



**Auditor of State  
Betty Montgomery**



VILLAGE OF COLUMBUS GROVE  
PUTNAM COUNTY

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**Auditor of State  
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT**

Village of Columbus Grove  
Putnam County  
113 East Sycamore Street  
Columbus Grove, OH 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, 2002 and 2001. 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 audits.

We conducted our audits 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. Those standards require that we plan and perform the audits to obtain reasonable assurance about 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 that our audits provide a reasonable basis for our opinion.

As discussed in Note 1, the Village prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

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 as of December 31, 2002 and 2001, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 17, 2003 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 grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audits.

This report is intended solely for the information and use of the audit committee, management, Village Council, and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

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

**Betty Montgomery**  
Auditor of State

July 17, 2003

**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, 2002**

	<u>Governmental Fund Types</u>				<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>					
Property Tax and Other Local Taxes	\$65,959	\$68,545			\$134,504
Income Taxes	241,878				241,878
Special Assessments			\$10,114		10,114
Intergovernmental Receipts	103,923	82,110			186,033
Charges for Services	46,635	8,030			54,665
Fines, Licenses, and Permits	1,715	23,782			25,497
Earnings on Investments	12,002	845			12,847
Miscellaneous	19,282	1,950	1,972	\$3,041	26,245
<b>Total Cash Receipts</b>	<b>491,394</b>	<b>185,262</b>	<b>12,086</b>	<b>3,041</b>	<b>691,783</b>
<b>Cash Disbursements:</b>					
Current:					
Security of Persons and Property	134,441	46,892			181,333
Public Health Services	389				389
Leisure Time Activities	51,714	8,914			60,628
Community Environment	1,661				1,661
Basic Utility Services	942	2,293			3,235
Transportation	6,955	64,000			70,955
General Government	109,594	6,800			116,394
Debt Service:					
Principal Payments	15,252		22,222	12,000	49,474
Interest Payments	1,057		12,288	8,651	21,996
Capital Outlay	63,058			41,787	104,845
<b>Total Cash Disbursements</b>	<b>385,063</b>	<b>128,899</b>	<b>34,510</b>	<b>62,438</b>	<b>610,910</b>
<b>Total Receipts Over/(Under) Disbursements</b>	<b>106,331</b>	<b>56,363</b>	<b>(22,424)</b>	<b>(59,397)</b>	<b>80,873</b>
<b>Other Financing Receipts and (Disbursements):</b>					
Transfers-In			15,994	90,000	105,994
Transfers-Out	(105,994)				(105,994)
Advances-Out	(5,000)				(5,000)
Other Uses	(4,285)				(4,285)
<b>Total Other Financing Receipts/(Disbursements)</b>	<b>(115,279)</b>		<b>15,994</b>	<b>90,000</b>	<b>(9,285)</b>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(8,948)	56,363	(6,430)	30,603	71,588
Fund Cash Balances, January 1	98,299	100,801	11,434	68,318	278,852
<b>Fund Cash Balances, December 31</b>	<b>\$89,351</b>	<b>\$157,164</b>	<b>\$5,004</b>	<b>\$98,921</b>	<b>\$350,440</b>
Reserves for Encumbrances, December 31					

*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, 2002**

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
<b>Operating Cash Receipts:</b>			
Charges for Services	\$291,055		\$291,055
Miscellaneous	4,118		4,118
	<u>295,173</u>		<u>295,173</u>
<b>Operating Cash Disbursements:</b>			
Personal Services	131,482		131,482
Travel Transportation	234		234
Contractual Services	60,807		60,807
Supplies and Materials	47,326		47,326
Capital Outlay	7,625		7,625
	<u>247,474</u>		<u>247,474</u>
Operating Income	<u>47,699</u>		<u>47,699</u>
<b>Non-Operating Cash Receipts:</b>			
Other Non-Operating Receipts		\$32,296	32,296
<b>Non-Operating Cash Disbursements:</b>			
Debt Service	20,074		20,074
Other Non-Operating Cash Disbursements		29,477	29,477
	<u>20,074</u>	<u>29,477</u>	<u>49,551</u>
Excess of Receipts Over Disbursements Before Interfund Advances	27,625	2,819	30,444
Advances-In	<u>5,000</u>		<u>5,000</u>
Net Receipts Over Disbursements	32,625	2,819	35,444
Fund Cash Balances, January 1	<u>26,422</u>	<u>1,520</u>	<u>27,942</u>
<b>Fund Cash Balances, December 31</b>	<b><u>\$59,047</u></b>	<b><u>\$4,339</u></b>	<b><u>\$63,386</u></b>
Reserve for Encumbrances, December 31	<u>\$6,601</u>		<u>\$6,601</u>

