

VILLAGE OF COLUMBUS GROVE

PUTNAM COUNTY

Regular Audit

For the Years Ended December 31, 2023 and 2022





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Village Council
Village of Columbus Grove
531 West Sycamore Street
Columbus Grove, Ohio 45830

We have reviewed the *Independent Auditor's Report* of the Village of Columbus Grove, Putnam County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2022 through December 31, 2023. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Village of Columbus Grove is responsible for compliance with these laws and regulations.

Keith Faber
Auditor of State
Columbus, Ohio

July 31, 2024

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Village of Columbus Grove
Putnam County
For the Years Ended December 31, 2023 and 2022

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INDEPENDENT AUDITOR'S REPORT

Village of Columbus Grove
Putnam County
531 West Sycamore Street
Columbus Grove, Ohio 45830

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 Columbus Grove, Putnam County, Ohio (the Village), which comprise the cash balances, receipts and disbursements for each governmental and proprietary fund type and the fiduciary fund type as of and for the years ended December 31, 2023 and 2022, 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 as of and for the years ended December 31, 2023 and 2022, 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, 2023 and 2022, or the changes in financial position or its cash flows, 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 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

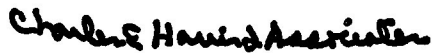
- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, 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 July 3, 2024 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.



Charles E. Harris & Associates, Inc.
July 3, 2024

Village of Columbus Grove, Ohio
Putnam County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances - Regulatory Cash Basis
All Governmental Fund Types
For the Year Ended December 31, 2023

	Governmental Fund Types			Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	
Cash Receipts				
Property and Other Local Taxes	\$ 106,547	\$57,023	\$ -	\$ 163,570
Municipal Income Tax	792,033	198,009	-	990,042
Intergovernmental	94,396	253,618	-	348,014
Charges for Services	60,885	109,551	-	170,436
Fines, Licenses and Permits	2,899	5,901	-	8,800
Earnings on Investments	32,458	-	-	32,458
Miscellaneous	83,784	21,732	22,950	128,466
<i>Total Cash Receipts</i>	<u>1,173,002</u>	<u>645,834</u>	<u>22,950</u>	<u>1,841,786</u>
Cash Disbursements				
Current:				
Security of Persons & Property	287,044	74,815	-	361,859
Public Health Services	4,968	-	-	4,968
Leisure Time Activities	162,575	-	-	162,575
Basic Utility Services	3,140	75,227	-	78,367
Transportation	4,799	162,347	-	167,146
General Government	236,329	963	-	237,292
Intergovernmental	-	33,189	-	33,189
Capital Outlay	-	784,689	387,007	1,171,696
Debt Service:				
Principal Retirement	-	42,705	85,484	128,189
Interest & Fiscal Charges	-	2,602	2,331	4,933
<i>Total Cash Disbursements</i>	<u>698,855</u>	<u>1,176,537</u>	<u>474,822</u>	<u>2,350,214</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	474,147	(530,703)	(451,872)	(508,428)
Other Financing Receipts (Disbursements)				
Sale of Capital Assets	260	-	37,600	37,860
Transfers In	-	186,000	320,000	506,000
Transfers Out	(506,000)	-	-	(506,000)
Other Financing Uses	(13,597)	-	-	(13,597)
Other Debt Proceeds	-	-	212,202	212,202
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(519,337)</u>	<u>186,000</u>	<u>569,802</u>	<u>236,465</u>
<i>Net Change in Fund Cash Balances</i>	(45,190)	(344,703)	117,930	(271,963)
<i>Fund Cash Balances, January 1</i>	<u>1,009,528</u>	<u>901,605</u>	<u>450,786</u>	<u>2,361,919</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 964,338</u>	<u>\$ 556,902</u>	<u>\$ 568,716</u>	<u>\$ 2,089,956</u>

