



OHIO AUDITOR OF STATE
KEITH FABER



VILLAGE OF COAL GROVE
LAWRENCE COUNTY

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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 Audit of the Financial Statements

Unmodified and Adverse Opinions

We have audited the financial statements of the Village of Coal Grove, Lawrence County, Ohio (the Village), which comprises 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 years ended December 31, 2022 and 2021, and the related notes to the financial statements.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the accompanying 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 years ended December 31, 2022 and 2021, and the related notes to the financial statements, in accordance with the financial reporting provisions which Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit, described in Note 2.

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* section of our report, the accompanying financial statements 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, 2022 and 2021, or the changes in financial position thereof for the years then ended.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Village, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

As described in Note 2 of the financial statements, the financial statements are prepared by the Village on the basis of the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 2 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 16, 2023, 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. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village's 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.



Keith Faber
Auditor of State
Columbus, Ohio
October 16, 2023

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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, 2022*

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
Cash Receipts				
Property and Other Local Taxes	\$40,133	\$44,458		\$84,591
Municipal Income Tax	354,377			354,377
Intergovernmental	47,865	280,349	\$674,484	1,002,698
Special Assessments			23	23
Charges for Services	1,205			1,205
Fines, Licenses and Permits	243,822	7,997		251,819
Miscellaneous	147,622		62,080	209,702
<i>Total Cash Receipts</i>	<u>835,024</u>	<u>332,804</u>	<u>736,587</u>	<u>1,904,415</u>
Cash Disbursements				
Current:				
Security of Persons and Property	234,751	25,755		260,506
Community Environment	181			181
Transportation		117,614		117,614
General Government	414,551	4,930		419,481
Capital Outlay		164,562	742,073	906,635
<i>Total Cash Disbursements</i>	<u>649,483</u>	<u>312,861</u>	<u>742,073</u>	<u>1,704,417</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>185,541</u>	<u>19,943</u>	<u>(5,486)</u>	<u>199,998</u>
Other Financing Receipts (Disbursements)				
Sale of Capital Assets	26,135			26,135
Transfers Out	(51,000)			(51,000)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(24,865)</u>	<u>0</u>	<u>0</u>	<u>(24,865)</u>
<i>Net Change in Fund Cash Balances</i>	160,676	19,943	(5,486)	175,133
<i>Fund Cash Balances, January 1</i>	<u>168,443</u>	<u>269,327</u>	<u>141,243</u>	<u>579,013</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$329,119</u></u>	<u><u>\$289,270</u></u>	<u><u>\$135,757</u></u>	<u><u>\$754,146</u></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)
Proprietary Fund Type
For the Year Ended December 31, 2022

	Enterprise
Operating Cash Receipts	
Charges for Services	\$1,125,586
<i>Total Operating Cash Receipts</i>	1,125,586
Operating Cash Disbursements	
Personal Services	444,721
Employee Fringe Benefits	155,323
Contractual Services	496,093
Supplies and Materials	223,437
Other	4,864
<i>Total Operating Cash Disbursements</i>	1,324,438
<i>Operating Income (Loss)</i>	(198,852)
Non-Operating Receipts (Disbursements)	
Intergovernmental Receipts	217,164
Special Assessments	45,996
Loans Issued	471,667
Miscellaneous Receipts	9,031
Capital Outlay	(550,831)
Principal Retirement	(18,943)
Interest and Other Fiscal Charges	(4,035)
<i>Total Non-Operating Receipts (Disbursements)</i>	170,049
<i>Income (Loss) before Transfers</i>	(28,803)
Transfers In	51,000
<i>Net Change in Fund Cash Balances</i>	22,197
<i>Fund Cash Balances, January 1</i>	478,680
<i>Fund Cash Balances, December 31</i>	\$500,877

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)
Fiduciary Fund Type
For the Year Ended December 31, 2022

	Custodial
	Mayor's Court
Additions	
Fines, Licenses, and Permits for Distribution	\$216,844
<i>Total Additions</i>	<u>216,844</u>
Deductions	
Distributions to Others	203,982
<i>Total Deductions</i>	<u>203,982</u>
<i>Net Change in Fund Balances</i>	12,862
<i>Fund Cash Balances, January 1</i>	<u>9,425</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$22,287</u></u>

See accompanying notes to the basic financial statements

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Village of Coal Grove
Lawrence County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 1 – Reporting Entity

The Village of Coal Grove, Lawrence County, Ohio (the Village) is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. 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.