*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, 2001**

	Governmental Fund Types				Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
<b>Cash Receipts:</b>					
Property Tax and Other Local Taxes	\$62,049	\$46,247			\$108,296
Income Taxes	239,431				239,431
Special Assessments			\$13,109	\$4,699	17,808
Intergovernmental Receipts	112,994	81,397			194,391
Charges for Services	49,262	7,952			57,214
Fines, Licenses, and Permits	1,396	23,364			24,760
Earnings on Investments	15,673	477			16,150
Miscellaneous	9,078	213	1,972	2,842	14,105
<b>Total Cash Receipts</b>	<b>489,883</b>	<b>159,650</b>	<b>15,081</b>	<b>7,541</b>	<b>672,155</b>
<b>Cash Disbursements:</b>					
Current:					
Security of Persons and Property	141,540	14,208			155,748
Public Health Services	353				353
Leisure Time Activities	66,655	4,246			70,901
Community Environment	1,656				1,656
Basic Utility Services	5,851	5,436			11,287
Transportation	4,048	68,626			72,674
General Government	119,930	5,441			125,371
Debt Service:					
Principal Payments	14,455	10,030	119,967	34,600	179,052
Interest Payments	1,854	223	11,159	10,923	24,159
Capital Outlay	31,043			4,369	35,412
<b>Total Cash Disbursements</b>	<b>387,385</b>	<b>108,210</b>	<b>131,126</b>	<b>49,892</b>	<b>676,613</b>
<b>Total Receipts Over/(Under) Disbursements</b>	<b>102,498</b>	<b>51,440</b>	<b>(116,045)</b>	<b>(42,351)</b>	<b>(4,458)</b>
<b>Other Financing Receipts and (Disbursements):</b>					
Sale of Bonds or Notes			105,000		105,000
Sale of Fixed Assets				17,649	17,649
Transfers-In		14,848	24,649	88,400	127,897
Advances-In	38,533				38,533
Transfers-Out	(121,351)			(6,546)	(127,897)
Advances-Out	(40,000)	(8,533)			(48,533)
Other Uses	(4,045)		(2,170)		(6,215)
<b>Total Other Financing Receipts/(Disbursements)</b>	<b>(126,863)</b>	<b>6,315</b>	<b>127,479</b>	<b>99,503</b>	<b>106,434</b>
<b>Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements</b>	<b>(24,365)</b>	<b>57,755</b>	<b>11,434</b>	<b>57,152</b>	<b>101,976</b>
<b>Fund Cash Balances, January 1</b>	<b>122,664</b>	<b>43,046</b>		<b>11,166</b>	<b>176,876</b>
<b>Fund Cash Balances, December 31</b>	<b>\$98,299</b>	<b>\$100,801</b>	<b>\$11,434</b>	<b>\$68,318</b>	<b>\$278,852</b>
Reserves for Encumbrances, December 31					

*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, 2001**

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
<b>Operating Cash Receipts:</b>			
Charges for Services	\$284,066		\$284,066
Miscellaneous	1,998		1,998
	<u>286,064</u>		<u>286,064</u>
<b>Operating Cash Disbursements:</b>			
Personal Services	127,621		127,621
Travel Transportation	105		105
Contractual Services	57,963		57,963
Supplies and Materials	47,414		47,414
Capital Outlay	93,140		93,140
	<u>326,243</u>		<u>326,243</u>
Operating Loss	<u>(40,179)</u>		<u>(40,179)</u>
<b>Non-Operating Cash Receipts:</b>			
Other Non-Operating Receipts		\$28,507	28,507
<b>Non-Operating Cash Disbursements:</b>			
Debt Service	20,074		20,074
Other Non-Operating Cash Disbursements		26,987	26,987
	<u>20,074</u>	<u>26,987</u>	<u>47,061</u>
Excess of Receipts Over/(Under) Disbursements			
Before Advances	(60,253)	1,520	(58,733)
Advances-In	40,000		40,000
Advances-Out	<u>(30,000)</u>		<u>(30,000)</u>
Net Receipts Over/(Under) Disbursements	(50,253)	1,520	(48,733)
Fund Cash Balances, January 1	<u>76,675</u>		<u>76,675</u>
<b>Fund Cash Balances, December 31</b>	<b><u>\$26,422</u></b>	<b><u>\$1,520</u></b>	<b><u>\$27,942</u></b>
Reserve for Encumbrances, December 31	<u>\$4,269</u>		<u>\$4,269</u>