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

**Village of Columbus Grove, Ohio
Putnam County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances - Regulatory Cash Basis
Proprietary Fund Type
For the Year Ended December 31, 2023**

	Proprietary Fund Type
	Enterprise
Operating Cash Receipts	
Charges for Services	\$ 1,215,905
<i>Total Operating Cash Receipts</i>	<i>1,215,905</i>
Operating Cash Disbursements	
Personal Services	181,167
Fringe Benefits	53,847
Contractual Services	73,516
Supplies and Materials	303,354
<i>Total Operating Cash Disbursements</i>	<i>611,884</i>
<i>Operating Income (Loss)</i>	<i>604,021</i>
Non-Operating Receipts (Disbursements)	
Other Debt Proceeds	307,314
Capital Outlay	(307,314)
Principal Retirement	(683,003)
Interest and Other Fiscal Charges	(1,732)
<i>Total Non-Operating Receipts (Disbursements)</i>	<i>(684,735)</i>
<i>Net Change in Fund Cash Balance</i>	<i>(80,714)</i>
<i>Fund Cash Balances, January 1</i>	<i>861,419</i>
<i>Fund Cash Balances, December 31</i>	<i>\$ 780,705</i>

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

Village of Columbus Grove, Ohio
Putnam County
Statement of Additions, Deductions
and Changes in Fund Balances - Regulatory Cash Basis
Fiduciary Fund Type
For the Year Ended December 31, 2023

	Fiduciary Fund Type Custodial
Additions	
Fines, Licenses and Permits	\$ 7,237
<i>Total Additions</i>	7,237
Deductions	
Other Distributions	6,963
<i>Total Deductions</i>	6,963
<i>Net Change in Fund Cash Balance</i>	274
<i>Fund Cash Balances, January 1</i>	(127)
<i>Fund Cash Balances, December 31</i>	\$ 147

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

Village of Columbus Grove, Ohio
Putnam County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 1 – Reporting Entity

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

Public Entity Risk Pool

The Village participates in a public entity risk pool. Note 6 to the financial statements provides additional information for this entity. The Village's management believes these financial statements present all activities for which the Village is financially accountable.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

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

Fund Accounting

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

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

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

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

Fire Levy Fund The fund accounts for and reports tax levy transactions restricted for operation of the Fire and EMS Department.

Permissive Tax The fund accounts for vehicle registration transactions restricted for transportation related disbursements.

Village of Columbus Grove, Ohio
Putnam County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 2 – Summary of Significant Accounting Policies (continued)

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

Capital Improvement Fund This fund receives miscellaneous receipts for any capital additions, improvements, and repairs needed for the Village.

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.

Special Sewer Fund The utility improvement fund accounts for loan proceeds from the Ohio Water Development Authority restricted to the utility plant expansion. Revenue generated by sewer rates will pay back the loan.

Fiduciary Funds Fiduciary funds include custodial funds. Custodial funds are used to report fiduciary activity that is not required to be reported in a trust fund. The Village's custodial funds account for Mayor's Court activity.

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (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 certain custodial funds) be budgeted annually.

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

Village of Columbus Grove, Ohio
Putnam County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 2 – Summary of Significant Accounting Policies (continued)

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

Encumbrances The Ohio Revised Code requires the Village to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year.

A summary of 2023 budgetary activity appears in Note 3.

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 U.S. Treasury Notes at cost. Money market mutual funds are recorded at share values the mutual funds report. Investment in STAR Ohio is measured at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

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.

SBITAs

The Village has entered into noncancelable Subscription-Based Information Technology Arrangements (SBITA) contracts (as defined by GASB 96) for several types of software including contracts related to financial systems and various other software. Subscription 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.

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.