The Village participates in a public entity risk pool. Note 6 to the financial statements provides 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, 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 Fund – This fund receives gasoline tax and motor vehicle license tax monies for constructing, maintaining, and repairing Village streets.

COVID American Relief Plan Act Fund – This fund receives intergovernmental monies to provide financial relief to the Village for eligible cost incurred as a result of the COVID-19 pandemic.

Capital Projects 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 projects funds:

Village of Coal Grove
Lawrence County
Notes to the Financial Statements
For the Year Ended December 31, 2022

AEP Easements Fund – This fund receives funds from American Electric Power to provide for the provision of property for easements and to make certain capital improvements on the property to make it accessible for intended purposes.

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

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

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 the Mayor’s Court.

For regulatory purposes, certain own source revenues are permitted to flow through clearing funds presented as custodial funds. The amounts distributed to the other funds of the entity are identified on the combined statement of additions, deductions and changes in fund balances (regulatory cash basis) all fiduciary fund types. Also, for regulatory purposes, certain deposits and clearing funds are permitted to be presented as custodial funds.

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 (C). This basis is similar to the cash receipts and disbursements accounting basis. The Village 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 (C) permit.

Budgetary Process

The Ohio Revised Code requires that each fund (except the custodial fund) 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.

Village of Coal Grove
Lawrence County
Notes to the Financial Statements
For the Year Ended December 31, 2022

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 also 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.

A summary of the 2022 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.

Leases

The Village is the lessee in a lease (as defined by GASB 87) related to copier equipment under a noncancelable lease. Lease disbursements are recognized when they are paid.

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. For regulatory purposes, nonspendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the Village and the nonexpendable portion of the corpus in permanent funds.

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
Lawrence County
Notes to the Financial Statements
For the Year Ended December 31, 2022

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 12.

Note 3 – Budgetary Activity

Budgetary activity for the year ending December 31, 2022 follows:

Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$770,958	\$861,159	\$90,201
Special Revenue	303,705	332,804	29,099
Capital Projects	127,178	736,587	609,409
Enterprise	1,447,731	1,920,444	472,713
Total	\$2,649,572	\$3,850,994	\$1,201,422

Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$887,750	\$700,546	\$187,204
Special Revenue	472,300	359,237	113,063
Capital Projects	942,905	742,073	200,832
Enterprise	2,200,625	1,959,489	241,136
Total	\$4,503,580	\$3,761,345	\$742,235

Note 4 – 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 accounts are as follows:

Demand Deposits \$1,255,023

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 Council adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable non-

Village of Coal Grove
Lawrence County
Notes to the Financial Statements
For the Year Ended December 31, 2022

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 Tax

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.

Effective November 1, 2016, the OPRM elected to participate in a property loss corridor deductible. The property corridor includes losses paid between 70% and 75%. In 2018, the casualty loss corridor was eliminated and the property corridor was adjusted to losses paid between 65% and 70%. Effective November 1, 2019, the property loss corridor was adjusted to losses between 60% and 67.5% and has remain unchanged. OPRM had 773 members as of December 31, 2022.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2022.

Assets	\$21,662,291
Liabilities	<u>(18,158,351)</u>
Members' Equity	<u>\$3,503,940</u>

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

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

Village of Coal Grove
Lawrence County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 7 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

The Village's 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% of their gross salaries and the Village contributed an amount equaling 14% of participants' gross salaries. The Village has paid all contributions required through December 31, 2022.

Ohio Police and Fire Retirement System

The Village's full-time police officers belong to the 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% of their wages. The Village contributed to OP&F an amount equal to 19.5% of full-time police members' wages. The Village has paid all contributions required through December 31, 2022.

Social Security

The Village also has a few employees who contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Village contributed an amount equal to 6.2 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2022.

