Service:						
Principal Retirement	80,000					80,000
Interest and Fiscal Charges	2,742				316	3,058
<i>Total Disbursements</i>	<u>539,469</u>	<u>88,515</u>	<u>5,727</u>	<u>15,373</u>	<u>94,435</u>	<u>743,519</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(102,005)</u>	<u>(9,692)</u>	<u>646</u>	<u>(1,843)</u>	<u>(60,258)</u>	<u>(173,152)</u>
<b>Other Financing Sources (Uses)</b>						
Proceeds of Note	70,000					70,000
Loan Proceeds					41,866	41,866
Sale of Capital Assets	17,575					17,575
Transfers In	634				5,981	6,615
Transfers Out					(634)	(634)
Advances Out	(19,164)					(19,164)
<i>Total Other Financing Sources (Uses)</i>	<u>69,045</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>47,213</u>	<u>116,258</u>
<i>Net Change in Fund Balances</i>	<u>(32,960)</u>	<u>(9,692)</u>	<u>646</u>	<u>(1,843)</u>	<u>(13,045)</u>	<u>(56,894)</u>
<i>Fund Balances Beginning of Year</i>	<u>91,854</u>	<u>35,025</u>	<u>11,977</u>	<u>33,226</u>	<u>15,178</u>	<u>187,260</u>
<i>Fund Balances End of Year</i>	<u>\$58,894</u>	<u>\$25,333</u>	<u>\$12,623</u>	<u>\$31,383</u>	<u>\$2,133</u>	<u>\$130,366</u>

See accompanying notes to the basic financial statements

**Village of Coal Grove, Lawrence County**  
*Statement of Receipts, Disbursements and Changes*  
*In Fund Balance - Budget and Actual - Budget Basis*  
*General Fund*  
*For the Year Ended December 31, 2009*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Receipts</b>				
Property and Other Local Taxes			\$23,820	\$23,820
Municipal Income Taxes			258,409	258,409
Charges for Services			1,855	1,855
Fines, Licenses and Permits			99,347	99,347
Intergovernmental			41,813	41,813
Miscellaneous			12,220	12,220
<i>Total Receipts</i>	<u>\$0</u>	<u>\$0</u>	<u>437,464</u>	<u>437,464</u>
<b>Disbursements</b>				
Current:				
General Government	312,206	295,731	217,754	77,977
Security of Persons and Property	221,765	223,406	226,748	(3,342)
Leisure Time Activities	10,500	10,300	5,533	4,767
Community Environment	1,225	1,225	930	295
Transportation	200	200	46	154
Capital Outlay		6,900	6,900	0
Debt Service:				
Principal Retirement		80,000	80,000	0
Interest and Fiscal Charges		2,742	2,742	0
<i>Total Disbursements</i>	<u>545,896</u>	<u>620,504</u>	<u>540,653</u>	<u>79,851</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(545,896)</u>	<u>(620,504)</u>	<u>(103,189)</u>	<u>517,315</u>
<b>Other Financing Sources (Uses)</b>				
Sale of Capital Assets			17,575	17,575
Proceeds of Note			70,000	70,000
Transfers In			634	634
Transfers Out	(12,118)			0
Advances In				0
Advances Out	(1,156)	(11,364)	(19,164)	(7,800)
<i>Total Other Financing Sources (Uses)</i>	<u>(13,274)</u>	<u>(11,364)</u>	<u>69,045</u>	<u>80,409</u>
<i>Net Change in Fund Balance</i>	<u>(559,170)</u>	<u>(631,868)</u>	<u>(34,144)</u>	<u>597,724</u>
<i>Fund Balance Beginning of Year</i>	89,896	89,896	89,896	0
Prior Year Encumbrances Appropriated	1,958	1,958	1,958	0
<i>Fund Balance End of Year</i>	<u>(\$467,316)</u>	<u>(\$540,014)</u>	<u>\$57,710</u>	<u>\$597,724</u>

See accompanying notes to the basic financial statements

**Village of Coal Grove, Lawrence County**  
*Statement of Receipts, Disbursements and Changes*  
*In Fund Balance - Budget and Actual - Budget Basis*  
*Street Fund*  
*For the Year Ended December 31, 2009*

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<b>Receipts</b>				
Intergovernmental			\$78,823	\$78,823
<i>Total Receipts</i>	\$0	\$0	78,823	78,823
<b>Disbursements</b>				
Current:				
Transportation	92,323	71,574	71,546	28
Capital Outlay	4,500	16,969	21,902	(4,933)
<i>Total Disbursements</i>	96,823	88,543	93,448	(4,905)
<i>Excess of Receipts Over (Under) Disbursements</i>	(96,823)	(88,543)	(14,625)	73,918
<i>Fund Balance Beginning of Year</i>	34,951	34,951	34,951	0
Prior Year Encumbrances Appropriated	74	74	74	0
<i>Fund Balance End of Year</i>	<u>(\$61,798)</u>	<u>(\$53,518)</u>	<u>\$20,400</u>	<u>\$73,918</u>

See accompanying notes to the basic financial statements

**Village of Coal Grove, Lawrence County**  
*Statement of Receipts, Disbursements and Changes*  
*In Fund Balance - Budget and Actual - Budget Basis*  
*State Highway Fund*  
*For the Year Ended December 31, 2009*

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
<b>Receipts</b>				
Intergovernmental			\$6,373	\$6,373
<i>Total Receipts</i>	\$0	\$0	6,373	6,373
<b>Disbursements</b>				
Current:				
Transportation	12,000	12,000	2,479	9,521
Capital Outlay	3,249	3,249	3,248	1
<i>Total Disbursements</i>	15,249	15,249	5,727	9,522
<i>Excess of Receipts Over (Under) Disbursements</i>	(15,249)	(15,249)	646	15,895
<i>Net Change in Fund Balance</i>	(15,249)	(15,249)	646	15,895
<i>Fund Balance Beginning of Year</i>	11,977	11,977	11,977	0
<i>Fund Balance End of Year</i>	(\$3,272)	(\$3,272)	\$12,623	\$15,895

See accompanying notes to the basic financial statements

**Village of South Point , Lawrence County**  
*Statement of Receipts, Disbursements and Changes*  
*In Fund Balance - Budget and Actual - Budget Basis*  
*Light Fund*  
*For the Year Ended December 31, 2009*

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
<b>Receipts</b>				
Property and Other Local Taxes			\$11,189	\$11,189
Intergovernmental			2,341	2,341
<i>Total Receipts</i>	<u>\$0</u>	<u>\$0</u>	<u>13,530</u>	<u>13,530</u>
<b>Disbursements</b>				
Current:				
Transportation	15,800	15,800	15,373	427
<i>Total Disbursements</i>	<u>15,800</u>	<u>15,800</u>	<u>15,373</u>	<u>427</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	(15,800)	(15,800)	(1,843)	13,957
<i>Fund Balance Beginning of Year</i>	<u>33,226</u>	<u>33,226</u>	<u>33,226</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$17,426</u>	<u>\$17,426</u>	<u>\$31,383</u>	<u>\$13,957</u>

See accompanying notes to the basic financial statements

**Village of Coal Grove, Lawrence County**  
*Statement of Fund Net Assets - Cash Basis*  
*Proprietary Funds*  
*December 31, 2009*

