



OHIO AUDITOR OF STATE  
**KEITH FABER**





**VILLAGE OF COAL GROVE  
LAWRENCE COUNTY  
DECEMBER 31, 2020 AND 2019**

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# OHIO AUDITOR OF STATE KEITH FABER



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## INDEPENDENT AUDITOR'S REPORT

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

To the Village Council:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the cash balances, receipts and disbursements for each governmental and proprietary fund type and the fiduciary fund type combined total as of and for the year ended December 31, 2020 and for each governmental, proprietary and fiduciary fund type as of and for the year ended December 31, 2019, and related notes of the Village of Coal Grove, Lawrence County, Ohio (the Village).

### ***Management's Responsibility for the Financial Statements***

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Village's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Village's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

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

As described in Note 2 of the financial statements, the Village prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Village does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village, as of December 31, 2020 and 2019, and the respective changes in financial position or cash flows thereof for the years then ended.

***Opinion on Regulatory Basis of Accounting***

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for each governmental and proprietary fund type and the fiduciary fund type combined total as of and for the year ended December 31, 2020 and for each governmental, proprietary and fiduciary fund type as of and for the year ended December 31, 2019, and related notes of the Village, in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 2.

***Emphasis of Matter***

As discussed in Note 14 to the 2020 financial statements and Note 11 to the 2019 financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Village. Also, as discussed in Note 12 to the 2019 financial statements, the 2019 financial statements have been restated as a result of the voiding of old outstanding checks in the General, Special Revenue, Capital Projects and Enterprise Funds. We did not modify our opinion regarding these matters.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated August 9, 2021, 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Keith Faber". The signature is written in a cursive, flowing style.

Keith Faber  
Auditor of State  
Columbus, Ohio  
August 9, 2021

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**Village of Coal Grove, Ohio**

Lawrence County

Combined Statement of Receipts, Disbursements  
and Changes in Fund Balances (Regulatory Cash Basis)

All Governmental Fund Types

For the Year Ended December 31, 2020

|   | General          | Special<br>Revenue | Capital<br>Projects | Totals<br>(Memorandum<br>Only) |
|---|------------------|--------------------|---------------------|--------------------------------|
| <b>Cash Receipts</b>                                  |                  |                    |                     |                                |
| Property and Other Local Taxes                        | \$35,689         | \$39,928           | \$0                 | \$75,617                       |
| Municipal Income Tax                                  | 296,630          |                    |                     | 296,630                        |
| Intergovernmental                                     | 40,822           | 301,398            |                     | 342,220                        |
| Special Assessments                                   |                  |                    | 69                  | 69                             |
| Charges for Services                                  | 18,272           | 418                |                     | 18,690                         |
| Fines, Licenses and Permits                           | 185,209          | 3,223              |                     | 188,432                        |
| Miscellaneous   | 47,323           | 4,038              |                     | 51,361                         |
| <i>Total Cash Receipts</i>                            | <u>623,945</u>   | <u>349,005</u>     | <u>69</u>           | <u>973,019</u>                 |
| <b>Cash Disbursements</b>                             |                  |                    |                     |                                |
| Current:  |                  |                    |                     |                                |
| Security of Persons and Property                      | 293,951          | 6,750              |                     | 300,701                        |
| Public Health Services                                |                  | 109,021            |                     | 109,021                        |
| Leisure Time Activities                               | 10,884           | 4,709              |                     | 15,593                         |
| Community Environment                                 | 1,853            |                    |                     | 1,853                          |
| Transportation  | 171              | 70,212             |                     | 70,383                         |
| General Government                                    | 187,957          |                    |                     | 187,957                        |
| Capital Outlay  |                  | 26,722             | 2,800               | 29,522                         |
| Debt Service:   |                  |                    |                     |                                |
| Principal Retirement                                  | 11,255           | 98,516             |                     | 109,771                        |
| Interest and Fiscal Charges                           | 2,019            | 580                |                     | 2,599                          |
| <i>Total Cash Disbursements</i>                       | <u>508,090</u>   | <u>316,510</u>     | <u>2,800</u>        | <u>827,400</u>                 |
| <i>Excess of Receipts Over (Under) Disbursements</i>  | <u>115,855</u>   | <u>32,495</u>      | <u>(2,731)</u>      | <u>145,619</u>                 |
| <b>Other Financing Receipts (Disbursements)</b>       |                  |                    |                     |                                |
| Sale of Notes   | 16,500           |                    |                     | 16,500                         |
| Sale of Capital Assets                                | 3,200            |                    |                     | 3,200                          |
| Transfers Out   | (23,000)         |                    |                     | (23,000)                       |
| Other Financing Sources                               | 1,335            |                    |                     | 1,335                          |
| <i>Total Other Financing Receipts (Disbursements)</i> | <u>(1,965)</u>   | <u>0</u>           | <u>0</u>            | <u>(1,965)</u>                 |
| <i>Net Change in Fund Cash Balances</i>               | 113,890          | 32,495             | (2,731)             | 143,654                        |
| <i>Fund Cash Balances, January 1</i>                  | 42,143           | 106,549            | 3,936               | 152,628                        |
| <i>Fund Cash Balances, December 31</i>                | <u>\$156,033</u> | <u>\$139,044</u>   | <u>\$1,205</u>      | <u>\$296,282</u>               |

See accompanying notes to the basic financial statements

**Village of Coal Grove, Ohio**  
*Lawrence County*  
*Combined Statement of Receipts, Disbursements*  
*and Changes in Fund Balances (Regulatory Cash Basis)*  
*All Proprietary Fund Types*  
*For the Year Ended December 31, 2020*

|   | Proprietary<br>Fund Type |
|---|--------------------------|
|   | Enterprise               |
| <b>Operating Cash Receipts</b>                      |                          |
| Charges for Services                                | \$1,159,944              |
| <i>Total Operating Cash Receipts</i>                | <u>1,159,944</u>         |
| <b>Operating Cash Disbursements</b>                 |                          |
| Personal Services                                   | 417,531                  |
| Employee Fringe Benefits                            | 131,724                  |
| Contractual Services                                | 699,389                  |
| Supplies and Materials                              | 130,675                  |
| Other   | 4,092                    |
| <i>Total Operating Cash Disbursements</i>           | <u>1,383,411</u>         |
| <i>Operating Income (Loss)</i>                      | <u>(223,467)</u>         |
| <b>Non-Operating Receipts (Disbursements)</b>       |                          |
| Intergovernmental                                   | 1,113,809                |
| Special Assessments                                 | 51,809                   |
| Loans Issued  | 695,936                  |
| Miscellaneous Receipts                              | 27,950                   |
| Capital Outlay                                      | (1,081,210)              |
| Principal Retirement                                | (365,272)                |
| Interest and Other Fiscal Charges                   | (47,537)                 |
| <i>Total Non-Operating Receipts (Disbursements)</i> | <u>395,485</u>           |
| <i>Income before Transfers</i>                      | 172,018                  |
| Transfers In  | <u>23,000</u>            |
| <i>Net Change in Fund Cash Balance</i>              | 195,018                  |
| <i>Fund Cash Balance, January 1</i>                 | <u>256,964</u>           |
| <i>Fund Cash Balance, December 31</i>               | <u><u>\$451,982</u></u>  |