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 the Traditional Pension Plan and Combined Plan was 0% during calendar year 2022. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0% during calendar year 2022. OP&F contributes 0.5% 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.

Village of Coal Grove
Lawrence County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 9 – Debt

Debt outstanding at December 31, 2022 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
1990 Special Assessments Bond	\$105,100	5.00%
2010 OWDA Loan (5252)	52,848	0.00%
2012 OWDA Loan (5824)	195,626	2.00%
2020 OWDA Loan (8980)	2,254,014	0.00%
2014 OPWC Loan (CT63R)	77,925	0.00%
2020 Series Vehicle Acquisition Bond	10,200	2.90%
Total	<u>\$2,695,713</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 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 \$4,210,639 of funds as of December 31, 2022, of which \$1,956,625 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, 2022, 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 2020, the Village obtained a 2020 Series, Vehicle Acquisition Bond totaling \$16,500, for the purpose of purchasing a police cruiser. The bond has a 2.90% interest rate for 5 years. The full faith, credit and revenue of the Village are pledged for the payment of this issue.

Village of Coal Grove
Lawrence County
Notes to the Financial Statements
For the Year Ended December 31, 2022

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

Year Ending December 31:	Special Assessment Bonds	OWDA	OPWC	Vehicle Acquisition Bond
2023	\$29,600	\$15,185	\$2,597	\$3,596
2024	29,600	15,185	5,195	3,600
2025	29,600	15,185	5,195	3,601
2026	29,600	15,185	5,195	0
2027	0	15,185	5,195	0
2028-2032	0	75,923	25,975	0
2033-2037	0	75,923	25,975	0
2038-2042	0	62,291	2,598	0
Total	<u>\$118,400</u>	<u>\$290,062</u>	<u>\$77,925</u>	<u>\$10,797</u>

Note 10 – Construction and Contractual Commitments

The Village entered into a contract with Dirt Slingers Excavation LLC for the construction of the Coal Grove Community Building addition located at Paul Porter Park in Coal Grove, Ohio in the amount of \$82,500. As of December 31, 2022, \$50,000 was spent on this project.

The Village entered into a contract with IBI Group for various water line projects in the amount of \$108,529. As of December 31, 2022, \$0 was spent on this project.

Note 11 – Contingent Liabilities

The Village is currently party to legal proceedings. Although management cannot presently determine the outcome of these proceedings, management believes that the resolution of such matters will not materially adversely affect the Village's financial condition.

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

Note 12 – Fund Balances

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:

	General	Special Revenue Funds	Total
Outstanding Encumbrances	\$63	\$46,376	\$46,439

The fund balance of special revenue funds is restricted or committed. The fund balance of capital projects fund is restricted, committed, or assigned. These restricted, committed and assigned amounts would include the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

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, 2021*

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
Cash Receipts				
Property and Other Local Taxes	\$39,885	\$38,961		\$78,846
Municipal Income Tax	319,936			319,936
Intergovernmental	86,676	250,026		336,702
Charges for Services	13,422			13,422
Fines, Licenses and Permits	185,904	3,785		189,689
Miscellaneous	36,065	100	147,998	184,163
<i>Total Cash Receipts</i>	<u>681,888</u>	<u>292,872</u>	<u>147,998</u>	<u>1,122,758</u>
Cash Disbursements				
Current:				
Security of Persons and Property	298,178	28,544		326,722
Leisure Time Activities	86			86
Community Environment	660			660
Transportation		119,478		119,478
General Government	338,848			338,848
Capital Outlay	31,706	14,567	7,960	54,233
<i>Total Cash Disbursements</i>	<u>669,478</u>	<u>162,589</u>	<u>7,960</u>	<u>840,027</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>12,410</u>	<u>130,283</u>	<u>140,038</u>	<u>282,731</u>
<i>Fund Cash Balances, January 1</i>	<u>156,033</u>	<u>139,044</u>	<u>1,205</u>	<u>296,282</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$168,443</u></u>	<u><u>\$269,327</u></u>	<u><u>\$141,243</u></u>	<u><u>\$579,013</u></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)
Proprietary Fund Type
For the Year Ended December 31, 2021