	Business-Type Activities				Total Enterprise Funds
	Water Operating Fund	Sewer Operating Fund	Trash Pickup Operating Fund	Non Major Enterprise Funds	
<b>Assets</b>					
Equity in Pooled Cash and Cash Equivalents	\$29,025	\$83,505	\$2,388	\$939	\$115,857
<i>Total Assets</i>	<u>\$29,025</u>	<u>\$83,505</u>	<u>\$2,388</u>	<u>\$939</u>	<u>\$115,857</u>
<b>Net Assets</b>					
Unrestricted	<u>\$29,025</u>	<u>\$83,505</u>	<u>\$2,388</u>	<u>\$939</u>	<u>\$115,857</u>

See accompanying notes to the basic financial statements

**Village of Coal Grove, Lawrence County**  
*Statement of Cash Receipts,  
Disbursements and Changes in Fund Net Assets - Cash Basis  
Proprietary Funds  
For the Year Ended December 31, 2009*

	Business-Type Activities				Total Enterprise Funds
	Water Operating	Sewer Operating	Trash Pickup Operating	Non Major Enterprise Funds	
<b>Operating Receipts</b>					
Charges for Services	\$471,225	\$210,087	\$116,237		\$797,549
<i>Total Operating Receipts</i>	<u>471,225</u>	<u>210,087</u>	<u>116,237</u>	<u>\$0</u>	<u>797,549</u>
<b>Operating Disbursements</b>					
Personal Services	215,890	52,005	5,100		272,995
Fringe Benefits	159,105	38,916	629		198,650
Contractual Services	30,587	65,005	117,184		212,776
Materials and Supplies	79,005	56,609		44	135,658
Other	7,450				7,450
<i>Total Operating Disbursements</i>	<u>492,037</u>	<u>212,535</u>	<u>122,913</u>	<u>44</u>	<u>827,529</u>
<i>Operating Income (Loss)</i>	(20,812)	(2,448)	(6,676)	(44)	(29,980)
<b>Non-Operating Receipts (Disbursements)</b>					
Special Assessments		46,932			46,932
Miscellaneous Receipts	970				970
Capital Outlay	(3,838)				(3,838)
Principal Payments		(45,460)			(45,460)
Interest and Fiscal Charges		(20,404)			(20,404)
<i>Total Non Operating Receipts (Disbursements)</i>	<u>(2,868)</u>	<u>(18,932)</u>	<u>0</u>	<u>0</u>	<u>(21,800)</u>
<i>Income (Loss) before Transfers and Advances</i>	(23,680)	(21,380)	(6,676)	(44)	(51,780)
Transfers Out		(5,981)			(5,981)
Advances In	17,800		1,364		19,164
<i>Change in Net Assets</i>	(5,880)	(27,361)	(5,312)	(44)	(38,597)
<i>Net Assets Beginning of Year</i>	<u>34,905</u>	<u>110,866</u>	<u>7,700</u>	<u>983</u>	<u>154,454</u>
<i>Net Assets End of Year</i>	<u>\$29,025</u>	<u>\$83,505</u>	<u>\$2,388</u>	<u>\$939</u>	<u>\$115,857</u>

See accompanying notes to the basic financial statements



**Village of Coal Grove, Lawrence County**  
*Statement of Fiduciary Net Assets - Cash Basis*  
*Fiduciary Fund*  
*December 31, 2009*

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	<u>Agency</u>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	\$5,483
<i>Total Assets</i>	<u>\$5,483</u>
<b>Net Assets</b>	
Unrestricted	<u>\$5,483</u>

See accompanying notes to the basic financial statements

Village of Coal Grove, Lawrence County

Statement of Net Assets - Cash Basis

December 31, 2008

	Governmental Activities	Business - Type Activities	Total
<b>Assets</b>			
Equity in Pooled Cash and Cash Equivalents	\$187,260	\$154,454	\$341,714
<i>Total Assets</i>	<u>\$187,260</u>	<u>\$154,454</u>	<u>\$341,714</u>
<b>Net Assets</b>			
Restricted for:			
Other Purposes	\$95,406		\$95,406
Unrestricted	91,854	\$154,454	246,308
<i>Total Net Assets</i>	<u>\$187,260</u>	<u>\$154,454</u>	<u>\$341,714</u>

See accompanying notes to the basic financial statements

**Village of Coal Grove, Lawrence County**  
**Statement of Activities - Cash Basis**  
**For the Year Ended December 31, 2008**

	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Assets			
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b>Governmental Activities</b>							
General Government	\$224,766	\$112,868			(\$111,898)		(\$111,898)
Security of Persons and Property	236,859	23,990			(212,869)		(212,869)
Leisure Time Activities	12,189	1,330			(10,859)		(10,859)
Community Environment	1,082	1,250			168		168
Transportation	95,702		\$71,193		(24,509)		(24,509)
Capital Outlay	77,048			\$12,118	(64,930)		(64,930)
Principal Payments	290,758				(290,758)		(290,758)
Interest and Fiscal Charges	15,778				(15,778)		(15,778)
<i>Total Governmental Activities</i>	<u>954,182</u>	<u>139,438</u>	<u>71,193</u>	<u>12,118</u>	<u>(731,433)</u>	<u>\$0</u>	<u>(731,433)</u>
<b>Business Type Activities</b>							
Water Operating	515,262	474,992				(40,270)	(40,270)
Sewer Operating	262,216	220,239				(41,977)	(41,977)
Other Enterprise Operating	71,425	70,979				(446)	(446)
<i>Total Business-Type Activities</i>	<u>848,903</u>	<u>766,210</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(82,693)</u>	<u>(82,693)</u>
<b>Total</b>	<u><u>\$1,803,085</u></u>	<u><u>\$905,648</u></u>	<u><u>\$71,193</u></u>	<u><u>\$12,118</u></u>	<u><u>(731,433)</u></u>	<u><u>(82,693)</u></u>	<u><u>(814,126)</u></u>
<b>General Receipts</b>							
Property Taxes Levied for:							
General Purposes					59,147		59,147
Cable Franchise Fees					20,631		20,631
Special Assessments						49,048	49,048
Municipal Income Taxes					212,305		212,305
Grants and Entitlements not Restricted to Specific Programs					59,313		59,313
Proceeds of Notes					70,000		70,000
Loan Proceeds						30,000	30,000
Sale of Capital Assets					278,006		278,006
Miscellaneous					12,294	985	13,279
<i>Total General Receipts</i>					<u>711,696</u>	<u>80,033</u>	<u>791,729</u>
Change in Net Assets					(19,737)	(2,660)	(22,397)
<i>Net Assets Beginning of Year</i>					<u>206,997</u>	<u>157,114</u>	<u>364,111</u>
<i>Net Assets End of Year</i>					<u><u>\$187,260</u></u>	<u><u>\$154,454</u></u>	<u><u>\$341,714</u></u>

See accompanying notes to the basic financial statements

**Village of Coal Grove , Lawrence County**  
*Statement of Cash Basis Assets and Fund Balances*  
*Governmental Funds*  
*December 31, 2008*

