



**VILLAGE OF COLUMBUS GROVE  
PUTNAM COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2009**



**Mary Taylor, CPA**  
Auditor of State



VILLAGE OF COLUMBUS GROVE  
PUTNAM COUNTY

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Mary Taylor, CPA  
Auditor of State

Village of Columbus Grove  
Putnam County  
113 East Sycamore Street  
Columbus Grove, Ohio 45830-1245

To the Village Council:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to an interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. Our Report includes an adverse opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

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

**Mary Taylor, CPA**  
Auditor of State

April 14, 2010

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# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

Village of Columbus Grove  
Putnam County  
113 East Sycamore Street  
Columbus Grove, Ohio 45830-1245

To the Village Council:

We have audited the accompanying financial statements of the Village of Columbus Grove, Putnam County, (the Village) as of and for the years ended December 31, 2009 and 2008. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the Village has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Instead of the combined funds the accompanying financial statements present, GAAP require presenting entity wide statements and also presenting the Village's larger (i.e. major) funds separately. While the Village does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require villages to reformat their statements. The Village has elected not to follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2009 and 2008 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2009 and 2008, or its changes in financial position or cash flows, where applicable for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Village of Columbus Grove, Putnam County, as of December 31, 2009 and 2008, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The Village has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 14, 2010, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.



**Mary Taylor, CPA**  
Auditor of State

April 14, 2010



**VILLAGE OF COLUMBUS GROVE  
PUTNAM COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2009**

	Governmental Fund Types				Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
<b>Cash Receipts:</b>					
Property and Local Taxes	\$75,656	\$58,712			\$134,368
Municipal Income Tax	350,041			\$118,251	468,292
Intergovernmental	112,310	179,377		29,850	321,537
Special Assessments			\$7,749		7,749
Charges for Services	56,260	14,656			70,916
Fines, Licenses and Permits	1,805	17,346			19,151
Earnings on Investments	14,748	411			15,159
Farm Lease			15,634		15,634
Payment In-Lieu of Taxes			3,154		3,154
Miscellaneous	10,519	28		12,525	23,072
<b>Total Cash Receipts</b>	<b>621,339</b>	<b>270,530</b>	<b>26,537</b>	<b>160,626</b>	<b>1,079,032</b>
<b>Cash Disbursements:</b>					
Current:					
Security of Persons and Property	162,583	85,553			248,136
Public Health Services	4,512				4,512
Leisure Time Activities	86,962				86,962
Community Environment	1,327				1,327
Basic Utility Service	1,620	9,085			10,705
Transportation	3,330	118,383			121,713
General Government	139,910	21,424			161,334
Debt Service:					
Redemption of Principal	42,536		33,877	148,044	224,457
Interest and Fiscal Charges	1,535		8,424	25,660	35,619
Capital Outlay	13,198			195,530	208,728
<b>Total Cash Disbursements</b>	<b>457,513</b>	<b>234,445</b>	<b>42,301</b>	<b>369,234</b>	<b>1,103,493</b>
<b>Total Cash Receipts Over/(Under) Cash Disbursements</b>	<b>163,826</b>	<b>36,085</b>	<b>(15,764)</b>	<b>(208,608)</b>	<b>(24,461)</b>
<b>Other Financing Receipts / (Disbursements):</b>					
Proceeds from Sale of Public Debt:					
Sale of Notes				48,342	48,342
Reimbursements				24,227	24,227
Transfers-In		1,533	12,607	210,017	224,157
Transfers-Out	(224,800)				(224,800)
Other Financing Sources	1,249		1,054		2,303
Other Financing Uses	(10,985)		(227)	(2,338)	(13,550)
<b>Total Other Financing Receipts / (Disbursements)</b>	<b>(234,536)</b>	<b>1,533</b>	<b>13,434</b>	<b>280,248</b>	<b>60,679</b>
<b>Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements</b>	<b>(70,710)</b>	<b>37,618</b>	<b>(2,330)</b>	<b>71,640</b>	<b>36,218</b>
Fund Cash Balances, January 1	117,860	171,880	6,653	134,352	430,745
<b>Fund Cash Balances, December 31</b>	<b>\$47,150</b>	<b>\$209,498</b>	<b>\$4,323</b>	<b>\$205,992</b>	<b>\$466,963</b>