*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, 2002 AND 2001**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The Village of Columbus Grove, Putnam County, (the Village) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village is directed by a publicly-elected six-member Council. The Village provides water and sewer utilities, park operations, and police and fire protection.

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

**B. Basis of Accounting**

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized 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 prescribed or permitted by the Auditor of State.

**C. Cash and Investments**

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

Certificates of deposits are valued at cost. The investment in STAR Ohio (the State Treasurer's investment pool) is valued at amounts reported by the State Treasurer.

**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 is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

**2. Special Revenue Funds**

These funds are used to account for proceeds from specific sources (other than from 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, 2002 AND 2001  
(Continued)**

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

*Street Lighting Assessment Fund* – This fund receives special assessments collected by the Putnam County Auditor to maintain the Village street lights.

*Fire Levy Fund* -This fund receives the property tax money levied to purchase equipment for the fire department of the Village.

**3. Debt Service Funds**

These funds are used to accumulate resources for the payment of bonds and note indebtedness. The Village had the following significant debt service funds:

*General Obligation Debt Service* – This fund was used to accumulate resources for the payment of debt issues for the Industrial Park land acquisition.

*Special Assessment Debt Service* – This fund was used to accumulate sidewalk assessments for the payment of debt issues on the Sidewalk and Curb Improvements.

**4. Capital Project Fund**

This fund is used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through enterprise or trust funds). The Village had the following significant capital project fund:

*Capital Improvements Fund* - This fund receives a portion of the income tax money, which is transferred from the General Fund, and is used it to make various improvements within the Village.

**5. Enterprise Funds**

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

*Water Fund* - This fund receives charges for services from residents to cover the cost of providing this utility.

*Sewer Fund* - This fund receives charges for services from residents to cover the cost of providing this utility.

**6. Fiduciary Fund (Agency Fund)**

Funds for which the Village is acting in an agency capacity are classified as agency funds. The Village had the following significant fiduciary fund:

*Mayors Court Fund* – This fund accounts for the activity of the Mayor’s Court.

**VILLAGE OF COLUMBUS GROVE  
PUTNAM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001  
(Continued)**

**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 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 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. The budgetary presentations have been adjusted to include material items that should have been encumbered.

A summary of 2002 and 2001 budgetary activity appears in Note 3.

**F. Property, Plant and Equipment**

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

**G. Accumulated Leave**

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

**2. EQUITY IN POOLED CASH AND INVESTMENTS**

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

**VILLAGE OF COLUMBUS GROVE  
PUTNAM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001  
(Continued)**

	2002	2001
Demand deposits	\$17,330	(\$7,446)
Certificates of deposit	391,332	259,546
Total deposits	408,662	252,100
STAR Ohio	5,164	54,694
Total investments	5,164	54,694
Total deposits and investments	\$413,826	\$306,794

**Deposits:** Deposits are either (1) insured by the Federal Depository Insurance Corporation, (2) collateralized by securities specifically pledged by the financial institution to the Village, or (3) collateralized by the financial institution's public entity deposit pool. In addition to the deposits listed above at December 31, 2002 and 2001 the Village had \$6,520 and \$7,637, respectively, in payroll withholdings on deposit that were distributed to the appropriate agencies the following month.

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

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2002 and 2001 follows:

2002 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$523,692	\$491,394	(\$32,298)
Special Revenue	172,109	185,262	13,153
Debt Service	50,000	28,080	(21,920)
Capital Projects	87,000	93,041	6,041
Enterprise	293,000	295,173	2,173
Total	\$1,125,801	\$1,092,950	(\$32,851)

2002 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$550,000	\$495,342	\$54,658
Special Revenue	266,722	128,899	137,823
Debt Service	38,750	34,510	4,240
Capital Projects	150,000	62,438	87,562
Enterprise	276,014	274,149	1,865
Total	\$1,281,486	\$995,338	\$286,148