Village of Columbus Grove, Ohio
Putnam County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 2 – Summary of Significant Accounting Policies (continued)

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

Note 3 – Budgetary Activity

Budgetary activity for the year ending December 31, 2023 follows:

2023 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 1,106,271	\$ 1,173,262	\$ 66,991
Special Revenue	1,272,965	831,834	(441,131)
Capital Projects	506,479	397,752	(108,727)
Enterprise	1,462,251	1,523,219	60,968

2023 Budgeted vs. Actual Budgetary Basis Disbursements			
Fund Type	Appropriation Authority	Budgetary Disbursements	Variance
General	\$ 2,115,799	\$ 1,218,452	\$ 897,347
Special Revenue	1,692,207	1,176,537	515,670
Capital Projects	562,202	474,822	87,380
Enterprise	1,760,669	1,603,933	156,736

Village of Columbus Grove, Ohio
Putnam County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 4 – Deposits and Investments

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 and investments. A summary of the Village's deposit and investment accounts are as follows:

	<u>2023</u>
Demand deposits	\$ 1,465,566
Money Market	<u>142,449</u>
Total deposits	1,608,015
STAR Ohio	39,530
CDARS	<u>1,223,263</u>
Total investments	<u>1,262,793</u>
Total deposits and investments	<u>\$ 2,870,808</u>

The Village does not use a separate payroll clearing account. The expenditures included in the accompanying financial statement reflect net payroll plus all remitted payroll withholdings. At December 31, 2022, the Village did not have any unremitted employee payroll withholdings.

Deposits

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.

Investments

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

Note 5 – Taxes

Property Taxes

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

Public utilities are also taxed on personal and real property located within the Village. The County is responsible for assessing property and for billing, collecting, and distributing all property taxes on behalf of the Village.

Village of Columbus Grove, Ohio
Putnam County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 5 – Taxes (continued)

Income Taxes

The Village levies a municipal income tax of 1.25% on substantially all earned income arising from employment, residency, or business activities within 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

Workers' Compensation

Workers' Compensation coverage is provided by the State of Ohio. The Village pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

Risk Pool Membership

The Village is a member of the Public Entities Pool of Ohio (The Pool). The Pool assumes the risk of loss up to the limits of the Village's policy. The Pool covers the following risks:

- General liability and casualty
- Public official's liability
- Cyber
- Law enforcement liability
- Automobile liability
- Vehicles
- Property
- Equipment breakdown

The Pool reported the following summary of assets and actuarially-measured liabilities available to pay those liabilities as of December 31:

	<u>2023</u>
Cash and investments	\$43,996,442
Actuarial Liabilities	19,743,401

Note 7 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

Village 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, 2023.

Village of Columbus Grove, Ohio
Putnam County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 7 – Defined Benefit Pension Plans (continued)

Ohio Police and Fire Retirement System

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

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25% 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, 2023.

Social Security

Other Village employees contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2% of their gross salaries. The Village contributed an amount equal to 6.2% of participants' gross salaries. The Village has paid all contributions required through December 31, 2023.

Note 8 – Postemployment Benefits

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans. OPERS offers a health reimbursement arrangement (HRA) allowance to benefit recipients meeting certain age and service credit requirements. The HRA is an account funded by OPERS that provides tax-free reimbursement for qualified medical expenses such as monthly post-tax insurance premiums, deductibles, co-insurance, and co-pays incurred by eligible benefit recipients and their dependents. OP&F uses a stipend-based health care model. A stipend funded by OP&F is placed in individual Health Reimbursement Accounts that retirees use to be reimbursed for health care expenses. For calendar year 2023, the portion of OPERS employer contributions allocated to health care was 0% for members in the traditional pension plan and 2% for members in the combined plan. For 2023, the portion of employer contributions OPERS allocated to health care for members in the member-directed plan was 4%; however, a portion of the health care rate was funded with reserves. OP&F contributes 0.5% to fund these benefits.