*The notes to the financial statements are an integral part of this statement.*

**VILLAGE OF COLUMBUS GROVE  
PUTNAM COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - ALL PROPRIETARY AND SIMILAR FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2009**

	Proprietary Fund Type	Fiduciary Fund Type	Totals (Memorandum Only)
	Enterprise	Agency	
<b>Operating Cash Receipts:</b>			
Charges for Services	\$399,497		\$399,497
Miscellaneous	2,498		2,498
Total Operating Cash Receipts	401,995		401,995
<b>Operating Cash Disbursements:</b>			
Personal Services	147,231		147,231
Contractual Services	201,690		201,690
Supplies and Materials	77,727		77,727
Total Operating Cash Disbursements	426,648		426,648
Operating Loss	(24,653)		(24,653)
<b>Non-Operating Cash Receipts:</b>			
Loan Proceeds	113,742		113,742
Other Non-Operating Cash Receipts		\$23,458	23,458
Total Non-Operating Cash Receipts	113,742	23,458	137,200
<b>Non-Operating Cash Disbursements:</b>			
Redemption of Principal	14,883		14,883
Other Non-Operating Cash Disbursements		23,193	23,193
Total Non-Operating Cash Disbursements	14,883	23,193	38,076
Excess of Receipts Over Disbursements Before Interfund Transfers	74,206	265	74,471
Transfers-In	643		643
Net Receipts Over Disbursements	74,849	265	75,114
Fund Cash Balances, January 1	208,565	619	209,184
<b>Fund Cash Balances, December 31</b>	<b>\$283,414</b>	<b>\$884</b>	<b>\$284,298</b>

*The notes to the financial statements are an integral part of this statement.*

**VILLAGE OF COLUMBUS GROVE  
PUTNAM COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2008**

	Governmental Fund Types				Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
<b>Cash Receipts:</b>					
Property and Local Taxes	\$72,824	\$58,060			\$130,884
Municipal Income Tax	408,390			\$124,860	533,250
Intergovernmental	111,115	205,215			316,330
Special Assessments			\$8,389		8,389
Charges for Services	80,741	11,891			92,632
Fines, Licenses and Permits	955	15,532			16,487
Earnings on Investments	20,813	1,005			21,818
Farm Lease			14,839		14,839
Miscellaneous	27,689	17,449	3,308	5,167	53,613
<b>Total Cash Receipts</b>	<b>722,527</b>	<b>309,152</b>	<b>26,536</b>	<b>130,027</b>	<b>1,188,242</b>
<b>Cash Disbursements:</b>					
Current:					
Security of Persons and Property	155,996	138,347			294,343
Public Health Services	4,163				4,163
Leisure Time Activities	129,714				129,714
Community Environment	1,772				1,772
Basic Utility Service	1,670	10,329			11,999
Transportation	19,845	153,811			173,656
General Government	143,241	28,659			171,900
Debt Service:					
Redemption of Principal	54,107		55,416	130,225	239,748
Interest and Fiscal Charges	1,705		10,944	24,364	37,013
Capital Outlay	21,979			272,188	294,167
<b>Total Cash Disbursements</b>	<b>534,192</b>	<b>331,146</b>	<b>66,360</b>	<b>426,777</b>	<b>1,358,475</b>
Total Cash Receipts Over/(Under) Cash Disbursements	188,335	(21,994)	(39,824)	(296,750)	(170,233)
<b>Other Financing Receipts / (Disbursements):</b>					
Proceeds from Sale of Public Debt:					
Sale of Notes				195,329	195,329
Sale of Fixed Assets	4,104		8,879		12,983
Claims Reimbursement	4,031				4,031
Transfers-In		24,520	38,683	154,400	217,603
Transfers-Out	(219,782)				(219,782)
Other Financing Sources	501				501
Other Financing Uses	(6,147)	(501)	(1,085)	(11,165)	(18,898)
<b>Total Other Financing Receipts / (Disbursements)</b>	<b>(217,293)</b>	<b>24,019</b>	<b>46,477</b>	<b>338,564</b>	<b>191,767</b>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(28,958)	2,025	6,653	41,814	21,534
Fund Cash Balances, January 1	146,818	169,855		92,538	409,211
<b>Fund Cash Balances, December 31</b>	<b>\$117,860</b>	<b>\$171,880</b>	<b>\$6,653</b>	<b>\$134,352</b>	<b>\$430,745</b>
Reserve for Encumbrances, December 31		\$22,525			\$22,525