	<u>General</u>	<u>Street Fund</u>	<u>Light Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets</b>					
Equity in Pooled Cash	\$91,854	\$35,025	\$33,226	\$27,155	\$187,260
<i>Total Assets</i>	<u>\$91,854</u>	<u>\$35,025</u>	<u>\$33,226</u>	<u>\$27,155</u>	<u>\$187,260</u>
<b>Fund Balances</b>					
Reserved:					
Reserved for Encumbrances	\$1,958	\$74			\$2,032
Unreserved:					
Undesignated (Deficit), Reported in:					
General Fund	89,896				89,896
Special Revenue Funds		34,951	\$33,226	\$27,155	95,332
<i>Total Fund Balances</i>	<u>\$91,854</u>	<u>\$35,025</u>	<u>\$33,226</u>	<u>\$27,155</u>	<u>\$187,260</u>

See accompanying notes to the basic financial statements

**Village of Coal Grove, Lawrence County**  
*Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances*  
 Governmental Funds  
 For the Year Ended December 31, 2008

	General Fund	Street Fund	Light Fund	Other Governmental Funds	Total Governmental Funds
<b>Receipts</b>					
Property and Other Local Taxes	\$47,197		\$11,950		\$59,147
Municipal Income Taxes	212,305				212,305
Charges for Services	1,330			\$23,991	25,321
Fines, Licenses and Permits	134,149			600	134,749
Intergovernmental	39,013	\$82,264	2,629	18,717	142,623
Miscellaneous	12,294				12,294
<i>Total Receipts</i>	<u>446,288</u>	<u>82,264</u>	<u>14,579</u>	<u>43,308</u>	<u>586,439</u>
<b>Disbursements</b>					
Current:					
General Government	224,766				224,766
Security of Persons and Property	235,784			1,075	236,859
Leisure Time Activities	12,189				12,189
Community Environment	1,082				1,082
Transportation	132	77,469	15,214	2,887	95,702
Capital Outlay	71,648	5,400			77,048
Debt Service:					
Principal Retirement	247,439			43,319	290,758
Interest and Fiscal Charges	4,609			11,169	15,778
<i>Total Disbursements</i>	<u>797,649</u>	<u>82,869</u>	<u>15,214</u>	<u>58,450</u>	<u>954,182</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(351,361)</u>	<u>(605)</u>	<u>(635)</u>	<u>(15,142)</u>	<u>(367,743)</u>
<b>Other Financing Sources (Uses)</b>					
Proceeds of Note	70,000				70,000
Sale of Capital Assets	278,006				278,006
<i>Total Other Financing Sources (Uses)</i>	<u>348,006</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>348,006</u>
<i>Net Change in Fund Balances</i>	(3,355)	(605)	(635)	(15,142)	(19,737)
<i>Fund Balances Beginning of Year</i>	<u>95,209</u>	<u>35,630</u>	<u>33,861</u>	<u>42,297</u>	<u>206,997</u>
<i>Fund Balances End of Year</i>	<u>\$91,854</u>	<u>\$35,025</u>	<u>\$33,226</u>	<u>\$27,155</u>	<u>\$187,260</u>

See accompanying notes to the basic financial statements

**Village of Coal Grove, Lawrence County**  
*Statement of Receipts, Disbursements and Changes*  
*In Fund Balance - Budget and Actual - Budget Basis*  
*General Fund*  
*For the Year Ended December 31, 2008*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Receipts</b>				
Property and Other Local Taxes			\$47,197	\$47,197
Municipal Income Taxes			212,305	212,305
Charges for Services			1,330	1,330
Fines, Licenses and Permits			134,149	134,149
Intergovernmental			39,013	39,013
Miscellaneous			12,294	12,294
<i>Total Receipts</i>	<u>\$0</u>	<u>\$0</u>	<u>446,288</u>	<u>446,288</u>
<b>Disbursements</b>				
Current:				
General Government	314,200	215,004	225,301	(10,297)
Security of Persons and Property	227,550	204,360	237,207	(32,847)
Leisure Time Activities	19,050	23,050	12,189	10,861
Community Environment	910	1,053	1,082	(29)
Transportation	500	500	132	368
Capital Outlay		71,648	71,648	0
Debt Service:				
Principal Retirement		247,439	247,439	0
Interest and Fiscal Charges		4,609	4,609	0
<i>Total Disbursements</i>	<u>562,210</u>	<u>767,663</u>	<u>799,607</u>	<u>(31,944)</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(562,210)</u>	<u>(767,663)</u>	<u>(353,319)</u>	<u>414,344</u>
<b>Other Financing Sources (Uses)</b>				
Sale of Capital Assets			278,006	278,006
Proceeds of Note			70,000	70,000
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>0</u>	<u>348,006</u>	<u>348,006</u>
<i>Net Change in Fund Balance</i>	(562,210)	(767,663)	(5,313)	762,350
<i>Fund Balance Beginning of Year</i>	88,213	88,213	88,213	0
Prior Year Encumbrances Appropriated	6,996	6,996	6,996	0
<i>Fund Balance End of Year</i>	<u>(\$467,001)</u>	<u>(\$672,454)</u>	<u>\$89,896</u>	<u>\$762,350</u>

See accompanying notes to the basic financial statements

**Village of Coal Grove, Lawrence County**  
*Statement of Receipts, Disbursements and Changes*  
*In Fund Balance - Budget and Actual - Budget Basis*  
*Street Fund*  
*For the Year Ended December 31, 2008*

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
<b>Receipts</b>				
Intergovernmental			\$82,264	\$82,264
<i>Total Receipts</i>	\$0	\$0	82,264	82,264
<b>Disbursements</b>				
Current:				
Transportation	105,385	101,379	77,542	23,837
Capital Outlay	2,500	7,900	5,400	2,500
<i>Total Disbursements</i>	107,885	109,279	82,942	26,337
<i>Net Change in Fund Balance</i>	(107,885)	(109,279)	(678)	108,601
<i>Fund Balance Beginning of Year</i>	33,736	33,736	33,736	0
Prior Year Encumbrances Appropriated	1,893	1,893	1,893	0
<i>Fund Balance End of Year</i>	<u>(\$72,256)</u>	<u>(\$73,650)</u>	<u>\$34,951</u>	<u>\$108,601</u>

See accompanying notes to the basic financial statements

**Village of Coal Grove , Lawrence County**  
*Statement of Receipts, Disbursements and Changes*  
*In Fund Balance - Budget and Actual - Budget Basis*  
*Light Fund*  
For the Year Ended December 31, 2008

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<b>Receipts</b>				
Property and Other Local Taxes			\$11,950	\$11,950
Intergovernmental			2,629	2,629
<i>Total Receipts</i>	<u>\$0</u>	<u>\$0</u>	<u>14,579</u>	<u>14,579</u>
<b>Disbursements</b>				
Current:				
Transportation	<u>26,500</u>	<u>3,928</u>	<u>15,214</u>	<u>(11,286)</u>
<i>Total Disbursements</i>	<u>26,500</u>	<u>3,928</u>	<u>15,214</u>	<u>(11,286)</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	(26,500)	(3,928)	(635)	3,293
<i>Fund Balance Beginning of Year</i>	<u>33,861</u>	<u>33,861</u>	<u>33,861</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$7,361</u>	<u>\$29,933</u>	<u>\$33,226</u>	<u>\$3,293</u>