Village of Columbus Grove, Ohio
Putnam County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 9 – Debt

Debt outstanding at December 31, 2023 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
OWDA 6827	\$3,167,924	0%
OWDA 5856	1,379,743	0%
OWDA 5276	9,734	0%
OWDA 6306	2,097,609	0%
OWDA 5973	138,139	0%
OWDA 5213	57,836	0%
OWDA 10461	244,267	1.75%
OPWC CM03O	437,386	0%
OPWC CM30P	399,579	0%
OPWC CM10Z	205,129	0%
OPWC CM12AA	63,047	0%
Sweeper 200376748	77,332	2.5%
EMS Building 200369909	32,419	2.75%
Fort Jennings 200	45,882	2.48%
Huntington - Vac Truck	126,929	5.36%
	<u>\$8,482,955</u>	

Outstanding General Obligation loans consisted of the following:

A \$100,000 loan at the Ft Jennings bank was issued in 2016 at an interest rate of 2.75% with the final maturity date in 2026 to fund the purchase of the EMS building.

A loan for \$212,316.00 was taken out on 7-8-20 from the Ft Jennings State Bank at 2.50% to fund the purchase of a new Street Sweeper.

A loan for \$134,000.00 was taken out on 6-28-21 from the Ft Jennings State Bank at 2.48% to fund the purchase of painting the interior of the water tower.

A Municipal Lease Purchase for \$194,800 was taken out on 2-24-23 from Huntington National Bank at 5.36% to fund the purchase of a new Vac Truck.

The Ohio Public Works Commission (OPWC) loans include a loan for WWTP, a loan for Phase II sewer separation, Water Valve Replacement Sycamore & 65, E Sycamore St Improvements and WWTP Improvements.

The Ohio Water Development Authority (OWDA) loans include a loan for WWTP improvements a loan for Phase II a loan for water tower, a loan for waterline replacement, a loan for Phase I, a loan for Phase III, and a new loan for Clarifier. The loans will be repaid in semiannual installments over 20 years. The loans are collateralized by water, sewer, and special sewer receipts.

Village of Columbus Grove, Ohio
Putnam County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 9 – Debt (continued)

Amortization

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

Year Ending December 31:	OWDA	OPWC	Obligation Notes/ Leases
2024	\$ 673,856	\$ 92,981	\$ 163,442
2025	673,856	59,810	133,839
2026	673,856	59,810	-
2027	673,856	59,810	-
2028	673,856	59,810	-
2029-2033	2,953,714	299,048	-
2034-2038	527,987	299,018	-
2039-2042	-	182,651	-
2043-2044	-	55,250	-
Total	<u>\$ 6,850,984</u>	<u>\$ 1,168,188</u>	<u>\$ 297,281</u>

Note 10 – Contingent Liabilities

The Village may be a defendant in lawsuits. Although management cannot presently determine the outcome of any suit, management believes that the resolution of any matter will not materially adversely affect the Village’s financial condition.

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 Village had no encumbrances.