	<u>Enterprise</u>
Operating Cash Receipts	
Charges for Services	\$1,126,084
<i>Total Operating Cash Receipts</i>	<u>1,126,084</u>
Operating Cash Disbursements	
Personal Services	428,537
Employee Fringe Benefits	103,299
Contractual Services	543,381
Supplies and Materials	157,960
<i>Total Operating Cash Disbursements</i>	<u>1,233,177</u>
<i>Operating Income (Loss)</i>	<u>(107,093)</u>
Non-Operating Receipts (Disbursements)	
Property and Other Local Taxes	45,323
Intergovernmental Receipts	1,605,163
Loans Issued	1,747,733
Miscellaneous Receipts	3,764
Capital Outlay	(3,260,600)
Principal Retirement	(5,397)
Interest and Other Fiscal Charges	(2,195)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>133,791</u>
<i>Income (Loss)</i>	26,698
<i>Fund Cash Balances, January 1</i>	<u>451,982</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$478,680</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)
Fiduciary Fund Type
For the Year Ended December 31, 2021

	Custodial
	Mayor's Court
Additions	
Fines, Licenses, and Permits for Distribution	\$176,288
<i>Total Additions</i>	176,288
Deductions	
Distributions to Others	178,312
<i>Total Deductions</i>	178,312
<i>Net Change in Fund Balances</i>	(2,024)
<i>Fund Cash Balances, January 1</i>	11,449
<i>Fund Cash Balances, December 31</i>	\$9,425
<i>See accompanying notes to the basic financial statements</i>	

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Village of Coal Grove
Lawrence County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 1 – Reporting Entity

The Village of Coal Grove, Lawrence County, Ohio (the Village) is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. 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.

The Village participates in a public entity risk pool. Note 6 to the financial statements provides 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, 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 fund:

Street Construction Maintenance and Repair Fund – This fund receives gasoline tax and motor vehicle license tax monies for constructing, maintaining, and repairing Village streets.

Capital Projects 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 projects fund:

AEP Easements Fund – This fund receives funds from American Electric Power to provide for the provision of property for easements and to make certain capital improvements on the property to make it accessible for intended purposes.

Village of Coal Grove
Lawrence County
Notes to the Financial Statements
For the Year Ended December 31, 2021

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

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

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 the Mayor’s Court.

For regulatory purposes, certain own source revenues are permitted to flow through clearing funds presented as custodial funds. The amounts distributed to the other funds of the entity are identified on the combined statement of additions, deductions and changes in fund balances (regulatory cash basis) all fiduciary fund types. Also, for regulatory purposes, certain deposits and clearing funds are permitted to be presented as custodial funds.

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 (C). This basis is similar to the cash receipts and disbursements accounting basis. The Village 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 (C) permit.

Budgetary Process

The Ohio Revised Code requires that each fund (except the custodial fund) 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 also 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.

A summary of the 2021 budgetary activity appears in Note 3.

Village of Coal Grove
Lawrence County
Notes to the Financial Statements
For the Year Ended December 31, 2021

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. For regulatory purposes, nonspendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the Village and the nonexpendable portion of the corpus in permanent funds.

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.

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 11.

Village of Coal Grove
Lawrence County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 3 – Budgetary Activity

Budgetary activity for the year ending December 31, 2021 follows:

Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$574,544	\$681,888	\$107,344
Special Revenue	168,285	292,872	124,587
Capital Projects	0	147,998	147,998
Enterprise	1,164,399	4,528,067	3,363,668
Total	\$1,907,228	\$5,650,825	\$3,743,597

Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$740,683	\$677,228	\$63,455
Special Revenue	233,069	162,667	70,402
Capital Projects	0	7,960	(7,960)
Enterprise	3,684,278	4,515,486	(831,208)
Total	\$4,658,030	\$5,363,341	(\$705,311)

Note 4 – 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 accounts are as follows:

Demand Deposits \$1,057,693

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 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.

Village of Coal Grove
Lawrence County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Income Tax

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.