*The notes to the financial statements are an integral part of this statement.*

**VILLAGE OF COLUMBUS GROVE  
PUTNAM COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - ALL PROPRIETARY AND SIMILAR FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2008**

	Proprietary Fund Type	Fiduciary Fund Type	Totals (Memorandum Only)
	Enterprise	Agency	
<b>Operating Cash Receipts:</b>			
Charges for Services	\$391,231		\$391,231
Miscellaneous	14,635		14,635
<b>Total Operating Cash Receipts</b>	<b>405,866</b>		<b>405,866</b>
<b>Operating Cash Disbursements:</b>			
Personal Services	155,372		155,372
Contractual Services	67,210		67,210
Supplies and Materials	103,644		103,644
<b>Total Operating Cash Disbursements</b>	<b>326,226</b>		<b>326,226</b>
Operating Income	79,640		79,640
<b>Non-Operating Cash Receipts:</b>			
Other Non-Operating Cash Receipts		\$18,440	18,440
<b>Non-Operating Cash Disbursements:</b>			
Redemption of Principal	11,487		11,487
Other Non-Operating Cash Disbursements	134	19,354	19,488
<b>Total Non-Operating Cash Disbursements</b>	<b>11,621</b>	<b>19,354</b>	<b>30,975</b>
Excess of Receipts Over/(Under) Disbursements Before Interfund Transfers	68,019	(914)	67,105
Transfers-In	2,179		2,179
Net Receipts Over/(Under) Disbursements	70,198	(914)	69,284
Fund Cash Balances, January 1	138,365	1,533	139,898
<b>Fund Cash Balances, December 31</b>	<b>\$208,565</b>	<b>\$619</b>	<b>\$209,184</b>
Reserve for Encumbrances, December 31	\$19,254		\$19,254

*The notes to the financial statements are an integral part of this statement.*

**VILLAGE OF COLUMBUS GROVE  
PUTNAM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2009 AND 2008**

**1. Summary of Significant Accounting Policies**

**A. Description of the Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of Columbus Grove, Putnam County, (the Village) as a body corporate and politic. A publicly-elected six-member Council directs the Village. The Village provides water and sewer utilities, park operations, and police services. The Village appropriates fire levy money to support a volunteer fire department.

The Village participates in the Ohio Government Risk Management Plan (the "Plan"), public entity risk pool. Note 8 to the financial statements provide additional information for this entity.

**B. Accounting Basis**

These financial statements follow the accounting basis the Auditor of State prescribes or permits. 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 Auditor of State prescribes or permits.

**C. Deposits and Investments**

The Village's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

The Village values certificates of deposit at cost. Money market mutual funds (including STAR Ohio) are recorded at share values the mutual funds report.

**D. Fund Accounting**

The Village uses fund accounting to segregate cash and investments that are restricted as to use. The Village classifies its funds into the following types:

**1. General Fund**

The General Fund reports all financial resources except those required to be accounted for in another fund.