*See accompanying notes to the basic financial statements*

**Village of Coal Grove, Ohio**  
*Lawrence County*  
*Combined Statement of Additions, Deductions*  
*and Changes in Fund Balances (Regulatory Cash Basis)*  
*All Fiduciary Fund Types*  
*For the Year Ended December 31, 2020*

|  | <u>Fiduciary Fund Type</u> |
|--|----------------------------|
|  | <u>Custodial</u>           |
|  | <u>Mayor's Court</u>       |
| <b>Additions</b>                             |                            |
| Fines, Licenses and Permits for Distribution | \$165,710                  |
| <i>Total Additions</i>                       | <u>165,710</u>             |
| <b>Deductions</b>                            |                            |
| Distributions to Other Governments           | 160,235                    |
| <i>Total Deductions</i>                      | <u>160,235</u>             |
| <i>Net Change in Fund Balances</i>           | 5,475                      |
| <i>Fund Cash Balances, January 1</i>         | <u>5,974</u>               |
| <i>Fund Cash Balances, December 31</i>       | <u><u>\$11,449</u></u>     |

*See accompanying notes to the basic financial statements*

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**Village of Coal Grove, Ohio**  
*Lawrence County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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**Note 1 – Reporting Entity**

The Village of Coal Grove (the Village), Lawrence County, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly-elected six-member Council directs the Village. The Village provides 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.

***Public Entity Risk Pool***

The Village participates in a public entity risk pool. Note 7 to the financial statements provide additional information for this entity. This organization is the Ohio Plan Risk Management, Inc. (OPRM), 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). OPRM is legally separate from its member governments.

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

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

***Basis of Presentation***

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

***Fund Accounting***

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

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

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

***Street Construction Maintenance and Repair*** The street construction maintenance and repair fund accounts for and reports that portion of the State gasoline tax and motor vehicle license registration fees restricted for construction, maintenance, and repair of streets within the Village.

***Nature State Grant Fund*** This fund received grant monies to provide funds for park improvements within the Village.

**Village of Coal Grove, Ohio**  
*Lawrence County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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**Coronavirus Relief Fund** This fund received grant monies used to purchase supplies and reimburse other funds for personnel expenditures as deemed allowable under the CARES Act.

**Capital Project Funds** These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Village had the following significant capital project funds:

**Capital Improvement Fund** This fund received a user fee that residents pay through utility billings which is used for any capital improvements, and related supplies, materials, and equipment necessary to safely and efficiently operate the Village's utility department.

**Enterprise Funds** These funds account for operations that are similar to private business enterprises, where management intends to recover the significant costs of providing certain goods or services through user charges. The Village had the following significant Enterprise Funds:

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

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

**Waterline Replacement Fund** The waterline improvement fund accounts for loan proceeds from the Ohio Water Development Authority restricted to the waterline replacement project.

**Fiduciary Funds** Fiduciary funds include private purpose trust funds, investment trust funds, and custodial funds. Trust funds account for assets held under a trust agreement meeting certain criteria.

Custodial funds are purely custodial in nature and are used to report fiduciary activity that is not required to be reported in a trust fund. The Village's custodial fund accounts for Mayor's Court Activity.

### ***Basis of Accounting***

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit.

### ***Budgetary Process***

The Ohio Revised Code requires that each fund (except certain custodial funds) be budgeted annually.

**Appropriations** Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated

**Village of Coal Grove, Ohio**  
*Lawrence County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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resources. The Village Council must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end.

***Estimated Resources*** Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1. The County Budget Commission must approve estimated resources.

***Encumbrances*** The Ohio Revised Code requires the Village to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated. The Village did not encumber all commitments required by Ohio law. Management has included audit adjustments in the accompanying budgetary presentations for material items that should have been encumbered. A summary of 2020 budgetary activity appears in Note 4.

***Deposits***

The Village maintains its deposit pool in checking accounts at a local financial institution.

***Capital Assets***

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

***Accumulated Leave***

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

***Fund Balance***

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

***Nonspendable*** The Village classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

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

***Committed*** Council can *commit* amounts via formal action (resolution). The Village must adhere to these commitments unless the Council amends the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

***Assigned*** Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end.

**Village of Coal Grove, Ohio**  
*Lawrence County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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

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

For regulatory purposes, limited disclosure related to fund balance is included in Note 13.

**Note 3 – Compliance**

Contrary to Ohio law, 50% of the transactions tested for unrecorded encumbrances at December 31, 2020 were not certified by the Village Fiscal Officer at the time the commitment was incurred.

**Note 4 – Budgetary Activity**

Budgetary activity for the year ending December 31, 2020 follows:

| 2020 Budgeted vs. Actual Receipts |                      |                    |                  |
|-----------------------------------|----------------------|--------------------|------------------|
| Fund Type                         | Budgeted<br>Receipts | Actual<br>Receipts | Variance         |
| General                           | \$618,000            | \$644,980          | \$26,980         |
| Special Revenue                   | 301,710              | 349,005            | 47,295           |
| Capital Projects                  | 3,000                | 69                 | (2,931)          |
| Enterprise                        | 2,899,603            | 3,049,448          | 149,845          |
| <b>Total</b>                      | <b>\$3,822,313</b>   | <b>\$4,043,502</b> | <b>\$221,189</b> |

| 2020 Budgeted vs. Actual Budgetary Basis Expenditures |                            |                           |                  |
|---|----------------------------|---------------------------|------------------|
| Fund Type   | Appropriation<br>Authority | Budgetary<br>Expenditures | Variance         |
| General   | \$656,977                  | \$540,773                 | \$116,204        |
| Special Revenue                                       | 359,969                    | 319,007                   | 40,962           |
| Capital Projects                                      | 5,800                      | 2,800                     | 3,000            |
| Enterprise  | 3,005,745                  | 2,966,502                 | 39,243           |
| <b>Total</b>  | <b>\$4,028,491</b>         | <b>\$3,829,082</b>        | <b>\$199,409</b> |

**Note 5 – Deposits**

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



**Village of Coal Grove, Ohio**  
*Lawrence County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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|                              | 2020      |
|------------------------------|-----------|
| <b>Cash Management Pool:</b> |           |
| Demand deposits              | \$759,713 |

Deposits are insured by the Federal Deposit Insurance Corporation; or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

**Note 6 – Taxes**

***Property Taxes***

Real property taxes become a lien on January 1 preceding the October 1 date for which the Council adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

Public utilities are also taxed on personal and real property located within the Village.

The County is responsible for assessing property and for billing, collecting, and distributing all property taxes on behalf of the Village.