See accompanying notes to the basic financial statements



**Village of Coal Grove, Lawrence County**  
*Statement of Fund Net Assets - Cash Basis*  
*Proprietary Funds*  
*December 31, 2008*

	Business-Type Activities			Total Enterprise Funds
	Water Operating Fund	Sewer Operating Fund	Non Major Enterprise Funds	
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$34,905	\$110,866	\$8,683	\$154,454
<i>Total Assets</i>	<u>\$34,905</u>	<u>\$110,866</u>	<u>\$8,683</u>	<u>\$154,454</u>
<b>Net Assets</b>				
Unrestricted	<u>\$34,905</u>	<u>\$110,866</u>	<u>\$8,683</u>	<u>\$154,454</u>

See accompanying notes to the basic financial statements

**Village of Coal Grove, Lawrence County**  
*Statement of Cash Receipts,  
Disbursements and Changes in Fund Net Assets - Cash Basis  
Proprietary Funds  
For the Year Ended December 31, 2008*

	Business-Type Activities			Total Enterprise Funds
	Water Operating	Sewer Operating	Non Major Enterprise Funds	
<b>Operating Receipts</b>				
Charges for Services	\$474,992	\$220,239	\$70,979	\$766,210
<i>Total Operating Receipts</i>	<u>474,992</u>	<u>220,239</u>	<u>70,979</u>	<u>766,210</u>
<b>Operating Disbursements</b>				
Personal Services	212,908	52,356	5,513	270,777
Fringe Benefits	162,635	40,033	500	203,168
Contractual Services	31,927	59,396	65,412	156,735
Materials and Supplies	75,900	44,448		120,348
Other	7,022	50		7,072
<i>Total Operating Disbursements</i>	<u>490,392</u>	<u>196,283</u>	<u>71,425</u>	<u>758,100</u>
<i>Operating Income (Loss)</i>	(15,400)	23,956	(446)	8,110
<b>Non-Operating Receipts (Disbursements)</b>				
Special Assessments		49,048		49,048
Miscellaneous Receipts	985			985
Loan Proceeds	30,000			30,000
Capital Outlay	(24,870)			(24,870)
Principal Payments		(44,210)		(44,210)
Interest and Fiscal Charges		(21,723)		(21,723)
Total Non Operating Receipts (Disbursements)	<u>6,115</u>	<u>(16,885)</u>	<u>0</u>	<u>(10,770)</u>
<i>Change in Net Assets</i>	(9,285)	7,071	(446)	(2,660)
<i>Net Assets Beginning of Year</i>	<u>44,190</u>	<u>103,795</u>	<u>9,129</u>	<u>157,114</u>
<i>Net Assets End of Year</i>	<u><u>\$34,905</u></u>	<u><u>\$110,866</u></u>	<u><u>\$8,683</u></u>	<u><u>\$154,454</u></u>

See accompanying notes to the basic financial statements

**Village of Coal Grove, Lawrence County**  
*Statement of Fiduciary Net Assets - Cash Basis*  
*Fiduciary Fund*  
*December 31, 2008*

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	<u>Agency</u>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	\$3,360
<i>Total Assets</i>	<u>\$3,360</u>
<b>Net Assets</b>	
Unrestricted	<u>\$3,360</u>

See accompanying notes to the basic financial statements

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**Village of Coal Grove, Lawrence County**  
Notes to the Basic Financial Statements  
For the Years Ended December 31, 2009 and 2008

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**Note 1 – Reporting Entity**

The Village of Coal Grove, Lawrence County, Ohio (the Village), is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village is directed by a six-member Council elected at large for four year terms. The Mayor is elected to a four-year term, serves as the President of Council and votes only to break a tie.

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

**A. Primary Government**

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

**B. Component Units**

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

**C. Public Entity Risk Pools**

The Village participated in a public entity risk pool. This organization is the Ohio Government Risk Management Plan (the Plan). It is a non-assessable, unincorporated nonprofit association providing a formalized, jointly administered self-insurance risk management program. Pursuant to Section 2744.081 of the Ohio Revised Code, the Plan is deemed a separate legal entity. The Plan provides a program of property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine, and other coverages, modified for each participant's needs. The Plan pays judgments, settlements and other expenses resulting for covered claims that exceed the participant's deductibles. Note 8 to the financial statements provides additional information for the entity.

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

**Village of Coal Grove, Lawrence County**  
Notes to the Basic Financial Statements  
For the Years Ended December 31, 2009 and 2008

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**Note 2 – Summary of Significant Accounting Policies**

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

**A. Basis of Presentation**

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

**Government-Wide Financial Statements**

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

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

**Fund Financial Statements**

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

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

**Village of Coal Grove, Lawrence County**  
Notes to the Basic Financial Statements  
For the Years Ended December 31, 2009 and 2008

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B. Fund Accounting

The Village uses fund accounting to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. Funds are used to segregate resources that are restricted as to use. The funds of the Village are divided into three categories, governmental, proprietary and fiduciary.

Governmental Funds

The Village classifies funds financed primarily from taxes, intergovernmental receipts (e.g., grants), and other nonexchange transactions as governmental funds. For 2009, the Village's major governmental funds are the General Fund, Street Fund, State Highway Fund and Light Fund. For 2008, the Village's major governmental funds are the General Fund, Street Fund and Light Fund. The General Fund balance is available to the Village for any purpose provided it is expended or transferred according to the general laws of Ohio. The State Highway Fund is used to account for state highway work done by the Village. The Light Fund is funded by a 1.8 mil tax levy for the installation and maintenance of street lighting. The other governmental funds of the Village account for grants and other resources whose use is restricted to a particular purpose.

Proprietary Funds

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

Enterprise Funds - Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The Village's major enterprise funds are the Water Operating and Sewer Operating Funds for 2008 and 2009 and the Trash Pickup Operating Fund, for 2009 only.

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

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

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

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

Fiduciary Funds

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

**Village of Coal Grove, Lawrence County**  
Notes to the Basic Financial Statements  
For the Years Ended December 31, 2009 and 2008

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C. Basis of Accounting

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

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

D. Budgetary Process

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

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

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

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

E. Cash and Cash Equivalents

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

F. Inventory and Prepaid Items

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

G. Capital Assets

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

H. Accumulated Leave

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



**Village of Coal Grove, Lawrence County**  
Notes to the Basic Financial Statements  
For the Years Ended December 31, 2009 and 2008

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I. Employer Contributions to Cost-Sharing Pension Plans

The Village recognizes the disbursement for their employer contributions to cost-sharing pension plans when they are paid. As described in Notes 9 and 10, the employer contributions include portions for pension benefits and for postretirement health care benefits.

J. Long-Term Obligations

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

K. Net Assets

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

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

L. Fund Balance Reserves

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

M. Interfund Transactions

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

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

**Village of Coal Grove, Lawrence County**  
Notes to the Basic Financial Statements  
For the Years Ended December 31, 2009 and 2008

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**Note 3 – Compliance**

The Village had material noncompliance violations as follows: Ohio Rev. Code Section 5705.36(A)(2) for appropriations exceeding actual resources in various funds for 2009 and 2008; Ohio Rev. Code Section 5705.39 for appropriations exceeding estimated revenue in various funds for 2009 and 2008; Ohio Rev. Code Section 5705.41 (B) for expenditures exceeding appropriations in various funds for 2009 and 2008; and Ohio Rev. Code Section 5705.41 (D)(1) for not properly certifying funds prior to incurring the obligation.