**2. Special Revenue Funds**

These funds account for proceeds from specific sources (other than from private-purpose trusts or for capital projects) that are restricted to expenditure for specific purposes. The Village had the following significant Special Revenue Funds:

**VILLAGE OF COLUMBUS GROVE  
PUTNAM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2009 AND 2008  
(Continued)**

**1. Summary of Significant Accounting Policies (Continued)**

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

Fire Grant Fund - This fund receives federal, state and local money for the purchase of fire equipment, ie, radios and fire gear.

**3. Debt Service Funds**

These funds account for resources the Village accumulates to pay bond and note debt. The Village had the following significant Debt Service Funds:

Sidewalk Debt Service Fund – This fund was used to accumulate resources for the debt issues for the improvement of sidewalks

Waste Water Treatment Plant Debt fund – This fund is used to accumulate resources for the retirement of debt issued for acquiring real estate for the improvement of the Village's sanitary sewer treatment plant and related facilities.

**4. Capital Project Funds**

These funds account for receipts restricted to acquiring or constructing major capital projects (except those financed through enterprise or trust funds). The Village had the following significant Capital Project Funds:

Pool Renovation Fund – This fund receives income tax money, for retiring of the swimming pool debt and any capital repairs needed at the swimming pool.

Waterline Stimulus Fund – This fund receives loan proceeds from Drinking Water Assistance Fund (DWAF) Other Projects and grant proceeds from DWAF American Recovery and Reinvestment Act (ARRA) money which are managed by the Ohio Water Department Authority for replacement of waterlines on North Main, Birch, Grove, Taylor and Taft Streets. The loan will be repaid using revenue generated by water rates.

**5. 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 to cover water service costs.

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

**VILLAGE OF COLUMBUS GROVE  
PUTNAM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2009 AND 2008  
(Continued)**

**1. Summary of Significant Accounting Policies (Continued)**

Special Sewer Improvement Fund - This fund receives loan proceeds from the Water Pollution and Control Loan Fund. The capitalization grant fund is managed by the Ohio Water Department Authority. This project is for the design of Phase I of its combined sanitary sewer system separation. The loan will be repaid using revenue generated by sewer rates for the next five years.

**6. Fiduciary Funds (Agency 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 activity.

**E. Budgetary Process**

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

**1. 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. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year end.

**2. 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.

**3. 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 financial statements and budgetary presentations for material items that should have been encumbered.

A summary of 2009 and 2008 budgetary activity appears in Note 3.

**F. Property, Plant, and Equipment**

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

**VILLAGE OF COLUMBUS GROVE  
PUTNAM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2009 AND 2008  
(Continued)**

**1. Summary of Significant Accounting Policies (Continued)**

**G. 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.

**2. Equity in Pooled Deposits and Investments**

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

	2009	2008
Demand deposits	\$8,620	\$10,200
Certificates of deposit	508,624	451,819
Total deposits	517,244	462,019
 STAR Ohio	 234,017	 177,910
Total deposits and investments	\$751,261	\$639,929

**Deposits:** Deposits are insured by the Federal Depository Insurance Corporation, or collateralized by the financial institution's public entity deposit pool.

**Investments:** Investments in STAR Ohio and mutual funds are not evidenced by securities that exist in physical or book-entry form.