Effective November 1, 2010 (through October 31, 2017), the corridor is for losses paid is between 60% and 70% of casualty premiums earned in the first \$250,000. Effective November 1, 2016, the OPRM elected to participate in a property loss corridor deductible. The property corridor includes losses paid between 70% and 75%. In 2018, the casualty loss corridor was eliminated and the property corridor was adjusted to losses paid between 65% and 70%. Effective November 1, 2019, the property loss corridor was adjusted to losses between 60% and 67.5% and remain unchanged effective November 1, 2021 and November 1, 2020. OPRM had 769 members as of December 31, 2021.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2021.

Assets	\$21,777,439
Liabilities	<u>(15,037,383)</u>
Members' Equity	<u>\$6,740,056</u>

You can read the complete audited financial statements for OPRM at the Plan's website, 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 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% of their gross salaries and the Village contributed an amount equaling 14% of participants' gross salaries. The Village has paid all contributions required through December 31, 2021.

Village of Coal Grove
Lawrence County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Ohio Police and Fire Retirement System

The Village’s full-time police officers belong to the 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% of their wages. The Village contributed to OP&F an amount equal to 19.5% of full-time police members’ wages. The Village has paid all contributions required through December 31, 2021.

Social Security

The Village also has a few employees who contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Village contributed an amount equal to 6.2 percent of participants’ gross salaries. The Village has paid all contributions required through December 31, 2021.

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 the Traditional Pension Plan and Combined Plan was 0% during calendar year 2021. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0% during calendar year 2021. OP&F contributes 0.5% 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, 2021 was as follows:

	Principal	Interest Rate
1990 Special Assessments Bond	\$128,300	5.00%
2010 OWDA Loan (5252)	55,868	0.00%
2012 OWDA Loan (5824)	203,756	2.00%
2020 OWDA Loan (8980)	1,782,348	0.00%
2014 OPWC Loan (CT63R)	85,718	0.00%
2020 Lawrence County Vehicle Acquisition Bond	13,400	2.90%
Total	\$2,269,390	

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.

Village of Coal Grove
Lawrence County
Notes to the Financial Statements
For the Year Ended December 31, 2021

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 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 \$3,761,061 of funds as of December 31, 2021, of which \$1,956,625 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 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, 2021, 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. This deferred payment was made in 2021 in addition to the Village’s tow regularly schedule payments.

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

Year Ending December 31:	Special Assessment Bonds	OWDA	OPWC	Police Vehicle Bonds
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	3,601
2026	29,600	15,185	5,195	0
2027-2031	0	75,923	25,975	0
2032-2036	0	75,923	25,975	0
2037-2041	0	71,393	7,793	0
2042	0	6,082	0	0
Total	<u>\$148,000</u>	<u>\$305,246</u>	<u>\$85,718</u>	<u>\$14,386</u>

Note 10 – Contingent Liabilities

The Village is currently party to legal proceedings. Although management cannot presently determine the outcome of these proceedings, management believes that the resolution of such matters will not materially adversely affect the Village’s financial condition.

Village of Coal Grove
Lawrence County
Notes to the Financial Statements
For the Year Ended December 31, 2021

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

Note 11 – Fund Balances

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:

	General	Special Revenue Funds	Total
Outstanding Encumbrances	\$7,750	\$78	\$7,828

The fund balance of special revenue funds is restricted or committed. The fund balance of capital projects fund is restricted, committed, or assigned. These restricted, committed and assigned amounts would include the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

Note 12 – Compliance

Contrary to Ohio law, as of December 31, 2021, budgetary expenditures exceeded appropriation authority in the Street Construction Maintenance & Repair Fund, AEP Easement Projects Fund, and Water Line Replacement Projects Fund in the amounts of \$17,939, \$7,960, and \$922,940, respectively.

OHIO AUDITOR OF STATE KEITH FABER



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Columbus, Ohio 43215
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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 the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by 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 years ended December 31, 2022 and 2021 and the related notes to the financial statements of the Village of Coal Grove, Lawrence County, (the Village) and have issued our report thereon dated October 16, 2023, wherein we noted the Village followed financial reporting provisions Ohio Rev. Code § 117.38 and Ohio Admin. Code 117-2-03(C) permit.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Village's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Village's financial statements will not be prevented, or detected and corrected, on a timely basis. *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 deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings as items 2022-001 through 2022-003 that we consider to be material weaknesses.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings as items 2022-004 and 2022-005.