**Note 4 – Budgetary Basis of Accounting**

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budget Basis presented for the General Fund, Street Fund, State Highway Fund and Light Fund for 2009 and the General Fund, Street Fund, and Light Fund for 2008 are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The differences between the budgetary basis and the cash basis are outstanding year end encumbrances are treated as cash disbursements (budgetary basis) rather than as a reservation of fund balance (cash basis). In 2009, the encumbrances outstanding at year end (budgetary basis) amounted to \$1,184 for the General Fund and \$4,933 for the Street Fund. In 2008, the encumbrances outstanding at year end (budgetary basis) amounted to \$1,958 for the General Fund and \$74 for the Street Fund.

**Note 5 – Deposits**

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

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

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

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

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

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

**Village of Coal Grove, Lawrence County**  
Notes to the Basic Financial Statements  
For the Years Ended December 31, 2009 and 2008

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

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

#### Deposits

Custodial credit risk for deposits is the risk that, in the event of bank failure, the Village will not be able to recover deposits or collateral securities that are in the possession of an outside party. At December 31, 2009, the carrying amount of the Village's deposits was \$251,706 and the bank balance was \$358,107. Of the bank balance, \$358,107 was covered by the Federal Deposit Insurance Corporation or collateralized. At December 31, 2008, the carrying amount of the Village's deposits was \$345,074 and the bank balance was \$378,118. Of the bank balance, \$378,118 was covered by the Federal Deposit Insurance Corporation or collateralized. Although all state statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the Village to a successful claim by the Federal Deposit Insurance Corporation

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

#### **Note 6 – Municipal Income Taxes**

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

#### **Note 7 – Property Taxes**

Property taxes include amounts levied against all real property, public utility property, and tangible personal property located in the Village. Real property tax receipts received in 2009 represent the collection of 2008 taxes. Real property taxes received in 2009 were levied after October 1, 2008, on the assessed values as of January 1, 2008, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

**Village of Coal Grove, Lawrence County**  
Notes to the Basic Financial Statements  
For the Years Ended December 31, 2009 and 2008

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Public utility property tax receipts received in 2009 represent the collection of 2008 taxes. Public utility real and tangible personal property taxes received in 2008 became a lien on December 31, 2003, were levied after October 1, 2008, and are collected with real property taxes.

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

Tangible personal property tax receipts received in 2009 (other than public utility property) represent the collection of 2009 taxes. Tangible personal property taxes received in 2009 were levied after October 1, 2008, on the true value as of December 31, 2008. Tangible personal property is currently assessed at 25 percent of true value for capital assets and 23 percent for inventory. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, the first payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

The full tax rate for all Village operations for the year ended December 31, 2009 was 1.8 mills. The full tax rate for all Village operations for the year ended December 31, 2008 was 2.8 mills. The assessed values of real property, public utility property, and tangible personal property upon which property tax receipts were based are as follows:

	<u>2009</u>	<u>2008</u>
Real Property		
Residential/Agriculture	\$17,154,100	\$17,068,960
Public Utility Property	2,346,700	2,336,620
Tangible Personal Property	999,500	1,184,200
Total Assessed Value	\$20,500,300	\$20,589,780

**Note 8 – Risk Management**

**Risk Pool Membership**

The Village belongs to the Ohio Government Risk Management Plan (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments ("Members"). The Plan is legally separate from its member governments.

Pursuant to Section 2744.081 of the Ohio Revised Code, the Plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio. These coverage programs, referred to as Ohio Plan Risk Management ("OPRM"), are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss, except OPRM retain 15% of the premium and losses on the first \$250,000 casualty treaty and 10% of the first \$1,000,000 property treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had over 650 members as of December 31, 2008. The Village participates in this coverage.

**Village of Coal Grove, Lawrence County**  
Notes to the Basic Financial Statements  
For the Years Ended December 31, 2009 and 2008

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In August, 2007, OGRMP formed the Ohio Plan Healthcare Consortium (“OPHC”), as authorized by Section 9.833 of the Ohio Revised Code. The OPHC was established to provide cost effective employee benefit programs for Ohio political sub-divisions and is a self-funded, group purchasing consortium that offers medical, dental, vision and prescription drug coverage as well as life insurance for its members. The OPHC is sold through seventeen appointed independent agents in the State of Ohio. Coverage programs are developed specific to each member’s healthcare needs and the related premiums for coverage are determined through the application of uniform underwriting criteria. Variable plan options are available to members. These plans vary primarily by deductibles, coinsurance levels, office visit co-pays and out-of pocket maximums. OPHC had 40 members as of December 31, 2008. The Village does not participate in this coverage.

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

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

The Plan’s audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31: 2008 and 2007 (the latest information available), and include amounts for both OPRRM and OPHC:

	<b>2008</b>	<b>2007</b>
Assets	\$10,471,114	\$11,136,455
Liabilities	<u>(5,286,781)</u>	<u>(4,273,553)</u>
Members’ Equity	<u>\$5,184,333</u>	<u>\$6,862,902</u>

You can read the complete audited financial statements for The Ohio Government Risk Management Plan at the Plan’s website, [www.ohioplan.org](http://www.ohioplan.org).

**Note 9 – Defined Benefit Pension Plans**

**A. Ohio Public Employees Retirement System**

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

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

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the traditional and combined plans. Members of the member directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642 or by calling (614) 222-5601 or (800) 222-7377.

**Village of Coal Grove, Lawrence County**  
Notes to the Basic Financial Statements  
For the Years Ended December 31, 2009 and 2008

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For the years ended December 31, 2009 and 2008, the members of all three plans were required to contribute 10 percent of their annual covered salaries. The Village's contribution rate for pension benefits for 2009 and 2008 was 14 percent. The Ohio Revised Code provides statutory authority for member and employer contributions.

The Village's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2009, 2008, and 2007 were \$63,797, \$62,164, and \$58,000, respectively. The full amount has been contributed for 2009, 2008 and 2007.

**B. Ohio Police and Fire Pension Fund**

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

Plan members are required to contribute 10 percent of their annual covered salary to fund pension benefits while the Village is required to contribute 19.5 percent for police officers. Contributions are authorized by State statute. The Village's required contributions to the Fund for the years ended December 31, 2009, 2008, and 2007 were \$10,404, \$11,244, and \$10,663. The full amount has been contributed for 2009, 2008 and 2007.

**Note 10 - Postemployment Benefits**

**A. Ohio Public Employees Retirement System**

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit as described in *GASB Statement No. 12*. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postretirement health care based on authority granted by State statute. The 2009 local government employer contribution rate was 14 percent of covered payroll. A portion of employer contributions allocated to health care was 7.00 percent from January 1 through March 31, 2008 and 5.5 percent from April 1 through December 31, 2009. The 2008 local government employer contribution rate was 14 percent of covered payroll; 7 percent of covered payroll was the portion that was used to fund health care.

Benefits are advance-funded using the entry age normal actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2008, include a rate of return on investments of 6.50 percent, an annual increase in active employee total payroll of 4.00 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between 0.50 percent and 6.3 percent based on additional annual pay increases. Health care costs were assumed to increase at the projected wage inflation rate plus an additional factor ranging from 0.50 to 3 percent annually for the next 6 years. In the subsequent years, (7 and beyond) health care costs were assumed to increase at 4 percent annually (the projected wage inflation rate).