**3. Budgetary Activity**

Budgetary activity for the years ending December 31, 2009 and 2008 follows:

2009 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$614,061	\$622,588	\$8,527
Special Revenue	274,536	272,063	(2,473)
Debt Service	58,529	40,198	(18,331)
Capital Projects	645,079	443,212	(201,867)
Enterprise	573,300	516,380	(56,920)
Total	\$2,165,505	\$1,894,441	(\$271,064)



**VILLAGE OF COLUMBUS GROVE  
PUTNAM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2009 AND 2008  
(Continued)**

**3. Budgetary Activity (Continued)**

2009 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$715,776	\$693,298	\$22,478
Special Revenue	262,297	234,445	27,852
Debt Service	42,529	42,528	1
Capital Projects	432,545	371,572	60,973
Enterprise	628,150	441,531	186,619
Total	<u>\$2,081,297</u>	<u>\$1,783,374</u>	<u>\$297,923</u>

2008 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$614,061	\$731,163	\$117,102
Special Revenue	428,629	333,672	(94,957)
Debt Service	105,376	74,098	(31,278)
Capital Projects	507,329	479,756	(27,573)
Enterprise	385,000	408,045	23,045
Total	<u>\$2,040,395</u>	<u>\$2,026,734</u>	<u>(\$13,661)</u>

2008 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$715,776	\$760,121	(\$44,345)
Special Revenue	468,798	354,172	114,626
Debt Service	105,376	67,445	37,931
Capital Projects	598,329	437,942	160,387
Enterprise	397,001	357,101	39,900
Total	<u>\$2,285,280</u>	<u>\$1,976,781</u>	<u>\$308,499</u>

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the General Fund by \$44,345 for the year ended December 31, 2008. Also contrary to Ohio law, the Village did not certify commitments as required for year ended December 31, 2008

**4. Property Tax**

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 homestead and rollback deductions. The financial statements include homestead and rollback 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.

**VILLAGE OF COLUMBUS GROVE  
PUTNAM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2009 AND 2008  
(Continued)**

**4. Property Tax (Continued)**

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

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

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

**5. Local Income Tax**

The Village levies a municipal income tax of 1.25 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. Of the 1.25 percent income tax, 1 percent is credited to the General Fund with a portion transferred to the Capital Improvements Fund and the remaining .25 percent is credited to the Pool Renovation Capital Projects Fund for retirement of swimming pool renovation debt and to fund pool improvement projects.

**6. Debt**

Debt outstanding at December 31, 2009, was as follows:

	Principal	Interest Rate
Ohio Public Works Commission Loans	\$154,903	0%
Ohio Water Development Authority Loans	143,795	0%
General Obligation Bonds	515,886	4.250 - 5.75%
General Obligation Loans	169,372	3.6 - 4%
Total	\$983,956	

Outstanding general obligation bonds include \$13,351 for sidewalk improvements, \$152,035 for acquisition of land, \$35,500 for water and sewer system improvements, and \$315,000 for retiring notes used for swimming pool improvements. The sidewalk improvement bonds were issued in 2001 at an interest rate of 5% with final maturity in 2011, these bonds will be retired through special assessments levied against affected property owners. Real estate acquisition bonds were issued in 2003 at an interest rate of 4.25% with final maturity in 2017, proceeds from land sales will be used to repay this debt. The water and sewer system improvement bonds were issued in 1997 at an interest rate of 5.75% with final maturity in 2017, water and sewer revenues are being used to retire this debt. The pool renovation bonds were issued in 2004 at an interest rate of 4.375% with final maturity in 2019, the voters of the Village approved an additional .25 percent income tax to retire this debt.

**VILLAGE OF COLUMBUS GROVE  
PUTNAM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2009 AND 2008  
(Continued)**

**6. Debt (Continued)**

Outstanding General Obligation Loans consisted of the following issues: A \$10,390 American Electric Power (AEP) note was issued in 2005 at an interest rate of 3.6% with final maturity in 2010 to fund the electricity at the Industrial Park. An \$112,809 loan at the Ft. Jennings State Bank was issued in 2008 at an interest rate of 4% with final maturity in 2013 to fund the purchase of a sewer jet truck. A \$46,173 loan at the Ft. Jennings State Bank was issued in 2008 at an interest rate of 4% with final maturity in 2013 to fund the purchase of a dura patch machine.