***Income Taxes***

The Village levies a municipal income tax of 1 percent on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village.

Employers within the Village withhold income tax on employee compensation and remit the tax to the Village either monthly or quarterly, as required. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually.

**Note 7 – Risk Management**

The Village belongs to the Ohio Plan Risk Management, Inc. (OPRM) (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.

**Village of Coal Grove, Ohio**  
*Lawrence County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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OPRM coverage programs 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. Effective November 1, 2017, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. The OPRM is also participated in a property primary excess of loss treaty. This treaty reimbursed the OPRM 30% for losses between \$200,000 and \$1,000,000. The reimbursement is based on the amount of loss between \$200,000 and \$1,000,000. Effective November 1, 2018, the OPRM the property retention remained unchanged, however, the Plan assumed 100% of the first \$250,000 casualty treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. Effective November 1, 2019, the OPRM's property retention increased from 30% to 33%, while the casualty treaty remains unchanged and still assumes 100% of the first \$250,000 casualty treaty. Effective November 1, 2020, the OPRM's property retention increased from 33% to 55%, while the casualty treaty remains unchanged and still assumes 100% of the first \$250,000 casualty treaty. OPRM had 771 members as of December 31, 2020.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2020.

|                 |                      |
|-----------------|----------------------|
| Assets          | \$ 18,826,974        |
| Liabilities     | <u>( 13,530,267)</u> |
| Members' Equity | <u>\$ 5,296,707</u>  |

You can read the complete audited financial statements for OPRM at the Plan's website, [www.ohioplan.org](http://www.ohioplan.org).

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

**Note 8 – Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

The Village's full-time employees, other than full-time police officers belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement health care and survivor and disability benefits. The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the Village contributed an amount equaling 14 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2020.

***Ohio Police and Fire Retirement System***

The Village's full-time Police Officers belong to the Ohio Police and Fire Pension Fund (OP&F). OP&F is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25 percent of their wages. The Village contributed to OP&F an amount equal to 19.5 percent of full-time police members' wages. The Village has paid all contributions required through December 31, 2020.

**Village of Coal Grove, Ohio**  
*Lawrence County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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**Note 9 – Postemployment Benefits**

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2020. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2020. OP&F contributes 0.5 percent to fund these benefits.

Beginning January 1, 2019, OP&F changed its retiree health care model to a stipend-based health care model. A stipend funded by OP&F was placed in individual Health Reimbursement Accounts that retirees use to be reimbursed for health care expenses.

**Note 10 – Debt**

Debt outstanding at December 31, 2020, was as follows:

|                                       | Principal | Interest Rate |
|---------------------------------------|-----------|---------------|
| 1990 Special Assessments Bonds        | \$150,400 | 5%            |
| 2010 OWDA Loan (5252)                 | \$58,887  | 0%            |
| 2012 OWDA Loan (5825)                 | \$211,726 | 2%            |
| 2020 OWDA Loan (8980)                 | \$34,615  | 0%            |
| 2020 Lawrence Co. Police Cruiser Bond | \$16,500  | 2.9%          |
| 2014 OPWC Loan (CT63R)                | \$93,511  | 0%            |
| Total                                 | \$565,639 |               |

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.

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. The loan has a 0% interest rate for 30 years. The Village has agreed to set utility rates to cover OWDA debt service requirements.

In 2011, the Village began a water system improvement project which included an OWDA loan, totaling \$452,121, which is comprised of \$178,689, which was forgiven in 2011 under OWDA’s principal forgiveness program, and \$273,432, which the Village is responsible for repaying. The loan has a 2.0% interest rate for 30 years. The Village has agreed to set utility rates to cover OWDA debt service requirements.

In 2018, the Village began an asset management plan project which included an OWDA loan, totaling \$10,000, which will be forgiven under OWDA’s principal forgiveness program. As of December 31, 2020, \$10,000 was disbursed and forgiven. The loan had a 0.0% interest rate.

**Village of Coal Grove, Ohio**  
*Lawrence County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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In 2019, the Village obtained an OWDA design loan for its water line replacement project, totaling \$417,157. The loan had a 0.0% interest rate for 5 years. As of December 31, 2020, \$333,439 had been drawn. This loan was rolled over into a construction loan for the water line replacement project, for which the Village will agree to set utility rates to cover OWDA debt service requirements.

In 2020, the Village began a water line replacement project which included an OWDA loan, totaling \$4,555,316, which is comprised of \$1,956,625, which will be forgiven under OWDA's principal forgiveness program, and \$2,598,691, which the Village is responsible for repaying. The Village has received \$1,068,622 of funds as of December 31, 2020, of which \$1,034,007 has been forgiven. This loan's proceeds include the repayment of the Village's 2019 water line replacement project loan, which amounted to \$333,439. The loan has a 0.0% interest rate for 30 years. The loan has not yet been finalized. As such, an amortization schedule has been not yet been provided. The Village has agreed to set utility rates to cover OWDA debt service requirements.

In 2014, the Ohio Public Works Commission awarded the Village a \$127,000 loan with a 20 year term and a 0.00% interest rate. As of December 31, 2020, the Village has drawn \$103,902 of these funds. The loan has been identified as closed. The loan has a 0.0% interest rate and a term of 20 years. Due to the COVID-19 pandemic, the Ohio Public Works Commission authorized a one-time payment deferral for payments due July 2020. This amount extended the Village's maturity date by six months.

In 2015, the Village entered into a Master Equipment Lease Purchase Agreement (dated 3/3/2015) with Community First National Bank. This lease was for the purchase of eighteen (18) sets of bunker/turn-out gear for the Coal Grove Volunteer Fire Apartment. The total amount financed was \$36,461 with an interest rate of 12.28% making the total lease payment \$40,939 over the 5-year loan duration. The final payment was made in 2020.

In 2016, the Village issued bonds in the amount of \$130,00 to provide funds for the purchase of a fire truck. These bonds had an interest rate of 2.25%. The bonds matured in 2020.

In 2019, the Village issued bond anticipation notes in the amount of \$76,197 to provide funds for park improvements. These notes had an interest rate of 2.25%. The notes matured on September 25, 2020.

In 2020, the Village issued bonds in the amount of \$16,500 to provide funds for the purchase of a Police Vehicle. These bonds had an interest rate of 2.90%. The bonds will mature in 2025.