**VILLAGE OF COLUMBUS GROVE  
PUTNAM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001  
(Continued)**

2001 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$523,692	\$489,883	(\$33,809)
Special Revenue	160,908	174,498	13,590
Debt Service	140,400	144,730	4,330
Capital Projects	109,600	113,590	3,990
Enterprise	331,000	286,064	(44,936)
Total	<u>\$1,265,600</u>	<u>\$1,208,765</u>	<u>(\$56,835)</u>

2001 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$600,000	\$512,781	\$87,219
Special Revenue	192,668	108,210	84,458
Debt Service	140,400	133,296	7,104
Capital Projects	120,600	56,438	64,162
Enterprise	384,000	350,586	33,414
Total	<u>\$1,437,668</u>	<u>\$1,161,311</u>	<u>\$276,357</u>

The Village had \$6,601 and \$4,269 in outstanding purchase commitments as of December 31, 2002 and 2001, respectively that were not certified until 2003 and 2002.

**4. PROPERTY TAX**

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by Village Council. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to make semiannual payments, 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.

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.

**VILLAGE OF COLUMBUS GROVE  
PUTNAM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001  
(Continued)**

**5. LOCAL INCOME TAX**

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

Employers within the Village withhold income tax on employee compensation and remit the tax to the Village either monthly or quarterly, as required. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually. Income tax receipts are credited to the General Fund with a portion transferred to the Capital Improvements Fund

**6. DEBT**

Debt outstanding at December 31, 2002 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
General Obligation Bonds	\$95,000	5.00%
Ohio Public Works Commission Loan- Water	249,019	0%
Ohio Public Works Commission Loan- Sewer	46,400	0%
General Obligation Notes	236,728	5.5-5.75%
Lease Purchase Agreements	<u>7,938</u>	5.50%
Total	<u><u>\$635,085</u></u>	

The Ohio Public Works Commission (OPWC) loans relate to constructions of a water tower and improvements to the sewer lines in the Village. The loans will be repaid in semiannual installments of \$20,074, including interest, over 20 years. The loans are collateralized by water and sewer receipts.

Outstanding general obligation notes at December 31, 2000 had been issued for various terms, with the water and sewer line note being due in 2017. These notes were of the bond anticipation type. Proceeds of the notes were used for sidewalk improvements, industrial development, and water/sewer line installation.

The Village refunded the General Obligation Note for the Sidewalk Improvements Series 2000. The Note was originally issued in the amount of the \$135,000 at a 5.5 percent interest rate. The principal balance due in September of 2001 of \$105,000 was refunded at a 5 percent interest rate as General Obligation Bonds in anticipation of the collection of special assessments.

Lease/purchase agreements were entered for the purchase of a street sweeper. The payments on the street sweeper are to be made from the general fund; the obligation will be paid in full in 2003.

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



**VILLAGE OF COLUMBUS GROVE  
PUTNAM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001  
(Continued)**

Year ending December 31:	OPWC Loan	General Obligation Bonds	General Obligation Notes	Lease Purchase Agreements
2003	\$10,037	\$13,749	\$37,026	\$8,154
2004	20,074	13,749	36,282	
2005	20,074	13,749	35,117	
2006	20,074	13,749	34,897	
2007	20,074	13,749	33,575	
2008-2012	100,370	54,996	109,792	
2013-2017	100,370		51,178	
2018-2019	4,346			
Total	<u>\$295,419</u>	<u>\$123,741</u>	<u>\$337,867</u>	<u>\$8,154</u>

**7. RETIREMENT SYSTEMS**

The Village's law enforcement officers belong to the Ohio Police and Fire Pension Funds (OP&F). Other full-time employees belong to the Ohio Public Employees Retirement System (OPERS). OP&F and OPERS are cost-sharing, multiple-employer plans. These plans provide retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2002 and 2001, OP&F participants contributed 10 percent of their wages. The Village contributed an amount equal to 19.5 percent of police participant wages. Members of OPERS contributed 8.5 percent of their wages. The Village contributed an amount equal to 13.55 percent of participants' gross salaries for 2002 and 2001. The Village has paid all contributions required through December 31, 2002.

**8. RISK MANAGEMENT**

**Risk Pool Membership**

The Village belongs to the Ohio Government Risk Management Plan (the Plan), an unincorporated non-profit association with approximately 600 governmental entity members providing a formalized, jointly administered self-insurance risk management program and other administrative services.