Village's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Village's responses to the findings identified in our audit and described in the accompanying schedule of findings. The Village's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Keith Faber
Auditor of State
Columbus, Ohio
October 16, 2023

**VILLAGE OF COAL GROVE
LAWRENCE COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2022 AND 2021**

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

FINDING NUMBER 2022-001

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 accounting system records (book) to the accounting system 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. The Utility Department maintains a clearing bank account to track their activity during the month. They then write a check over to the Village Fiscal Officer at month end to allow her to deposit the funds and post the transaction to the UAN system. This allows the clearing account to balance to zero as it should. However, for the month of December 2021, we noted the utility account showed it wrote a check to the Village to zero out its balance, but this was not posted to the UAN system until 2022 which caused the revenues on the 2021 financial statements to be understated by \$168,293 and the 2022 financial statements to be overstated by the same amount.
2. For the month of December 2020, the utility account showed it wrote a check to the Village to zero out its balance, but this was not posted to the UAN system until 2021 which caused the revenues on the 2021 financial statements to be overstated by \$92,741.
3. Monthly bank to book reconciliations were not reviewed or approved by Council in 2021.

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.

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.

Officials' Response:

1. In 2022 this was corrected, and the check was posted correctly in the UAN system at the end of the year. The Village will strive to continue correctly posting.
2. In 2022 this was corrected, and check was posted correctly in UAN system at end of the year. The Village will strive to continue correctly posting.
3. In 2022 bank reconciliations and reports were given to the council to review and sign along with a monthly management report. The Village will strive to continue this practice.

FINDING NUMBER 2022-002

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.

Due to deficiencies in internal control related to financial reporting, the Village misclassified and mis-posted various receipts and disbursements in the annual financial report submitted to the Auditor of State for fiscal years 2022 and 2021. These misstatements had the following effect on the Village's financial statements:

December 31, 2022 Financial Statements:

- An Ohio Public Works on behalf of grant and related payment were not recorded. This caused the Capital Projects Fund Intergovernmental Receipts and Capital Outlay Disbursements to be understated by \$674,484.
- In Fund #2152, American Recovery Plan Act Fund, \$137,213 of Capital Outlay Disbursements were misclassified as Transportation Disbursements.
- Mayor's Court Activity was not reported in the financial statements filed through the Hinkle system. This resulted in an understatement of \$216,844 in receipts and \$203,982 in disbursements.
- In Fund #5102, Waterline Replacement Fund, \$316,338 of Loan Proceeds and Capital Outlay Disbursements were unrecorded.
- In Fund #5102, Waterline Replacement Fund, \$214,940 of Intergovernmental Receipts and Capital Outlay Disbursements were unrecorded.
- The Utility Department did not pay its November or December 2021 revenues into the Village until January 2022, thus overstating the revenues in 2022 for all related funds. The misstatement amounts were as follows: \$113,389 in the Water Fund (#5101); \$37,747 in the Sewer Fund (#5201); and \$17,157 in the Sanitation Fund (#5601).

December 31, 2021 Financial Statements:

- Fire Fund Tax Receipts were incorrectly posted to the General Fund. This caused the General Fund Tax Receipts to be overstated and the Fire Fund Tax Receipts to be understated by \$28,000.
- An American Recovery Plan Act Fund receipt of \$108,627 was recorded as General Fund Intergovernmental Receipts instead of American Recovery Plan Act Fund Intergovernmental Receipts.
- 100% percent of audit fees from the prior audit were charged to the Street Repair and Maintenance Fund. This was not based on any type of reasonable allocation basis. Thus, this caused the following misstatements: \$17,364 overstatement of Transportation Disbursements in the Street Repair and Maintenance Fund; \$7,138 understatement of General Government Disbursements in General Fund; \$6,367 understatement of Contractual Services in Water Fund; and \$3,859 understatement of contractual services in Sewer Fund.
- Mayor's Court Activity was not reported in the financial statements filed through the Hinkle system. This resulted in an understatement of \$176,288 in receipts and \$178,312 in disbursements.