***Amortization***

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

**Village of Coal Grove, Ohio**  
*Lawrence County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

| Year Ending<br>December 31: | Special<br>Assesment<br>Bonds | OWDA Loans       | OPWC            | Lawrnece Co.<br>Police Cruiser<br>Bond |
|-----------------------------|-------------------------------|------------------|-----------------|--|
| 2021                        | \$29,600                      | \$15,185         | \$5,195         | \$3,543                                |
| 2022                        | 29,600                        | \$15,185         | \$5,195         | 3,589                                  |
| 2023                        | 29,600                        | \$15,185         | \$5,195         | 3,596                                  |
| 2024                        | 29,600                        | \$15,185         | \$5,195         | 3,600                                  |
| 2025                        | 29,600                        | \$15,185         | \$5,195         | 3,602                                  |
| 2026-2030                   | 29,600                        | \$75,923         | \$25,975        |  |
| 2031-2035                   |                               | 75,923           | 25,975          |  |
| 2036-2040                   |                               | 74,413           | 15,586          |  |
| 2041-2042                   |                               | 18,247           |                 |  |
| Total                       | <u>\$177,600</u>              | <u>\$320,431</u> | <u>\$93,511</u> | <u>\$17,930</u>                        |

**Note 11 – Construction and Contractual Commitments**

The Village has entered into a contract with Unger Construction Ltd. for the water line replacement contract. The total contract amount is \$4,755,423 and the Village has paid \$703,878 as of December 31, 2020.

**Note 12 – Contingent Liabilities**

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

The Village is not currently party to any legal proceedings.

**Note 13 – Fund Balances**

Included in fund balance are amounts the Village cannot spend, including the balance of unclaimed monies which cannot be spent for five years and the unexpendable corpus of the permanent funds. Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end the balances of these amounts were as follows:

| Fund Balances            | General        | Special<br>Revenue | Capital<br>Projects | Total           |
|--------------------------|----------------|--------------------|---------------------|-----------------|
| Outstanding Encumbrances | \$9,683        | \$2,497            | \$0                 | \$12,180        |
| <i>Total</i>             | <u>\$9,683</u> | <u>\$2,497</u>     | <u>\$0</u>          | <u>\$12,180</u> |

The fund balance of special revenue funds is either restricted or committed. The fund balance of debt service funds and capital projects fund are restricted committed or assigned. The fund balance of permanent funds that is not part of the nonspendable corpus is either restricted or committed. These restricted, committed and assigned amounts in the special revenue, debt service, capital projects and permanent funds

**Village of Coal Grove, Ohio**  
*Lawrence County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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would include the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

**Note 14 – Subsequent Events**

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Village. The Village's investment portfolio fluctuates with market conditions, and due to market volatility, the amount of gains or losses that will be realized in subsequent periods, if any, cannot be determined. (customize as needed) In addition, the impact on the Village's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

During 2020, the Village received CARES Act funding totaling \$123,793. These funds were used to purchase supplies and also reimbursed other funds for allowable personnel expenditures. These amounts are reflected as public health expenditures in the Coronavirus Relief Special Revenue Fund on the accompanying financial statements.

**Note 15 – Change in Accounting Principles**

For 2020, the Village has made changes to their cash basis reporting model. These changes include modifications to the definition of fiduciary funds, adding a separate Combined Statement of Additions, Deductions and Changes in Fund Balances (Regulatory Cash Basis) -- All Fiduciary Fund Types, and removing the fund balance classifications from the Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis) – All Governmental Fund Types. The effect of this change did not require any restatement of beginning cash balance.

**Village of Coal Grove, Ohio**  
*Lawrence County*  
*Combined Statement of Receipts, Disbursements*  
*and Changes in Fund Balances (Regulatory Cash Basis)*  
*All Governmental Fund Types*  
*For the Year Ended December 31, 2019*

|   | General         | Special<br>Revenue | Capital<br>Projects | Totals<br>(Memorandum<br>Only) |
|---|-----------------|--------------------|---------------------|--------------------------------|
| <b>Cash Receipts</b>  |                 |                    |                     |                                |
| Property and Other Local Taxes                                | \$35,188        | \$41,492           | \$0                 | \$76,680                       |
| Municipal Income Tax  | 287,885         |                    |                     | 287,885                        |
| Intergovernmental   | 30,391          | 166,863            | 71,800              | 269,054                        |
| Special Assessments   |                 |                    | 65,368              | 65,368                         |
| Charges for Services  | 27,539          |                    |                     | 27,539                         |
| Fines, Licenses and Permits                                   | 169,054         | 6,295              |                     | 175,349                        |
| Miscellaneous   | 20,191          | 19,562             |                     | 39,753                         |
| <i>Total Cash Receipts</i>                                    | <u>570,248</u>  | <u>234,212</u>     | <u>137,168</u>      | <u>941,628</u>                 |
| <b>Cash Disbursements</b>                                     |                 |                    |                     |                                |
| Current:  |                 |                    |                     |                                |
| Security of Persons and Property                              | 362,668         | 18,268             |                     | 380,936                        |
| Leisure Time Activities                                       | 24,098          | 71,488             |                     | 95,586                         |
| Community Environment   | 1,948           |                    |                     | 1,948                          |
| Transportation  |                 | 141,470            |                     | 141,470                        |
| General Government  | 240,282         | 902                |                     | 241,184                        |
| Capital Outlay  |                 | 371                | 158,790             | 159,161                        |
| Debt Service:   |                 |                    |                     |                                |
| Principal Retirement  | 7,571           | 25,100             |                     | 32,671                         |
| Interest and Fiscal Charges                                   | 617             | 1,143              |                     | 1,760                          |
| <i>Total Cash Disbursements</i>                               | <u>637,184</u>  | <u>258,742</u>     | <u>158,790</u>      | <u>1,054,716</u>               |
| <i>Excess of Receipts Over (Under) Disbursements</i>          | <u>(66,936)</u> | <u>(24,530)</u>    | <u>(21,622)</u>     | <u>(113,088)</u>               |
| <b>Other Financing Receipts (Disbursements)</b>               |                 |                    |                     |                                |
| Sale of Bonds   |                 | 76,197             |                     | 76,197                         |
| Sale of Capital Assets  | 12,010          |                    |                     | 12,010                         |
| Advances In   | 26,000          |                    |                     | 26,000                         |
| Advances Out  | (26,000)        |                    |                     | (26,000)                       |
| Other Financing Sources                                       | 26              |                    |                     | 26                             |
| <i>Total Other Financing Receipts (Disbursements)</i>         | <u>12,036</u>   | <u>76,197</u>      |                     | <u>88,233</u>                  |
| <i>Net Change in Fund Cash Balances</i>                       | (54,900)        | 51,667             | (21,622)            | (24,855)                       |
| <i>Fund Cash Balances, January 1 (Restated - see Note 12)</i> | <u>97,043</u>   | <u>54,882</u>      | <u>25,558</u>       | <u>177,483</u>                 |
| <b>Fund Cash Balances, December 31</b>                        |                 |                    |                     |                                |
| Restricted  |                 | 106,549            | 3,936               | 110,485                        |
| Assigned  | 29,688          |                    |                     | 29,688                         |
| Unassigned  | 12,455          |                    |                     | 12,455                         |
| <i>Fund Cash Balances, December 31</i>                        | <u>\$42,143</u> | <u>\$106,549</u>   | <u>\$3,936</u>      | <u>\$152,628</u>               |