Pursuant to § 2744.081 of the Ohio Revised Code, the Plan is deemed a separate legal entity. The Plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverage, modified for each member's needs. The Plan pays judgments, settlements and other expenses resulting from covered claims that exceed the member's deductible.

The Plan uses conventional insurance coverages and reinsures these coverages. Effective September 1, 2002, the Plan retains 5 percent of the premium and losses on the first \$500,000 casualty treaty (up to \$25,000 of a loss) and 5 percent of the first \$1,000,000 property treaty (up to \$50,000 of a loss). The Plan also participates in a loss corridor in its first \$500,000 casualty reinsurance. The corridor includes losses paid between 55 percent and 65 percent of premiums earned under this treaty. (Reinsurance coverage would resume after a paid loss ratio of 65 percent is exceeded.) The individual members are only responsible for their self-retention (deductible) amounts, which vary from member to member.

**VILLAGE OF COLUMBUS GROVE  
PUTNAM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001  
(Continued)**

**9. SUBSEQUENT EVENTS**

On May 6, 2003 the voters of the Village approved a 0.25 percent increase in the Village Income Tax to fund improvements to the Village swimming pool.



**Auditor of State  
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE AND ON INTERNAL  
CONTROL REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Village of Columbus Grove  
Putnam County  
113 East Sycamore Street  
Columbus Grove, OH 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, 2002 and 2001, and have issued our report thereon dated July 17, 2003. We conducted our audits 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.

**Compliance**

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audits and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards*, which is described in the accompanying schedule of findings as item number 2002-001. We also noted a certain immaterial instance of noncompliance that we have reported to management of the Village in a separate letter dated July 17, 2003.

**Internal Control over Financial Reporting**

In planning and performing our audits, we considered the Village's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Village in a separate letter dated July 17, 2003.

One Government Center / Room 1420 / Toledo, OH 43604-2246  
Telephone: (419) 245-2811 (800) 443-9276 Fax: (419) 245-2484  
[www.auditor.state.oh.us](http://www.auditor.state.oh.us)

This report is intended solely for the information and use of the audit committee, management, and Village Council, and is not intended to be and should not be used by anyone other than these specified parties.

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

**Betty Montgomery**  
Auditor of State

July 17, 2003

**VILLAGE OF COLUMBUS GROVE  
PUTNAM COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2002 AND 2001**

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

**FINDING NUMBER 2002-001**

**Noncompliance Citation**

Ohio Revised Code § 5705.41(D) states that no subdivision shall make any contract or order any expenditure of money unless the certificate of the fiscal officer is attached. The fiscal officer must certify that the amount required to meet such a commitment 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 encumbrance. Further, contracts and orders for expenditures lacking prior certification should be considered null and void.

This section also provides two exceptions to the above requirements:

- A. Then and Now Certificate - if no certificate is furnished as required, upon receipt of the fiscal officer's certificate that a sufficient sum was, both at the time of the purchase order or contract and at the time of the certificate, appropriated and free of any previous encumbrance, Council may authorize the issuance of a check in payment of the amount due upon such contract or order by resolution within 30 days from the receipt of such certificate, if such expenditure is otherwise valid.
  
- B. If the amount involved is less than \$1000 (\$3000 effective April 2003), the fiscal officer may authorize it to be paid without the affirmation of Council, if such expenditure is otherwise valid.

The Village had \$6,601 and \$4,269 in outstanding purchase commitments as of December 31, 2002 and 2001, respectively that were not certified until 2003 and 2002. The accompanying financial statements were adjusted to reflect these as outstanding encumbrances in the Enterprise Funds as of December 31, 2002 and 2001.

Certification is not only required by Ohio law but is also a key control in the disbursement process to help assure that purchase commitments receive prior approval and to help reduce the possibility of Village funds being over expended. To improve controls over disbursements we recommend all Village disbursements receive prior certification of the Clerk and the Village Council periodically review the expenditures made to ensure they are certified by the Clerk and recorded against appropriations.

**VILLAGE OF COLUMBUS GROVE  
PUTNAM COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2002 AND 2001**

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>
2000-30269-001	<b>ORC § 5705.41(B)</b> expenditures in excess of appropriations.	Yes	



**Auditor of State  
Betty Montgomery**

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**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  
AUGUST 19, 2003**