FINDING NUMBER 2022-002
(Continued)

- In Fund #5102, Waterline Replacement Fund, \$809,545 of Intergovernmental Receipts were misclassified as Loan Proceeds.
- In Fund #5102, Waterline Replacement Fund, \$795,618 of Intergovernmental Receipts and Capital Outlay Disbursements were unrecorded.
- In Fund #5102, Waterline Replacement Fund, \$1,654,588 of Loan Proceeds and Capital Outlay Disbursements were unrecorded.
- The Utility Department did not pay its December 2020 revenues into the Village until January 2021, thus overstating the revenues in 2021 for all related funds. The overstatements were as follows: \$63,236 in the Water Fund (#5101); \$20,104 in the Sewer Fund (#5201); and \$9,401 in the Sanitation Fund (#5601).
- The Utility Department did not pay its November or December 2021 revenues into the Village until January 2022, thus understating the revenues in 2021 for all related funds. The misstatement amounts were as follows: \$113,389 in the Water Fund (#5101); \$37,747 in the Sewer Fund (#5201); and \$17,157 in the Sanitation Fund (#5601).
- In Fund #5102, Waterline Replacement Fund, \$279,621 of Capital Outlay Disbursements was misclassified as Contractual Services Disbursements.

The Village has adjusted the financial statements and accounting system, where appropriate to correct these errors.

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.

Officials' Response:

The Village will strive to correctly post any disbursements or receipts. If in question, we will reach out the state auditor for advice. The Village will review ways to implement policies and procedures and to review footnotes.

FINDING NUMBER 2022-003

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.

Sound accounting practices require accurately posting estimated receipts and appropriations to the ledgers to provide information for budget versus actual comparison and to allow the Council to make informed decisions regarding budgetary matters.

The Appropriation resolution and subsequent amendments establish the legal spending authority of the Village and the appropriation ledger provides the process by which the Village controls spending, it is therefore necessary the amounts appropriated by the Council are precisely stated and accurately posted to the appropriation ledger.

**FINDING NUMBER 2022-003
(Continued)**

The original certificate and amendments establish the amounts available for expenditures for the Village and the receipts ledger provides the process by which the Village controls what is available, it is therefore necessary the amounts estimated by the County Budget Commission are posted accurately to the receipts ledger.

At December 31, 2022 the Village did not appropriately update their Appropriations in UAN. This caused the system Final Approved Appropriations to be \$1,631 less than what Council approved for the Coronavirus Relief Fund.

At December 31, 2021 the Village did not appropriately update their Appropriations in UAN. This caused the system Final Approved Appropriations to be \$20,000 more than what Council approved for the Street Construction Maintenance & Repair Fund, \$7,960 more than what Council approved for the AEP Easement Projects Fund, \$989,228 more than what Council approved for the Water Line Replacement Project, \$1,673 less than what Council approved for Federal Grants Fund, and \$12,000 less than what Council approved for the Mayor's Court Computerization Fund.

At December 31, 2021 the Village did not appropriately update their Budgeted Revenues in UAN. This caused the system Final Budgeted Revenues to be \$500 more than the Council approved Estimated Resources in the State Highway Fund, \$7,960 more than the Council approved Estimated Resources in the AEP Easement Projects Fund, and \$939,228 more than the Council approved Estimated Resources in the Water Line Replacement Project Fund.

The Village did not have procedures in place to accurately post authorized budgetary measures to the accounting system. The appropriations (and/or amendments thereof) approved by Council were not properly posted to the accounting system. Additionally, the approved Certificate of Estimated Resources (and/or amendments thereof) was not posted to the accounting system.

Failure to accurately post the appropriations and estimated resources to the ledgers could result in overspending and negative cash balances. In addition, this could lead to inaccurate reporting of the budgetary information in the financial statements.

To effectively control the budgetary cycle and to maintain accountability over receipts and expenditures, the Village should post to the ledgers, on a timely basis, estimated resources as certified by the budget commission and appropriations approved by the Council. The Village should then monitor budget versus actual reports to help ensure amended certificates of resources and appropriations have been properly posted to the ledgers.