The Ohio Public Works Commission (OPWC) loans include a loan for water tower installation and improvements (\$128,803) and a loan for sewer lines (\$26,100) in the Village. The loans will be repaid in semiannual installments of \$8,587 and \$1,450, respectively, over 20 years. The loans are collateralized by water and sewer receipts.

The Ohio Water Development Authority (OWDA) loans include a loan for sewer separation engineering (\$101,759), a loan for water tower (\$2,055) and a loan for the waterline (\$39,981). These loans are not yet finalized. It is intended these loans will be repaid in semiannual installments over 5 years for the sewer separation engineering and over 20 years for the water tower and waterline loans. The Village does not yet have an amortization schedule for these loans and they are not included in the schedule below.

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

Year	General Obligation Bonds		OPWC Loan	General Obligation Loans	
	Principal	Interest	Principal	Principal	Interest
2010	\$86,470	\$24,450	\$20,073	\$47,811	\$6,175
2011	77,881	20,121	20,074	38,933	4,476
2012	79,000	17,514	20,074	40,499	2,904
2013	70,500	12,189	20,074	42,129	1,268
2014	73,000	8,690	20,074		
2015-2019	129,035	6,942	54,534		
Totals	<u>\$515,886</u>	<u>\$89,906</u>	<u>\$154,903</u>	<u>\$169,372</u>	<u>\$14,823</u>

**7. Retirement Systems**

The Village's certified Police Officers belong to the Police and Fire Pension Fund (OP&F). Other employees belong to the Ohio Public Employees Retirement System (OPERS). OP&F and OPERS are cost-sharing, multiple-employer plans. The Ohio Revised Code prescribes these plans' benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2009 and 2008, OP&F participants contributed 10% of their wages. For 2009 and 2008, the Village contributed to OP&F an amount equal to 19.5% of full-time police members' wages. For 2009 and 2008, OPERS members contributed 10%, of their gross salaries and the Village contributed an amount equaling 14%, respectively, of participants' gross salaries. The Village has paid all contributions required through December 31, 2009.

**VILLAGE OF COLUMBUS GROVE  
PUTNAM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2009 AND 2008  
(Continued)**

**8. Risk Management**

**Risk Pool Membership**

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

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

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

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

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

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

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

**VILLAGE OF COLUMBUS GROVE  
PUTNAM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2009 AND 2008  
(Continued)**

**8. Risk Management (Continued)**

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

**9. CONTRACTS OUTSTANDING**

At December 31, 2009 the Village had two outstanding contracts:

A waterline replacement projects with Beaverdam Contracting. The total amount of the contract was \$248,074 with \$143,412 paid with stimulus money and the remaining portion paid with Ohio Water Development Authority, with zero percent interest.

A water tower rehabilitation project with LC United Painting. The total amount of the contract was \$31,000 with \$10,000 paid with stimulus money and the remaining portion paid with Ohio Water Development Authority, with zero percent interest.

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# Mary Taylor, CPA

Auditor of State

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

Village of Columbus Grove  
Putnam County  
113 East Sycamore Street  
Columbus Grove, Ohio 45830-1245

To the Village Council:

We have audited the financial statements the Village of Columbus Grove, Putnam County, (the Village) as of and for the years ended December 31, 2009 and 2008, and have issued our report thereon dated, April 14, 2010 wherein we noted the Village followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

### Internal Control over Financial Reporting

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

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and timely corrected. We consider findings 2009-001 and 2009-002 described in the accompanying schedule of findings to be material weaknesses.

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### **Compliance and Other Matters**

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

We also noted certain matters not requiring inclusion in this report that we reported to the Village's management in a separate letter dated April 14, 2010.

The Village's response to the findings identified in our audit is described in the accompanying schedule of findings. We did not audit the Village's response and, accordingly, we express no opinion on it.