*See accompanying notes to the basic financial statements*

**Village of Coal Grove, Ohio**

Lawrence County

Combined Statement of Receipts, Disbursements  
and Changes in Fund Balances (Regulatory Cash Basis)

All Proprietary and Fiduciary Fund Types

For the Year Ended December 31, 2019

|   | Proprietary<br>Fund Type | Fiduciary<br>Fund Type | Totals<br>(Memorandum<br>Only) |
|---|--------------------------|------------------------|--------------------------------|
|   | Enterprise               | Agency                 |                                |
| <b>Operating Cash Receipts</b>                                |                          |                        |                                |
| Charges for Services  | \$1,065,866              |                        | \$1,065,866                    |
| <i>Total Operating Cash Receipts</i>                          | <u>1,065,866</u>         |                        | <u>1,065,866</u>               |
| <b>Operating Cash Disbursements</b>                           |                          |                        |                                |
| Personal Services   | 422,310                  |                        | 422,310                        |
| Employee Fringe Benefits                                      | 148,544                  |                        | 148,544                        |
| Contractual Services  | 354,528                  |                        | 354,528                        |
| Supplies and Materials  | 135,111                  |                        | 135,111                        |
| Other   | 9,467                    |                        | 9,467                          |
| <i>Total Operating Cash Disbursements</i>                     | <u>1,069,960</u>         |                        | <u>1,069,960</u>               |
| <i>Operating Income (Loss)</i>                                | <u>(4,094)</u>           |                        | <u>(4,094)</u>                 |
| <b>Non-Operating Receipts (Disbursements)</b>                 |                          |                        |                                |
| Property and Other Local Taxes                                | 416                      |                        | 416                            |
| Intergovernmental   | 2,500                    |                        | 2,500                          |
| Special Assessments   | 44,926                   |                        | 44,926                         |
| Loans Issued  | 5,557                    |                        | 5,557                          |
| Miscellaneous Receipts  | 7,544                    |                        | 7,544                          |
| Capital Outlay  | (5,828)                  |                        | (5,828)                        |
| Principal Retirement  | (38,471)                 |                        | (38,471)                       |
| Interest and Other Fiscal Charges                             | (19,633)                 |                        | (19,633)                       |
| Other Financing Sources                                       |                          | \$152,445              | 152,445                        |
| Other Financing Uses  |                          | (161,511)              | (161,511)                      |
| <i>Total Non-Operating Receipts (Disbursements)</i>           | <u>(2,989)</u>           | <u>(9,066)</u>         | <u>(12,055)</u>                |
| <i>Income (Loss) before Advances</i>                          | (7,083)                  | (9,066)                | (16,149)                       |
| Advances In   | 26,000                   |                        | 26,000                         |
| Advances Out  | (26,000)                 |                        | (26,000)                       |
| <i>Net Change in Fund Cash Balances</i>                       | (7,083)                  | (9,066)                | (16,149)                       |
| <i>Fund Cash Balances, January 1 (Restated - see Note 12)</i> | <u>264,047</u>           | <u>15,040</u>          | <u>279,087</u>                 |
| <i>Fund Cash Balances, December 31</i>                        | <u>\$256,964</u>         | <u>\$5,974</u>         | <u>\$262,938</u>               |

See accompanying notes to the basic financial statements



**Village of Coal Grove, Ohio**  
*Lawrence County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

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**Note 1 – Reporting Entity**

The Village of Coal Grove (the Village), Lawrence County, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly-elected six-member Council directs the Village. The Village provides 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.

***Public Entity Risk Pool***

The Village participates in a public entity risk pool. Note 6 to the financial statements provide additional information for this entity. This organization is the Ohio Plan Risk Management, Inc. (OPRM), 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). OPRM is legally separate from its member governments.

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

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

***Basis of Presentation***

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

***Fund Accounting***

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

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

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

***Street Construction Maintenance and Repair*** The street construction maintenance and repair fund accounts for and reports that portion of the State gasoline tax and motor vehicle license registration fees restricted for construction, maintenance, and repair of streets within the Village.

***FEMA Fund*** This fund received grant monies to provide funds for emergency repairs within the Village.

**Village of Coal Grove, Ohio**  
*Lawrence County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

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***Nature State Grant Fund*** This fund received grant monies to provide funds for park improvements within the Village.

***Fire Safety Levy Fund*** This fund received property tax monies to provide fire protection services for the Village.

***Capital Project Funds*** These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Village had the following significant capital project funds:

***Capital Improvement Fund*** This fund received a user fee that residents pay through utility billings which is used for any capital improvements, and related supplies, materials, and equipment necessary to safely and efficiently operate the Village's utility department.

***Ohio Public Works Commission (OPWC) Fund*** The Village received a grant from the state for capital improvements. The proceeds are restricted for capital improvement.

***Enterprise Funds*** These funds account for operations that are similar to private business enterprises, where management intends to recover the significant costs of providing certain goods or services through user charges. The Village had the following significant Enterprise Funds:

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

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

***Fiduciary Funds*** Fiduciary funds include private purpose trust funds and agency funds. Trust funds 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 does not have any 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 disburses these funds as directed by the individual, organization or other government. The Village's agency fund accounts for Mayor's Court.

***Basis of Accounting***

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit.

**Village of Coal Grove, Ohio**  
*Lawrence County*  
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***Budgetary Process***

The Ohio Revised Code requires that each fund (except certain agency funds) be budgeted annually.

***Appropriations*** Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The Village Council must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end.

***Estimated Resources*** Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1. The County Budget Commission must approve estimated resources.

***Encumbrances*** The Ohio Revised Code requires the Village to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated. The Village did not encumber all commitments required by Ohio law. Management has included audit adjustments in the accompanying budgetary presentations for material items that should have been encumbered. A summary of 2019 budgetary activity appears in Note 3.

***Deposits***

The Village maintains its deposit pool in checking accounts at a local financial institution.

***Capital Assets***

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

***Accumulated Leave***

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

***Fund Balance***

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

***Nonspendable*** The Village classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

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

***Committed*** Council can *commit* amounts via formal action (resolution). The Village must adhere to these commitments unless the Council amends the resolution. Committed fund balance also

**Village of Coal Grove, Ohio**  
*Lawrence County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

**Assigned** Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end.

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

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

**Note 3 – Budgetary Activity**

Budgetary activity for the year ending December 31, 2019 follows:

| 2019 Budgeted vs. Actual Receipts |                      |                    |            |
|-----------------------------------|----------------------|--------------------|------------|
| Fund Type                         | Budgeted<br>Receipts | Actual<br>Receipts | Variance   |
| General                           | \$600,290            | \$608,284          | \$7,994    |
| Special Revenue                   | 351,823              | 310,409            | (41,414)   |
| Capital Projects                  | 161,800              | 137,168            | (24,632)   |
| Enterprise                        | 1,139,050            | 1,126,809          | (12,241)   |
| Total                             | \$2,252,963          | \$2,182,670        | (\$70,293) |

| 2019 Budgeted vs. Actual Budgetary Basis Expenditures |                            |                           |           |
|---|----------------------------|---------------------------|-----------|
| Fund Type   | Appropriation<br>Authority | Budgetary<br>Expenditures | Variance  |
| General   | \$673,873                  | \$665,678                 | \$8,195   |
| Special Revenue                                       | 368,914                    | 259,053                   | 109,861   |
| Capital Projects                                      | 176,930                    | 158,790                   | 18,140    |
| Enterprise  | 1,196,640                  | 1,137,034                 | 59,606    |
| Total   | \$2,416,357                | \$2,220,555               | \$195,802 |