Officials' Response:

The Village will strive to review and verify appropriations for accuracy and accurately post receipts and appropriations into the system.

FINDING NUMBER 2022-004

Noncompliance

Ohio Rev. Code § 117.13(C)(2) provides the fiscal officer may allocate the charges billed for the cost of the audit to appropriate funds using a methodology that follows guidance provided by the auditor of state.

FINDING NUMBER 2022-004
(Continued)

Except for Federal funds that account for activity of Federal awards governed by Uniform Guidance, the fiscal officer may distribute the cost to each fund audited in accordance with its percentage of the total cost. The fiscal officer should determine which funds should be charged a percentage of the audit costs. Governments should have a reasonable, documented methodology for allocating these costs. This methodology should consider and incorporate the requirements in Uniform Guidance 2 C.F.R. 200.425. The Auditor of State is of the opinion that most operating funds of a local government, including utility funds (i.e., water, sewer, electric, refuse), special levy funds, funds that receive gas taxes, and motor vehicle registration fees can be charged a portion of the audit costs.

In determining a percentage of total cost that may be charged to a fund, any reasonable and rational method such as a percentage of the fund's revenue or expenditures compared to the total revenue or expenditures for all funds, excluding custodial funds and federal funds, would be acceptable. A local government's indirect cost allocation plan may also be an acceptable method for allocating audit costs.

During 2021, the Village paid 100% of its audit costs, a total amount of \$19,293, from the Street Construction Maintenance and Repair Fund. However, there was no support to justify this allocation. This could result in improper allocation of audit costs among all audited funds. (Adjustment amounts are included in Finding Number 2022-002.)

The Village Fiscal Officer should review the Ohio Rev. Code section referenced above for how to allocate audit costs among funds and maintain supporting documentation of the allocation.

Officials' Response:

The Village will review ORC as to how to allocate audit costs amount funds. The Village in previous years had percentages designated to various funds. In 2021 the designated percentages were not implemented. In 2023, audit costs will be reviewed by Village and ORC guidance or/and designated percentages already implemented will be used.

FINDING NUMBER 2022-005

Noncompliance

Ohio Rev. Code § 5705.41(B) prohibits a subdivision or taxing authority unit from making any expenditure of money unless it has been appropriated in accordance with the Ohio Revised Code.

Due to inadequate policies and procedures in approving and reviewing budget versus actual information, the Village's Street Construction Maintenance. & Repair Fund, AEP Easement Projects Fund, and Water Line Replacement Projects Fund had expenditures in excess of appropriations of \$17,939, \$7,960, and \$922,940, as of December 31, 2021, respectively.

Failure to have adequate appropriations in place at the time expenditures are made could cause expenditures to exceed available resources, further resulting in deficit spending practices.

The Council should closely monitor expenditures and appropriations and make the necessary appropriation amendments, if possible, to reduce the likelihood of expenditures exceeding appropriations. Additionally, the Fiscal Officer should deny payment requests exceeding appropriations when appropriations are inadequate to cover the expenditures.

FINDING NUMBER 2022-005
(Continued)

Officials' Response:

The Village will have adequate appropriation in place at time of expenditures. Council will review/monitor appropriations and Fiscal Officer will deny any payment request in excess of allotted appropriations.

**VILLAGE OF COAL GROVE
LAWRENCE COUNTY**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2022 AND 2021**

Finding Number	Finding Summary	Status	Additional Information
2020-001	Material Weakness – Cash Reconciliation Process	Partially Corrected.	Errors in 2021 bank reconciliation were noted. The reconciliation was corrected by the end of 2022. Reissued as Finding Number 2022-001.
2020-002	Material Weakness - Sound Financial Reporting	Not Corrected.	Errors in posting to the system were identified. Reissued as Finding Number 2022-002.
2020-003	Noncompliance Citation – Ohio Rev. Code § 5705.41(D)(1), Improper prior certification of funds	Partially Corrected.	Reissued in Management Letter.

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 11/9/2023

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