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

**Village of Columbus Grove, Ohio
Putnam 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**

	Governmental Fund Types			Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	
Cash Receipts				
Property and Other Local Taxes	\$112,902	\$95,857	\$ -	\$ 208,759
Municipal Income Tax	655,631	163,908	-	819,539
Intergovernmental	117,925	251,890	-	369,815
Charges for Services	55,601	12,395	-	67,996
Fines, Licenses and Permits	2,368	7,385	-	9,753
Earnings on Investments	15,409	-	-	15,409
Miscellaneous	66,774	17,906	-	84,680
<i>Total Cash Receipts</i>	<u>1,026,610</u>	<u>549,341</u>	<u>-</u>	<u>1,575,951</u>
Cash Disbursements				
Current:				
Security of Persons & Property	244,048	75,139	-	319,187
Public Health Services	3,370	-	-	3,370
Leisure Time Activities	141,055	-	-	141,055
Basic Utility Services	3,110	60,241	-	63,351
Transportation	4,082	168,266	-	172,348
General Government	231,978	1,767	-	233,745
Intergovernmental	-	1,560	-	1,560
Capital Outlay	-	158,520	88,607	247,127
Debt Service:				
Principal Retirement	-	41,630	10,564	52,194
Interest & Fiscal Charges	-	3,678	1,436	5,114
<i>Total Cash Disbursements</i>	<u>627,643</u>	<u>510,801</u>	<u>100,607</u>	<u>1,239,051</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	398,967	38,540	(100,607)	336,900
Other Financing Receipts (Disbursements)				
Sale of Capital Assets	-	-	24,065	24,065
Transfers In	-	115,000	-	115,000
Transfers Out	(115,000)	-	-	(115,000)
Other Financing Uses	(41,439)	-	-	(41,439)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(156,439)</u>	<u>115,000</u>	<u>24,065</u>	<u>(17,374)</u>
<i>Net Change in Fund Cash Balances</i>	242,528	153,540	(76,542)	319,526
<i>Fund Cash Balances, January 1</i>	<u>767,000</u>	<u>748,065</u>	<u>527,328</u>	<u>2,042,393</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 1,009,528</u>	<u>\$ 901,605</u>	<u>\$ 450,786</u>	<u>\$ 2,361,919</u>

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

**Village of Columbus Grove, Ohio
Putnam County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances - Regulatory Cash Basis
Proprietary Fund Type
For the Year Ended December 31, 2022**

	Proprietary Fund Type
	Enterprise
Operating Cash Receipts	
Charges for Services	\$ 1,224,157
<i>Total Operating Cash Receipts</i>	1,224,157
Operating Cash Disbursements	
Personal Services	165,579
Fringe Benefits	51,593
Contractual Services	65,270
Supplies and Materials	193,366
<i>Total Operating Cash Disbursements</i>	475,808
<i>Operating Income (Loss)</i>	748,349
Non-Operating Receipts (Disbursements)	
Capital Outlay	(284)
Principal Retirement	(761,063)
Interest and Other Fiscal Charges	(2,564)
<i>Total Non-Operating Receipts (Disbursements)</i>	(763,911)
<i>Net Change in Fund Cash Balance</i>	(15,562)
<i>Fund Cash Balances, January 1</i>	876,981
<i>Fund Cash Balances, December 31</i>	\$ 861,419

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

Village of Columbus Grove, Ohio
Putnam County
Statement of Additions, Deductions
and Changes in Fund Balances - Regulatory Cash Basis
Fiduciary Fund Type
For the Year Ended December 31, 2022

	Custodial
Additions	
Fines, Licenses and Permits	\$ 8,221
<i>Total Additions</i>	8,221
Deductions	
Other Distributions	9,846
<i>Total Deductions</i>	9,846
<i>Net Change in Fund Cash Balance</i>	(1,625)
<i>Fund Cash Balances, January 1</i>	1,498
<i>Fund Cash Balances, December 31</i>	\$ (127)

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

Village of Columbus Grove, Ohio
Putnam County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 1 – Reporting Entity

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

Public Entity Risk Pool

The Village participates in a public entity risk pool. Note 6 to the financial statements provides additional information for this entity. The Village's management believes these financial statements present all activities for which the Village is financially accountable.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

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

Fund Accounting

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

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

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

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

Pools Parks and Recreation Fund This fund receives income tax money and miscellaneous receipts, for maintaining of the swimming pools and any repairs needed at recreational facilities.

Village of Columbus Grove, Ohio
Putnam County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 2 – Summary of Significant Accounting Policies (continued)

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

Capital Improvement Fund This fund receives miscellaneous receipts for any capital additions, improvements, and repairs needed for the Village.

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.

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.

Special Sewer Fund The utility improvement fund accounts for loan proceeds from the Ohio Water Development Authority restricted to the utility plant expansion. Revenue generated by sewer rates will pay back the loan.

Fiduciary Funds Fiduciary funds include custodial funds. Custodial funds are used to report fiduciary activity that is not required to be reported in a trust fund. The Village’s custodial funds account for Mayor’s Court activity.