**Village of Coal Grove, Lawrence County**  
Notes to the Basic Financial Statements  
For the Years Ended December 31, 2009 and 2008

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

The Traditional Pension and Combined Plans had 357,584 active contributing participants as of December 31, 2009. The number of active contributing participants for both plans used in the December 31, 2008 actuarial valuation was 356,388. The actual contributions for 2009 and 2008 which were used to fund postemployment benefits were \$27,343 and \$31,082, respectively. The actuarial value of OPERS's net assets available for payment of benefits at December 31, 2008, (the latest information available) was \$10.7 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$29.6 billion and \$18.9 billion, respectively.

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

**B. Ohio Police and Fire Pension Fund**

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

The Ohio Revised Code provides the authority allowing the Ohio Police and Fire Pension Fund's board of trustees to provide health care coverage and states that health care costs paid from the funds of OP&F shall be included in the employer's contribution rate. Health care funding and accounting is on a pay-as-you-go basis. The total police employer contribution rate is 19.5 percent of covered payroll, of which 6.75 percent of covered payroll was applied to the postemployment health care program during 2009 and 2008. In addition, since July 1, 1992, most retirees and survivors have been required to contribute a portion of the cost of their health care coverage through a deduction from their monthly benefit payment. Beginning in 2001, all retirees and survivors have monthly health care contributions.

The Village's actual contributions for 2009 and 2008 that were used to fund post employment benefits were \$3,819 and \$3,970, respectively, for police. The OP&F's total health care expense for the year ended December 31, 2007 (the latest information available) was \$93,205,319, which was net of member contributions of \$56,031,875. The number of OP&F participants eligible to receive health care benefits as of December 31, 2007, was 14,295 for police.

**Note 11 - Leases**

A summary of the lease transactions for the year ended December 31, 2009, follows:

	<u>Interest Rate</u>	<u>Balance at December 31, 2008</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at December 31, 2009</u>
Loader Backhoe	7.299%	\$40,546	\$0	\$9,365	\$31,181

**Village of Coal Grove, Lawrence County**  
Notes to the Basic Financial Statements  
For the Years Ended December 31, 2009 and 2008

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A summary of the lease transactions for the year ended December 31, 2008, follows:

	Interest Rate	Balance at December 31, 2007	Additions	Reductions	Balance at December 31, 2008
Fire Truck	4.696%	\$210,758	\$0	\$210,758	\$0
Loader Backhoe	7.299%	49,440	0	8,894	40,546

The fire truck lease was entered into on May 15, 2006. The Village established an emergency services fee which is assessed on utility bills to pay for the fire truck. The Village chose to purchase the fire truck in 2008 and, subsequently, removed the emergency services fee from the utility bills.

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

**Note 12- Notes Payable**

A summary of the note transactions for the year ended December 31, 2009, follows:

	Interest Rate	Balance at December 31, 2008	Additions	Reductions	Balance at December 31, 2009
2008 Bond Anticipation Note	3.87%	\$70,000	\$0	\$70,000	\$0
2009 Bond Anticipation Note	4.96%	0	70,000	10,000	60,000

A summary of the note transactions for the year ended December 31, 2008, follows:

	Interest Rate	Balance at December 31, 2007	Additions	Reductions	Balance at December 31, 2008
2007 Bond Anticipation Note	4.96%	\$80,000	\$0	\$80,000	\$0
2008 Bond Anticipation Note	3.87%	0	70,000	0	70,000

The bond anticipation note originated for \$150,000 for the purchase of a wood chipper, a tractor, and to pave streets in disrepair. All note proceeds have been spent at December 31, 2009. A \$10,000 payment to principal plus the interest is paid each year and a new note issued for the balance. The bond anticipation note is backed by the full faith and credit of the Village and matures in 2010.



**Village of Coal Grove, Lawrence County**  
Notes to the Basic Financial Statements  
For the Years Ended December 31, 2009 and 2008

**Note 13– Debt**

The Village’s long-term debt activity for the year ended December 31, 2009, was as follows:

	Interest Rate	Balance December 31, 2008	Additions	Reductions	Balance December 31, 2009
<u>Business Type Activities</u>					
1988 OWDA Loan (\$707,721)	8.26%	\$154,453	\$0	\$33,160	\$121,293
1990 Special Assesment Bonds (\$495,000)	5.00%	346,300	0	12,300	334,000
2008 Water Well Loan (\$30,000)	4.62%	25,004	0	5,184	19,820
<b>Total Business-Type Activities</b>		<b>\$525,757</b>	<b>\$0</b>	<b>\$50,644</b>	<b>\$475,113</b>

The Village’s long-term debt activity for the year ended December 31, 2008, was as follows:

	Interest Rate	Balance December 31, 2007	Additions	Reductions	Balance December 31, 2008
<u>Business Type Activities</u>					
1988 OWDA Loan (\$707,721)	8.26%	\$186,963	\$0	\$32,510	\$154,453
1990 Special Assesment Bonds (\$495,000)	5.00%	358,000	0	11,700	346,300
2008 Water Well Loan (\$30,000)	4.62%	0	30,000	4,996	25,004
<b>Total Business-Type Activities</b>		<b>\$544,963</b>	<b>\$30,000</b>	<b>\$49,206</b>	<b>\$525,757</b>

The 1988 Ohio Water Development Authority (OWDA) loan relates to a sewer system expansion project that was mandated by the Ohio Environmental Protection Agency. The loan is secured by sewer receipts. The Village has agreed to set utility rates to cover OWDA debt service requirements.

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

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

In 2009, the Village began a water system improvement project which included an OWDA loan, totaling \$90,596, and American Recovery Reinvestment Act (ARRA) OWDA principal forgiveness (e.g. grant) monies, totaling \$361,124. As of December 31, 2009, only \$41,866 of the loan monies had been disbursed by OWDA on behalf of the Village. Due to the fact that not all loan monies were disbursed by OWDA on behalf of the Village by December 31, 2009, a loan amortization schedule has not been finalized by OWDA. The loan has a 0% interest rate for 30 years. The Village has agreed to set utility rates to cover OWDA debt service requirements.

**Village of Coal Grove, Lawrence County**  
Notes to the Basic Financial Statements  
For the Years Ended December 31, 2009 and 2008

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

	OWDA Loans		Special Assessment Bonds		Water Well Loan	
	Principal	Interest	Principal	Interest	Principal	Interest
2010	\$33,824	\$2,426	\$12,900	\$16,700	\$5,965	\$791
2011	34,508	1,749	13,600	16,055	6,240	504
2012	35,190	1,059	14,300	15,375	6,544	214
2013	17,771	345	15,000	14,660	1,071	6
2014			15,700	13,910		
2015-2019			91,100	56,955		
2020-2024			116,300	31,795		
2025-2026			55,100	4,165		
<b>Total</b>	<b>\$121,293</b>	<b>\$5,579</b>	<b>\$334,000</b>	<b>\$169,615</b>	<b>\$19,820</b>	<b>\$1,515</b>

The Ohio Revised Code provides that net general obligation debt of the Village, exclusive of certain exempt debt, issued without a vote of the electors shall never exceed 5.5 percent of the tax valuation of the Village. The Revised Code further provides that total voted and unvoted net debt of the Village less the same exempt debt shall never exceed amount equal to 10.5 percent of its tax valuation. The effects of the debt limitations at December 31, 2009 and 2008, respectively, were an overall debt margin of \$2,152,532 and \$2,161,927 and an unvoted debt margin of \$1,127,517 and \$1,132,438.