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



**Mary Taylor, CPA**  
Auditor of State

April 14, 2010



VILLAGE OF COLUMBUS GROVE  
PUTNAM COUNTY

SCHEDULE OF FINDINGS  
DECEMBER 31, 2009 AND 2008

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

FINDING NUMBER 2009-001

**Noncompliance Citation/Material Weakness**

Ohio Revised Code § 5705.41(D)(1) states no orders or contracts involving the expenditure of money are to be made unless there is attached thereto a certificate of the fiscal officer of the subdivision. The fiscal officer must certify 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 requirement stated above a fiscal officer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are: "then and now" certificates, blanket certificates, and super blanket certificates, each of which are provided for in sections 5705.41(D)(1) and 5705.41(D)(3), respectively, of the Ohio Revised Code.

1. **"Then and Now" certificate** – If the fiscal officer can certify both at the time that the contract or order was made ("then"), and at the time that the fiscal officer is completing the certification ("now"), that sufficient funds were available or in the process of collection, to the credit of an appropriate fund, 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 of less than \$3,000 may be paid by the fiscal officer without a resolution or ordinance upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the Council.

2. **Blanket Certificate** – Fiscal officers may prepare "blanket" certificates for a certain sum of money not in excess of an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority against any specific line item account over a period not running beyond the end of the current fiscal year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.
3. **Super Blanket Certificate** – The 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, food items, and any other specific recurring and reasonably predictable operating expense. This certification is not to extend beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any line item appropriation.

As of December 31, 2008 the Village had outstanding purchase commitments of \$22,525 in the Special Revenue Fund and \$19,254 in the Enterprise Fund, which were not encumbered or certified at year end. The financial statements and budgetary presentation footnote were adjusted to reflect these amounts as encumbrances at year end. Failure to properly certify the availability of funds can result in overspending funds and negative cash fund balances.

Certification is not only required by Ohio law but it is a key control in the disbursements process to help assure purchase commitments receive prior approval, and to help reduce the possibility of Village funds being over expended or exceeding budgetary spending limitations as set by the Council. To improve controls over disbursements, we recommend all Village disbursements receive prior certification of the Fiscal Officer. We also recommend the Council periodically review the expenditures made to ensure they are within the appropriations adopted by the Council, certified by the Fiscal Officer, and recorded against appropriations.

#### **FINDING NUMBER 2009-002**

##### **Material Weakness**

##### **Monitoring Financial Statements**

Accurate financial reporting is the responsibility of the Fiscal Officer and is essential to ensure the information provided to the readers of the financial statements accurately reflects the Village's activity.

The 2009 and 2008 financial statements contained material errors, such as the following:

- Farm lease revenues in the amount of \$14,839 were recorded as Miscellaneous Revenue in The Debt Service Fund in 2009.
- OWDA loan proceeds amount of \$113,742 were recorded as Operating Cash Receipts in the Enterprise fund in 2009.
- Sale of fixed assets in the amount of \$4,104, Intergovernmental Revenue in the amount of \$4,900 and claims reimbursement in the amount of \$4,031 were recorded as Miscellaneous Revenue in the General Fund in 2008.
- A Capital Projects Fund that received \$124,860 in municipal income taxes was misclassified as a Debt Service Fund in 2008.

Adjusting entries ranging from \$129 to \$124,860 were posted to the financial statements to correct these and other errors. The financial statements presented have been adjusted to reflect these corrections.

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

##### **Official's Response:**

The Village of Columbus Grove Finance Officer discussed the findings with the State Auditor's office. The errors have been corrected.

**VILLAGE OF COLUMBUS GROVE  
PUTNAM COUNTY**

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

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain</i></b>
2007-001	ORC § 5705.41(D), prior certification of disbursements	No	Repeated as Finding 2009-001 in this report.
2007-002	Monitoring Financial Statements	No	Repeated as Finding 2009-002 in this report.





**Mary Taylor, CPA**  
Auditor of State

**VILLAGE OF COLUMBUS GROVE**

**PUTNAM COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
MAY 6, 2010**