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (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.

Village of Columbus Grove, Ohio
Putnam County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 2 – Summary of Significant Accounting Policies (continued)

Budgetary Process

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

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

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

Encumbrances The Ohio Revised Code requires the Village to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year.

A summary of 2022 budgetary activity appears in Note 3.

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 U.S. Treasury Notes at cost. Money market mutual funds are recorded at share values the mutual funds report. Investment in STAR Ohio is measured at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

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.

Village of Columbus Grove, Ohio
Putnam County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 2 – Summary of Significant Accounting Policies (continued)

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 or ordinance). The Village must adhere to these commitments unless the Council amends the resolution or ordinance. 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.

Note 3 – Budgetary Activity

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

2022 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 900,026	\$ 1,026,610	\$ 126,584
Special Revenue	951,699	664,341	(287,358)
Capital Projects	66,461	24,065	(42,396)
Enterprise	1,139,289	1,224,157	84,868

2022 Budgeted vs. Actual Budgetary Basis Disbursements			
Fund Type	Appropriation Authority	Budgetary Disbursements	Variance
General	\$ 865,865	\$ 784,082	\$ 81,783
Special Revenue	945,994	510,801	435,193
Capital Projects	110,000	100,607	9,393
Enterprise	1,443,355	1,239,719	203,636

Village of Columbus Grove, Ohio
Putnam County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 4 – Deposits and Investments

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 and investments. A summary of the Village's deposit and investment accounts are as follows:

	<u>2022</u>
Demand deposits	\$ 1,843,631
Money Market	<u>142,307</u>
Total deposits	1,985,938
STAR Ohio	37,521
CDARS	<u>1,199,752</u>
Total investments	<u>1,237,273</u>
Total deposits and investments	<u>\$ 3,223,211</u>

The Village does not use a separate payroll clearing account. The expenditures included in the accompanying financial statement reflect net payroll plus all remitted payroll withholdings. At December 31, 2022, the Village did not have any unremitted employee payroll withholdings.

Deposits

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.

Investments

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

Note 5 – Taxes

Property Taxes

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

Public utilities are also taxed on personal and real property located within the Village. The County is responsible for assessing property and for billing, collecting, and distributing all property taxes on behalf of the Village.

Village of Columbus Grove, Ohio
Putnam County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 4 – Deposits and Investments (continued)

Income Taxes

The Village levies a municipal income tax of 1.25% on substantially all earned income arising from employment, residency, or business activities within 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

Workers' Compensation

Workers' Compensation coverage is provided by the State of Ohio. The Village pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

Risk Pool Membership

The Village is a member of the Public Entities Pool of Ohio (The Pool). The Pool assumes the risk of loss up to the limits of the Village's policy. The Pool covers the following risks:

- General liability and casualty
- Public official's liability
- Cyber
- Law enforcement liability
- Automobile liability
- Vehicles
- Property
- Equipment breakdown

The Pool reported the following summary of assets and actuarially-measured liabilities available to pay those liabilities as of December 31:

	<u>2022</u>
Cash and investments	\$ 32,288,098
Actuarial liabilities	9,146,434

Note 7 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

Village 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.

Village of Columbus Grove, Ohio
Putnam County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 7 – Defined Benefit Pension Plans (continued)

Ohio Police and Fire Retirement System

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

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25% 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

Other Village employees contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2% of their gross salaries. The Village contributed an amount equal to 6.2% 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% during calendar year 2022. OP&F contributes 0.5% to fund these benefits.

Effective January 1, 2022, OPERS discontinued the group plans currently offered to non-Medicare retirees and re-employed retirees. Instead, eligible non-Medicare retirees will select an individual medical plan. OPERS will provide a subsidy or allowance via an HRA allowance to those retirees who meet health care eligibility requirements. Retirees will be able to seek reimbursement for plan premiums and other qualified medical expenses.