**Note 4 – Deposits**

The Village maintains a deposit pool all funds use. The Ohio Revised Code prescribes allowable deposits. The carrying amount of deposits at December 31, 2019 was as follows:

|                 |           |
|-----------------|-----------|
| Demand deposits | \$415,566 |
|-----------------|-----------|

**Village of Coal Grove, Ohio**  
*Lawrence County*  
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*For the Year Ended December 31, 2019*

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Deposits are insured by the Federal Deposit Insurance Corporation; or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

**Note 5 – Taxes**

***Property Taxes***

Real property taxes become a lien on January 1 preceding the October 1 date for which the Council adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

Public utilities are also taxed on personal and real property located within the Village.

The County is responsible for assessing property and for billing, collecting, and distributing all property taxes on behalf of the Village.

***Income Taxes***

The Village levies a municipal income tax of 1 percent on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village.

Employers within the Village withhold income tax on employee compensation and remit the tax to the Village either monthly or quarterly, as required. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually.

**Note 6 – Risk Management**

The Village belongs to the Ohio Plan Risk Management, Inc. (OPRM) (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.

OPRM coverage programs 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. Effective November 1, 2017, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. The OPRM is

**Village of Coal Grove, Ohio**  
*Lawrence County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

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also participated in a property primary excess of loss treaty. This treaty reimbursed the OPRM 30% for losses between \$200,000 and \$1,000,000.

The reimbursement is based on the amount of loss between \$200,000 and \$1,000,000. Effective November 1, 2018, the OPRM the property retention remained unchanged, however, the Plan assumed 100% of the first \$250,000 casualty treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. Effective November 1, 2019, the OPRM's property retention increased from 30% to 33%, while the casualty treaty remains unchanged and still assumes 100% of the first \$250,000 casualty treaty. OPRM had 776 members as of December 31, 2019.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2019.

|                 |                     |
|-----------------|---------------------|
| Assets          | \$15,920,504        |
| Liabilities     | <u>(11,329,011)</u> |
| Members' Equity | \$4,591,493         |

You can read the complete audited financial statements for OPRM at the Plan's website, [www.ohioplan.org](http://www.ohioplan.org).

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

**Note 7 – Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

The Village's full-time employees, other than full-time police officers belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement health care and survivor and disability benefits. The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the Village contributed an amount equaling 14 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2019.

***Ohio Police and Fire Retirement System***

The Village's full-time Police Officers belong to the Ohio Police and Fire Pension Fund (OP&F). OP&F is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25 percent of their wages. The Village contributed to OP&F an amount equal to 19.5 percent of full-time police members' wages. The Village has paid all contributions required through December 31, 2019.

**Note 8 – Postemployment Benefits**

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in

**Village of Coal Grove, Ohio**  
*Lawrence County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2019. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2019. OP&F contributes 0.5 percent to fund these benefits.

Beginning January 1, 2019, OP&F changed its retiree health care model to a stipend-based health care model. A stipend funded by OP&F was placed in individual Health Reimbursement Accounts that retirees use to be reimbursed for health care expenses.

**Note 9 – Debt**

Debt outstanding at December 31, 2019, was as follows:

|  | <u>Principal</u> | <u>Interest Rate</u> |
|--|------------------|----------------------|
| 1990 Special Assessments Bonds                 | \$171,400        | 5%                   |
| 2010 OWDA Loan (5252)                          | \$61,907         | 0%                   |
| 2012 OWDA Loan (5825)                          | \$219,539        | 2%                   |
| 2019 OWDA Loan (8658)                          | \$5,557          | 0%                   |
| 2014 OPWC Loan (CT63R)                         | \$93,511         | 0.0%                 |
| 2015 Community First National Lease            | \$7,874          | 12.28%               |
| 2016 Lawrence County Treasurer Fire Truck Bond | \$25,700         | 2.25%                |
| 2019 Park Improvement Bond Anticipation Note   | \$76,197         | 2.25%                |
| Total  | <u>\$661,685</u> |                      |

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.

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. The loan has a 0% interest rate for 30 years. The Village has agreed to set utility rates to cover OWDA debt service requirements.

In 2011, the Village began a water system improvement project which included an OWDA loan, totaling \$452,121, which is comprised of \$178,689, which was forgiven in 2011 under OWDA’s principal forgiveness program, and \$273,432, which the Village is responsible for repaying. The loan has a 2.0% interest rate for 30 years. The Village has agreed to set utility rates to cover OWDA debt service requirements.

In 2018, the Village began an asset management plan project which included an OWDA loan, totaling \$10,000, which will be forgiven under OWDA’s principal forgiveness program. As of December 31, 2019, \$2,500 was disbursed and forgiven. The loan had a 0.0% interest rate and is expected to be completed in 2025.

In 2019, the Village obtained an OWDA design loan for its water line replacement project, totaling \$417,157. The loan had a 0.0% interest rate for 5 years. As of December 31, 2019, \$5,557 had been drawn.

**Village of Coal Grove, Ohio**  
*Lawrence County*  
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*For the Year Ended December 31, 2019*

Since this loan has not been completely drawn, no amortization schedule is yet available. This loan will be rolled over into a construction loan for the water line replacement project, for which the Village will agree to set utility rates to cover OWDA debt service requirements.

In 2014, the Ohio Public Works Commission awarded the Village a \$127,000 loan with a 20 year term and a 0.00% interest rate. As of December 31, 2019, the Village has drawn \$103,902 of these funds. The loan has been identified as closed. The loan has a 0.0% interest rate and a term of 20 years.

In 2015, the Village entered into a Master Equipment Lease Purchase Agreement (dated 3/3/2015) with Community First National Bank. This lease was for the purchase of eighteen (18) sets of bunker/turn-out gear for the Coal Grove Volunteer Fire Apartment. The total amount financed was \$36,461 with an interest rate of 12.28% making the total lease payment \$40,939 over the 5-year loan duration. The final payment was made in March of 2020.

In 2016, the Village issued bonds in the amount of \$130,000 to provide funds for the purchase of a fire truck. These bonds had an interest rate of 2.25%. The bonds will mature in 2020.

In 2019, the Village issued bond anticipation notes in the amount of \$76,197 to provide funds for park improvements. These notes had an interest rate of 2.25% and will mature on September 25, 2020.