**Note 14 – Interfund Advances and Transfers**

The following advances were made:

From:	To:	2009 Amount
General Fund	Water Operating Fund	\$17,800
General Fund	Trash Pickup Operating Fund	1,364
	<b>Total Advances</b>	<b>\$19,164</b>

The following transfers were made:

From:	To:	2009 Amount
Sewer Operating Fund	Sewer Improvement Fund	\$5,981
Fire Fee Fund	General Fund	\$634
	<b>Total Transfers</b>	<b>\$6,615</b>

**Note 15 – Contractual Commitments**

As of December 31, 2009, the Village had the following outstanding contractual commitments related to the water system improvement project:

Contractor	Total Contract Amount at December 31, 2009	Total Paid as of December 31, 2009	Contract Remaining at December 31, 2009
E.L. Robinson	\$80,000	\$41,550	\$38,450
Moody's of Dayton	173,000	0	173,000
Southern Ohio Trenching & Excavating, Inc.	189,806	0	189,806
	<b>\$442,806</b>	<b>\$41,550</b>	<b>\$401,256</b>

**Village of Coal Grove, Lawrence County**  
Notes to the Basic Financial Statements  
For the Years Ended December 31, 2009 and 2008

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**Note 16 – Contingent Liabilities**

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

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# Mary Taylor, CPA

Auditor of State

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

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

To the Village Council:

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Coal Grove, Lawrence County, Ohio (the Village), as of and for the years ended December 31, 2009 and 2008, which collectively comprise the Village's basic financial statements and have issued our report thereon dated October 25, 2010, wherein, we noted the Village uses a comprehensive accounting basis other than generally accepted accounting principles. We also noted the Village uses the Auditor of State's Uniform Accounting Network (UAN) to process its financial transactions. *Government Auditing Standards* considers this service to impair the Auditor of State's independence to audit the Village. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

### Internal Control Over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. Therefore, we cannot assure that we have identified all deficiencies, significant deficiencies or material weaknesses. However, as described in the accompanying Schedule of Findings, we identified a certain deficiency in internal control over financial reporting, that we consider a material weakness.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and timely corrected. We consider finding 2009-005 described in the accompanying Schedule of Findings to be a material weakness.

### **Compliance and Other Matters**

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters that we must report under *Government Auditing Standards*, which are described in the accompanying Schedule of Findings as items 2009-001 through 2009-004.

We also noted certain matters not requiring inclusion in this report that we reported to the Village's management in a separate letter dated October 25, 2010.

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



**Mary Taylor, CPA**  
Auditor of State

October 25, 2010

**VILLAGE OF COAL GROVE  
LAWRENCE COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2009 AND 2008**

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

**Finding Number 2009-001**

**Noncompliance Citation**

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

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

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

On December 31, 2008, appropriations exceeded actual resources as follows:

<u>Fund</u>	<u>Actual Resources</u>	<u>Appropriations</u>	<u>Variance</u>	<u>% Variance</u>
2021 State Highway Fund	\$14,864	\$22,700	(\$7,836)	-53%
2063 OPWC Fund	\$7	\$179,007	(\$179,000)	-2557143%
2081 Drug Law Enforcement Fund	\$1,289	\$1,589	(\$300)	-23%

On December 31, 2009, appropriations exceeded actual resources as follows:

<u>Fund</u>	<u>Actual Resources</u>	<u>Appropriations</u>	<u>Variance</u>	<u>% Variance</u>
2052 Federal EPA Stimulus Fund	\$41,550	\$499,000	(\$457,450)	-1101%
2061 Clean Ohio Fund	\$26,245	\$32,118	(\$5,873)	-22%
2063 OPWC Fund	\$19,738	\$304,000	(\$284,262)	-1440%
2081 Drug Law Enforcement Fund	\$882	\$1,200	(\$318)	-36%
2271 Drug Enforcement and Education Fund	\$1,677	\$1,700	(\$23)	-1%
2401 Fire Fee Fund	\$634	\$800	(\$166)	-26%
5101 Water Operating Fund	\$522,547	\$569,067	(\$46,520)	-9%
5601 Trash Pickup Operating Fund	\$125,302	\$126,660	(\$1,358)	-1%

This could result in overspending if not properly monitored.

**VILLAGE OF COAL GROVE  
LAWRENCE COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2009 AND 2008  
(Continued)**

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

**Finding Number 2009-001 (Continued)**

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

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

**Finding Number 2009-002**

**Noncompliance Citation**

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

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

Appropriations for 2008 and 2009 were approved by Village Council; however, the ordinances were not filed with the Lawrence County Auditor. Furthermore, appropriations exceeded estimated resources as follows:

Fund	Estimated Resources	Appropriations	Variance
<u>December 31, 2008:</u>			
1000 General	\$0	\$760,667	(\$760,667)
2011 Street Fund	0	107,385	(107,385)
2021 State Highway Fund	0	22,700	(22,700)
2063 State Grants OPWC Fund	0	179,007	(179,007)
2081 Drug Law Enforcement Fund	0	1,589	(1,589)
2271 Drug Enforcement and Education Fund	0	2,000	(2,000)
2401 Fire Fee Fund	0	54,489	(54,489)
2901 Light Fund	0	26,500	(26,500)
5101 Water Operating Fund	0	518,293	(518,293)
5201 Sewer Operating Fund	0	295,955	(295,955)
5601 Trash Pickup Operating Fund	0	69,645	(69,645)
5701 Water Repair and Replace Fund	0	169	(169)
5761 Sewer Repair and Replace Fund	0	814	(814)



**VILLAGE OF COAL GROVE  
LAWRENCE COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2009 AND 2008  
(Continued)**

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

**Finding Number 2009-002 (Continued)**

**Noncompliance Citation – Ohio Rev. Code Section 5705.39 (Continued)**

Fund	Estimated Resources	Appropriations	Variance
<u>December 31, 2009:</u>			
1000 General	\$0	\$572,028	(\$572,028)
2011 Street Fund	0	96,795	(96,795)
2021 State Highway Fund	0	15,249	(15,249)
2052 Federal EPA Stimulus Fund	0	499,000	(499,000)
2063 State Grants OPWC Fund	0	32,118	(32,118)
2064 State Grants Boat Dock Fund	0	304,000	(304,000)
2065 State Grant Sewer Improvement Fund	0	5,981	(5,981)
2081 Drug Law Enforcement Fund	0	1,200	(1,200)
2271 Drug Enforcement and Education Fund	0	1,700	(1,700)
2401 Fire Fee Fund	0	800	(800)
2901 Light Fund	0	15,800	(15,800)
5101 Water Operating Fund	0	569,067	(569,067)
5201 Sewer Operating Fund	0	299,291	(299,291)
5601 Trash Pickup Operating Fund	0	126,660	(126,660)
5701 Water Repair and Replace Fund	0	169	(169)
5761 Sewer Repair and Replace Fund	0	814	(814)

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

**Finding Number 2009-003**

**Noncompliance Citation**

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

Budgetary expenditures exceeded appropriations at December 31, 2008:

Fund	Appropriations	Expenditures plus Encumbrances	Dollar Variance
1000 General Fund	\$762,889	\$799,607	(\$36,718)
5601 Trash Pickup Operating Fund	\$69,665	\$71,425	(\$1,760)

**VILLAGE OF COAL GROVE  
LAWRENCE COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2009 AND 2008  
(Continued)**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
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**Finding Number 2009-003 (Continued)**

**Noncompliance Citation – Ohio Rev. Code Section 5705.41(B) (Continued)**

This could result in overspending if not properly monitored.