Village of Columbus Grove, Ohio
Putnam 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:

	Principal	Interest Rate
OWDA 6827	\$3,362,853	0%
OWDA 5856	1,552,211	0%
OWDA 5276	11,503	0%
OWDA 6306	2,307,370	0%
OWDA 5973	153,488	0%
OWDA 5213	68,351	0%
OPWC CM03O	460,406	0%
OPWC CM30P	419,069	0%
Sweeper 200376748	120,037	2.5%
EMS Building 200369909	42,960	2.75%
Fort Jennings 200	81,583	2.48%
	<u>\$8,579,831</u>	

Outstanding General Obligation loans consisted of the following:

A \$100,000 loan at the Ft Jennings bank was issued in 2016 at an interest rate of 2.75% with the final maturity date in 2026 to fund the purchase of the EMS building.

A loan for \$212,316.00 was taken out on 7-8-20 from the Ft Jennings State Bank at 2.50% to fund the purchase of a new Street Sweeper.

A loan for \$134,000.00 was taken out on 6-28-21 from the Ft Jennings State Bank at 2.48% to fund the purchase of painting the interior of the water tower.

The Ohio Public Works Commission (OPWC) loans include a loan for WWTP a loan for Phase II sewer separation and a water valve replacement.

The Ohio Water Development Authority (OWDA) loans include a loan for WWTP improvements a loan for Phase II a loan for water tower, a loan for waterline replacement a loan for Phase I and a loan for Phase III. The loans will be repaid in semiannual installments over 20 years. The loans are collateralized by water, sewer, and special sewer receipts.

Village of Columbus Grove, Ohio
Putnam County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 9 – Debt (continued)

Amortization

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

Year Ending December 31:	OWDA	OPWC	Obligation Notes Leases
2023	\$ 604,792	\$ 31,001	\$ 163,442
2024	673,856	42,510	163,442
2025	673,856	42,510	133,839
2026	673,856	42,510	-
2027	673,856	42,510	-
2028-2032	3,153,816	212,552	-
2033-2037	1,001,742	212,552	-
2038-2042	-	212,552	-
2043-2044	-	40,776	-
Total	<u>\$ 7,455,776</u>	<u>\$ 879,475</u>	<u>\$ 460,722</u>

Note 10 – Contingent Liabilities

The Village may be a defendant in lawsuits. Although management cannot presently determine the outcome of any suit, management believes that the resolution of any matter will not materially adversely affect the Village’s financial condition.

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 Village had no encumbrances.

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

Note 12 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio’s state of emergency ended in June 2021 while the national state of emergency ended April 2023. During 2022, the Village received COVID-19 funding. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Village. The impact on the Village’s future operating costs, revenues, and additional recovery from funding, either federal or state, cannot be estimated.

Note 13 – Subsequent Event

The Village entered in a Municipal Lease Purchase for \$194,800 on 2-24-23 from Huntington National Bank at 5.36% to fund the purchase of a new Vac Truck.

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

Village of Columbus Grove
Putnam County
531 West Sycamore Street
Columbus Grove, Ohio 45830

To the Village Council:

We have audited, in accordance with 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, the financial statements of the cash balances, receipts, and disbursements for each governmental and proprietary fund type and the fiduciary fund type as of and for the years ended December 31, 2023 and 2022 and the related notes to the financial statements of the Village of Columbus Grove, Putnam County, (the Village) and have issued our report thereon dated July 3, 2024, 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 purposes 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. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify a certain deficiency in internal control, described in the accompanying Schedule of Findings that we consider a material weakness. We consider finding 2023-001 to be a material weakness.

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 an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards*, which is described in the accompanying Schedule of Findings as item 2023-002.

We also noted a certain other matter not requiring inclusion in this report that we reported to the Village's management in a separate letter dated July 3, 2024.

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 Corrective Action Plan. 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.