***Amortization***

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

| Year Ending<br>December 31: | Special<br>Assesment<br>Bonds | OWDA Loans | OPWC     | Lease   | Fire<br>Truck<br>Bond | Park<br>Improvement<br>BAN |
|-----------------------------|-------------------------------|------------|----------|---------|-----------------------|----------------------------|
| 2020                        | \$29,600                      | \$15,185   | \$2,598  | \$8,188 | \$26,280              | \$77,902                   |
| 2021                        | 29,600                        | 15,185     | 5,195    |         |                       |                            |
| 2022                        | 29,600                        | 15,185     | 5,195    |         |                       |                            |
| 2023                        | 29,600                        | 15,185     | 5,195    |         |                       |                            |
| 2024                        | 29,600                        | 15,185     | 5,195    |         |                       |                            |
| 2025-2029                   | 59,200                        | \$75,923   | \$25,975 |         |                       |                            |
| 2030-2034                   |                               | 75,923     | 25,975   |         |                       |                            |
| 2035-2039                   |                               | 75,923     | 18,183   |         |                       |                            |
| 2040-2042                   |                               | 31,922     |          |         |                       |                            |
| Total                       | \$207,200                     | \$335,616  | \$93,511 | \$8,188 | \$26,280              | \$77,902                   |

**Note 10 – Contingent Liabilities**

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

The Village is not currently party to any legal proceedings.



**Village of Coal Grove, Ohio**  
*Lawrence County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

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**Note 11 – Subsequent Events**

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Village. The Village's investment portfolio and the investments of the pension and other employee benefit plan in which the Village participates have incurred a significant decline in fair value, consistent with the general decline in financial markets. However, because the values of individual investments fluctuate with market conditions, and due to market volatility, the amount of losses that will be recognized in subsequent periods, if any, cannot be determined. In addition, the impact on the Village's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

**Note 12 – Restatement of Beginning Fund Balances**

The Village voided out some old outstanding checks from prior years. As such, beginning balances were restated accordingly. Those restatements had the following effect on beginning balances:

| Fund Type        | December 31,<br>2018 Balance | January 1, 2019<br>Restated<br>Balance | Restatement<br>Amount |
|------------------|------------------------------|--|-----------------------|
| General          | \$94,077                     | \$97,043                               | \$2,966               |
| Special Revenue  | 53,998                       | 54,882                                 | 884                   |
| Capital Projects | 24,465                       | 25,558                                 | 1,093                 |
| Enterprise       | 243,640                      | 264,047                                | 20,407                |
| Total            | <u>\$416,180</u>             | <u>\$441,530</u>                       | <u>\$25,350</u>       |

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# OHIO AUDITOR OF STATE KEITH FABER



Corporate Centre of Blue Ash  
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## INDEPENDENT AUDITOR'S 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, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements for each governmental and proprietary fund type and the fiduciary fund type combined total as of and for the year ended December 31, 2020 and for each governmental, proprietary and fiduciary fund type as of and for the year ended December 31, 2019, and related notes of the Village of Coal Grove, Lawrence County, (the Village) and have issued our report thereon dated August 9, 2021, wherein we noted the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. In addition, we noted the 2019 financial statements have been restated as a result of the voiding of old outstanding checks. We also noted the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Village.

### ***Internal Control Over Financial Reporting***

As part of our financial statement audit, we considered the Village's internal control over financial reporting (internal control) as a basis for designing audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the Village's internal control. Accordingly, we have not opined on it.

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 combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Village's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings that we consider material weaknesses. We consider Findings 2020-001 through 2020-002 to be material weaknesses.

**Compliance and Other Matters**

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the financial statement. However, opining 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 an instance of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying Schedule of Findings as item 2020-003.

**Village's Response to Findings**

The Village's responses to the findings identified in our audit are described in the accompanying schedule of findings. We did not subject the Village's responses to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

**Purpose of this Report**

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Village's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Village's internal control and compliance. Accordingly, this report is not suitable for any other purpose.



Keith Faber  
Auditor of State  
Columbus, Ohio  
August 9, 2021

**VILLAGE OF COAL GROVE  
LAWRENCE COUNTY  
SCHEDULE OF FINDINGS  
DECEMBER 31, 2020 AND 2019**

|  |
|--|
| <b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS<br/>REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b> |
|--|

**FINDING NUMBER 2020-001**

**Material Weakness**

Sound accounting practices require that when designing the public office's system of internal control and the specific control activities, management should ensure adequate security of assets and records, and verify the existence and valuation of assets and liabilities and periodically reconcile them to the accounting records.

The reconciliation of cash (bank) balances to the accounting system (book) is the most basic and primary control process performed. Lack of completing an accurate and timely reconciliation may allow for accounting errors, theft and fraud to occur without timely detection.

The Village Fiscal Officer is responsible for reconciling the book (fund) balance to the total bank balance on a monthly basis, and Council is responsible for reviewing the reconciliations and related support.

The following issues were noted with the monthly bank reconciliations:

1. Monthly bank to book reconciliations were not reviewed by Council after May 2020.
2. Both the 2019 and 2020 bank reconciliations bank balances were adjusted in the UAN system to increase them by \$12,427 to account for a prior year Mayor's Court balance. This was a previous year's audit adjustment posted to the UAN system to show ending cash balance, but it was never adjusted in the following years for the Court's activity and as such, the UAN system was overstated for both years by \$12,427.
3. Both the 2019 and 2020 bank reconciliations included outstanding checks that were over 90 days old. Some dated back as far as 2012. During 2020, the Village Fiscal Officer voided approximately \$25,000 of old checks, however there were \$14,000 still outstanding at December 31, 2020 and these checks still dated back as far as 2012.
4. The Utility Department maintains a clearing bank account to track utility activity during the month. At the end of each month, the Utility Department writes a check to the Village, and the Fiscal Officer deposits the check and records the funds into the UAN system. This allows the utility clearing account to balance to zero. However, for the month of December 2020, we noted the utility account showed a check disbursed to the Village to zero out its balance, but it was not posted to the Village's UAN system until 2021 which caused the revenues on the 2020 financial statements to be understated by \$92,741.
5. There was an outstanding deposit and outstanding check on the December 2020 bank reconciliation in the amount of \$97,591 which were not actual expenses or revenues. They offset one another so they did not affect cash balance, but they did cause the revenues and expenses to be overstated on the financial statements.

Failure to properly reconcile increases the possibility that the Village will not be able to identify, assemble, analyze, classify, and record its transactions correctly or to document compliance with finance related legal and contractual requirements. Further, the lack of accurate monthly reconciliations increases the risk of theft/fraud over the cash cycle and could lead to inaccurate reporting in the annual financial statements.

**FINDING NUMBER 2020-001  
(Continued)**

The Village Fiscal Officer should record all transactions and prepare monthly bank to book cash reconciliations, which include all bank accounts and all fund balances. Variances should be investigated, documented and corrected.