We recommend the Village Clerk/Treasurer not approve expenditures unless temporary or permanent appropriations have been approved by the Village Council and filed with the County Auditor.

**Finding Number 2009-004**

**Noncompliance Citation**

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

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

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

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

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

**VILLAGE OF COAL GROVE  
LAWRENCE COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2009 AND 2008  
(Continued)**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
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**Finding Number 2009-004 (Continued)**

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

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

Fifty-four percent (54%) of disbursements tested in 2008 and forty-seven percent (47%) of disbursements tested in 2009 had invoice dates preceding the encumbrance date.

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

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

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

**Finding Number 2009-005**

**Material Weakness – Financial Reporting**

Sound financial reporting is the responsibility of the Village Clerk/Treasurer and Village Council and is essential to ensure the information provided to the readers of the financial statements is complete and accurate.

As a result of the audit procedures performed, the financial statements had the following errors that required audit adjustment or reclassification:

- In 2008, General Fund Miscellaneous Revenue totaling \$217,000 was reclassified as \$147,000 in Sale of Assets and \$70,000 in Proceeds of Notes.
- In 2009, Stimulus Fund Special Assessments totaling \$41,550 was reclassified as Loan Proceeds, and \$316 was recorded as a memo expenditure for Interest and Fiscal Charges and as a memo receipt as Loan Proceeds.

**VILLAGE OF COAL GROVE  
LAWRENCE COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2009 AND 2008  
(Continued)**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
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**Finding Number 2009-005 (Continued)**

**Material Weakness – Financial Reporting (Continued)**

- In 2008, \$3,839 was adjusted from the State Highway Fund Intergovernmental Revenue to the Street Construction Fund Intergovernmental Revenue due to misposting of a new auto receipt.
- In 2008, Clean Ohio Fund Intergovernmental Revenue totaling \$12,118 was adjusted from the General Fund Miscellaneous Revenue. In 2009, a transfer from the General Fund to the Clean Ohio Fund, totaling \$12,118, was eliminated as a result of the 2008 audit adjustment.
- In 2008, Light Fund Taxes totaling \$2,269 was reclassified as Intergovernmental Revenue.
- In 2009, \$3,251 and \$264 from Street Construction Fund Intergovernmental Revenue and State Highway Fund Intergovernmental Revenue, respectively, were adjusted to the General Fund Intergovernmental Revenue (\$2,343) and Light Fund Intergovernmental Revenue (\$1,172) due to the misposting of homestead and rollback monies.
- In 2009, \$1,169 was adjusted from General Fund Intergovernmental Revenue to the Light Fund Intergovernmental Revenue due to the misposting of homestead and rollback monies.
- In 2008, Sewer Fund Taxes totaling \$49,048 were reclassified as Special Assessments. In 2009, Sewer Fund Taxes totaling \$46,932 were reclassified as Special Assessments.
- In 2008, General Fund General Government expenditures totaling \$84,056 were reclassified as Principal (\$80,000) and Interest (\$4,026) expenditures.
- In 2009, a memo entry was recorded to show \$70,000 in General Fund Proceeds of Notes and \$70,000 in General Fund Principal. Also, General Fund General Government expenditures totaling \$12,742 were reclassified as Principal (\$10,000) and Interest (\$2,742) expenditures.
- In 2008, Water Fund Other Financing Sources/Miscellaneous totaling \$30,000 were reclassified as Loan Proceeds.
- In 2008, Fire Fee Fund Security of Persons and Property expenditures totaling \$54,448 were reclassified as Principal (\$43,319) and Interest (\$11,169).
- In 2008, General Fund Security of Persons and Property expenditures totaling \$168,022 were reclassified as Principal (\$167,439) and Interest (\$583).
- In 2009 and 2008, Street Construction Fund Transportation totaling \$13,300 and \$5,400, respectively, was reclassified as Capital Outlay.
- In 2008, Water Fund Supplies and Materials totaling \$24,870 were reclassified as Capital Outlay.
- In 2009, General Fund General Government (\$3,250) and Security of Persons and Property (\$3,650) expenditures were reclassified as Capital Outlay (\$6,900). In 2008, General Fund General Government (\$16,840) and Security of Persons and Property (\$58,808) expenditures were reclassified as Capital Outlay (\$71,648) and Leisure Time Activities (\$4,000).
- In 2009, Stimulus Fund Basic Utility Services expenditures totaling \$41,550 and Sewer Improvement Fund Basic Utility Services expenditures totaling \$5,981 were reclassified as Capital Outlay in the respective funds. Furthermore, Clean Ohio Fund General Government expenditures totaling \$26,244 were reclassified as Capital Outlay.
- In 2009, General Fund Reserved for Encumbrances were reduced by \$60,000 which resulted in an increase in the Unreserved, Undesignated balance.
- In 2009, Street Construction Fund Reserved for Encumbrances were increased by \$4,933 which resulted in a decrease in the Unreserved, Undesignated balance.
- In 2009, a memo receipt and expenditure were recorded in the OPWC Fund to adjust for \$19,731 in Intergovernmental Revenue and Capital Outlay to record the monies spent on behalf of the Village.

**VILLAGE OF COAL GROVE  
LAWRENCE COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2009 AND 2008  
(Continued)**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
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**Finding Number 2009-005 (Continued)**

**Material Weakness – Financial Reporting (Continued)**

- In 2009 and 2008, the Agency Fund (e.g. Mayor's Court) was recorded to show ending balances of \$5,483 and \$3,360, respectively.

The Village Clerk/Treasurer made classification errors in posting of revenues and expenditures. There were also instances in which memo receipts and expenditures were not recorded. This caused the understatement of revenues and expenditures as noted above.

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

**Officials' Response:**

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

**VILLAGE OF COAL GROVE  
LAWRENCE COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2009 AND 2008**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain</i></b>
2007-001	Ohio Rev. Code Section 5705.36 (A)(2), estimated receipts exceeded actual receipts	No	See Finding Number 2009-001
2007-002	Ohio Rev. Code Section 5705.41(B), budgetary expenditures exceeded appropriations	No	See Finding Number 2009-003
2007-003	Ohio Rev. Code Section 5705.41 (D)(1), expenditures were not properly encumbered	No	See Finding Number 2009-004
2007-004	Financial Reporting	No	See Finding Number 2009-005



**Mary Taylor, CPA**  
Auditor of State

**VILLAGE OF COAL GROVE**

**LAWRENCE COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
NOVEMBER 16, 2010**