Charles E. Harris & Associates, Inc.
July 3, 2024

Village of Columbus Grove
Putnam County
Schedule of Findings
December 31, 2023 and 2022

Findings Related to the Financial Statements Required to be Reported in Accordance with GAGAS

Finding Number 2023-001 - Material Weakness

Audit Adjustments and Reclassifications

During 2023 and 2022, errors were noted in the Village’s financial statements that required audit adjustments and reclassifications, the most significant of which are as follows:

- In 2023, the Village recorded Intergovernmental receipts of \$32,664 as Charges for services in Special Revenue Fund.
- In 2023, debt proceeds of \$212,202 were not recorded as Other Debt Proceeds and Capital Outlay in Capital Project Fund.
- In 2023, debt proceeds of \$307,202 were not recorded as Other Debt Proceeds and Capital Outlay in Enterprise Fund.
- In 2023, the Village recorded Capital Outlay of \$407,461 as Security of Persons & Property and Transportation in Special Revenue Fund.
- In 2023 and 2022, the Village recorded \$37,600 and \$24,065 as Sale of Bonds rather than Sale of Assets.
- During 2023 and 2022, changes were necessary to correct various items in the footnotes.
- In 2023 and 2022, the Village recorded \$7,237 and \$8,221 as Other Amounts Collected for Distribution rather than Fines, Licenses and Permits in the Custodial Fund.

Adjustments were made in the audited financial statements to reflect the proper presentation.

Sound financial reporting is the responsibility of the Village and is essential to ensure the information provided to the readers of the financial statements is complete and accurate. We recommend the Village adopt policies and procedures to identify and correct errors and omissions in a timely manner. Management can use the Village Officer’s Handbook, the Uniform Accounting Network Manual and other Auditor of State (AOS) guidance to aid in properly identifying account classifications and preparing annual financial statements. Also, the Village should use the footnote template on the AOS website at ohioauditor.gov.

Management’s Response:

See Corrective Action Plan.

Finding Number 2023-002 – Noncompliance

Certification of Expenditures

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

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

Village of Columbus Grove
Putnam County
Schedule of Findings - (continued)
December 31, 2023 and 2022

Findings Related to the Financial Statements Required to be Reported in Accordance with GAGAS – (continued)

Finding Number 2023-002 – Noncompliance (continued)

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

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

2. Blanket Certificates - 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 members of the legislative authority against any specific line item amount 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 Certificates – The Village may also make expenditures and contracts for any amount for a specific line-item appropriation account in a specified fund upon certification of the fiscal officer for most profession 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.

The Village did not make the proper certification of funds in 84% and 88% tested transactions in 2023 and 2022 respectively. The transactions had no evidence of the above mentioned exceptions. Failure to properly certify the availability of funds can result in overspending funds and negative cash fund balances.

To improve controls over disbursements and to help reduce the possibility of the Village’s fund exceeding budgetary spending limitations, we recommend the Fiscal Officer certify the availability of funds prior to the commitment for the expenditure of Village money. The Village should consider the use of blanket purchase orders and “then and now” certificates to assist in complying with the above requirement.

Management’s Response:

See Corrective Action Plan.

Village of Columbus Grove
Putnam County
Schedule of Prior Audit Findings (Prepared by Management)
December 31, 2023 and 2022

Finding Number	Finding Summary	Status	Additional Information
2021-001	Recording of Transactions	Not Corrected	

Village of Columbus Grove
Putnam County
 Corrective Action Plan (Prepared by Management)
 December 31, 2023 and 2022

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2023-001	Management will review all transactions and refer to Auditor of State reference material when necessary.	Immediately	Shana Kerns, Fiscal Officer
2023-002	Management will continue to work with department heads on properly certifying disbursements in timely manner.	Immediately	Shana Kerns, Fiscal Officer

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OHIO AUDITOR OF STATE KEITH FABER



VILLAGE OF COLUMBUS GROVE

PUTNAM 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 8/13/2024

65 East State 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