In addition, Village Council should review the monthly cash reconciliations including the related support (such as reconciling items) and document the reviews.

Lastly, the Village Fiscal Officer should review Auditor of State Bulletin 91-11 which provides guidance on how to handle outstanding checks that are over 90 days old and take necessary actions for these.

**Officials' Response:**

The Village will attempt to correct this in the future.

**FINDING NUMBER 2020-002**

**Material Weakness**

In our audit engagement letter, as required by AU-C Section 210, *Terms of Engagement*, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error as discussed in AU-C Section 210 paragraphs .A14 & .A16.

As of December 31, 2020:

1. Coronavirus Relief Funds were double posted as revenues and expenses in both the Coronavirus Refund Fund and the original fund where monies were paid from. This caused the General Fund Intergovernmental Receipts and Security of Persons and Property Disbursements to be overstated by \$97,591.
2. Mayor's Court Activity was not reflected on financial statements filed through the Hinkle System. This resulted in an understatement of the Custodial Fund Fines, Licenses, and Permits for Distribution in the amount of \$165,710 and understatement of Distributions to Other Governments in the amount of \$160,235.
3. Natureworks Park Fund (Fund #2065) reported \$72,816 of Principal Disbursements that was misclassified as Leisure Time Disbursements.
4. December utility collections were not posted by the Village Fiscal Officer in the UAN system until 2021. This caused Enterprise Fund Type Charges for Services to be understated by \$92,741.
5. Waterline Project Fund (Fund #5102) reported \$79,802 of Intergovernmental Receipts from OWDA Principal Forgiveness that was misclassified as Loans Issued.
6. OWDA Planning Loan of \$333,439 was not recorded by Village. This caused the Waterline Project Fund's (Fund #5102) Loans Issued and Principal Disbursements to be understated by this amount.
7. OWDA Principal Forgiveness of \$1,034,007 was not recorded by Village. This caused the Waterline Project Fund's (Fund #5102) Intergovernmental Receipts and Capital Outlay to be understated by this amount.

**FINDING NUMBER 2020-002**  
**(Continued)**

As of December 31, 2019:

1. OPWC On Behalf of Grant handled by Lawrence County was not posted to Village's Financial Statements. This caused Capital Projects Intergovernmental Receipts and Capital Outlay Disbursements to be understated by \$71,800.
2. Mayor's Court Activity was not reflected on financial statements filed through the Hinkle System. This resulted in the understatement of Agency Fund Other Financing Sources in the amount of \$152,361 and the understatement of Other Financing Uses in the amount of \$161,511.
3. Natureworks Park Fund (Fund #2065) reported \$76,197 of Bond Proceeds that was misclassified as Intergovernmental Receipts.
4. Natureworks Park Fund (Fund #2065) reported \$19,050 of Miscellaneous Receipts (from donations) that was misclassified as Intergovernmental Receipts.
5. Special Revenue Fund Type reported \$48,366 of Restricted Fund Balance that was misclassified as Assigned Fund Balance.

This resulted in audit adjustments and reclassifications to the financial statements. Fund balance adjustments have been posted to the Village's accounting system.

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

We also recommend the Fiscal Officer refer to the Village Officer's Handbook and Auditor of State Bulletins 2000-008, 2002-004 and 2011-004 and also take due care in posting transactions in order to ensure the annual financial statements reflect the appropriate activity for the Village's receipts and disbursements.

**Officials' Response:**

The Village will attempt to correct this in the future.

**FINDING NUMBER 2020-003**

**Noncompliance**

Ohio Rev. Code § 5705.41(D)(1) provides that no orders or contracts involving the expenditure of money are to be made unless there is attached thereto a certificate of the fiscal officer certifying that the amount required for the order or contract has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. Every such contract made without such a certificate shall be void and no warrant shall be issued in payment of any amount due thereon.

There are several exceptions to the standard requirement stated above that treasurer'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 Rev. Code.

**FINDING NUMBER 2020-003**  
**(Continued)**

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

Amounts less than \$100 in counties and less than \$3,000 in all other subdivisions 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 – The auditor or fiscal officer may prepare “blanket” certificates for a certain sum of money, not in excess of an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority, against any specific line item account over a period not running beyond the end of the current fiscal year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.
3. Super Blanket Certificate – The Council 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, gasoline, food items, roadway materials, utilities, and any other specific recurring and reasonably predictable operating expense. This certification may, but need not, be limited to a specific vendor. This certification is not to extend beyond the current fiscal year. More than one super blanket certificate may be outstanding at a particular time for any line item appropriation.

Due to deficiencies in internal controls, 50% of the transactions tested for unrecorded encumbrances at December 31, 2020 were not certified by the Village Fiscal Officer at the time the commitment was incurred, and there was no evidence the Village followed the aforementioned exceptions. Failure to properly certify the availability of funds can result in overspending funds and negative cash fund balances.

Unless the exceptions noted above are used, prior certification is not only required by statute but is a key control in the disbursement process to help ensure 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, the Village Fiscal Officer should certify the 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.

**Officials’ Response:**

The Village will attempt to correct this in the future.





# The Village of Coal Grove

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COAL GROVE, OHIO 45638

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## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS DECEMBER 31, 2020 AND 2019

| Finding Number | Finding Summary  | Status   | Additional Information  |
|----------------|--|--|---|
| 2018-001       | Ohio Rev. Code § 733.27 and 121.22, Maintenance of Official Record | Corrective Action Taken and Finding is Fully Corrected |   |
| 2018-002       | Improper Bank Reconciliations and Financial Reporting              | Partially Corrected                                    | Bank reconciliations were corrected and are now being done properly. However, due to new management coming in during the audit period some financial reporting misclassifications still occurred. We will strive to correct this going forward. |
| 2018-003       | Ohio Rev. Code § 145.47(B), Improper Retirement Remittance         | Corrective Action Taken and Finding is Fully Corrected |   |
| 2018-004       | Ohio Rev. Code § 5705.41(D), Improper Prior Certification of Funds | Not Corrected  | Prior Certification of Funds was difficult due to timing of invoices and approval process; however, we are striving to correct this going forward.  |
| 2018-005       | Budgetary Information not properly updated in accounting system.   | Corrective Action Taken and Finding is Fully Corrected |   |
| 2018-006       | Improper Handling of Outstanding Advances                          | Corrective Action Taken and Finding is Fully Corrected |   |
| 2018-007       | Improper maintenance of documentation.                             | Corrective Action Taken and Finding is Fully Corrected |   |



# OHIO AUDITOR OF STATE KEITH FABER



**VILLAGE OF COAL GROVE**

**LAWRENCE COUNTY**

**AUDITOR OF STATE OF OHIO CERTIFICATION**

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



**Certified for Release 9/7/2021**

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

This report is a matter of public record and is available online at  
[www.ohioauditor.gov](http://www.ohioauditor.gov)