

**COLUMBUS GROVE  
LOCAL SCHOOL DISTRICT  
PUTNAM COUNTY, OHIO  
BASIC FINANCIAL STATEMENTS  
*FOR THE FISCAL YEAR ENDED  
JUNE 30, 2006***

**MARK ELLERBROCK, TREASURER**





Mary Taylor, CPA  
Auditor of State

Board of Education  
Columbus Grove Local School District  
201 West Cross Street  
Columbus Grove, Ohio 45830

We have reviewed the *Independent Auditor's Report* of the Columbus Grove Local School District, Putnam County, prepared by Julian & Grube, Inc., for the audit period July 1, 2005 through June 30, 2006. 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 Columbus Grove Local School District is responsible for compliance with these laws and regulations.

*Mary Taylor*

Mary Taylor, CPA  
Auditor of State

December 10, 2007

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**COLUMBUS GROVE LOCAL SCHOOL DISTRICT  
PUTNAM COUNTY, OHIO**

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**Julian & Grube, Inc.**  
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Independent Auditor's Report

Board of Education  
Columbus Grove Local School District  
201 West Cross Street  
Columbus Grove, OH 45830

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Columbus Grove Local School District, Putnam County, as of and for the fiscal year ended June 30, 2006, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Columbus Grove Local School District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America. Those standards require that we plan and perform the audit 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 the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

Ohio Administrative Code §117-2-03(B) requires the Columbus Grove Local School District to prepare its annual financial report in accordance with accounting principles generally accepted in the United States of America. However, as discussed in Note 2, the accompanying financial statements and notes follow the modified cash accounting basis. This is a comprehensive accounting basis other than generally accepted accounting principles. The accompanying financial statements and notes omit assets, liabilities, net assets/fund balances, and disclosures that, while material, we cannot determine at this time.

In addition, the Columbus Grove Local School District has presented a prior period adjustment to reclass its food service enterprise fund to a special revenue fund type in accordance with GASB 34 guidelines.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Columbus Grove Local School District as of June 30, 2006, and the respective changes in modified cash financial position and the respective budgetary comparison for the General fund, thereof for the fiscal year ended in conformity with the basis of accounting described in Note 2.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 26, 2007, on our consideration of the Columbus Grove Local School District'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 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis is not a required part of the basic financial statements, but is supplementary information required by the accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

A handwritten signature in cursive script that reads "Julian & Grube, Inc." The signature is written in dark ink and is positioned above the printed name of the firm.

Julian & Grube, Inc.  
October 26, 2007

**COLUMBUS GROVE LOCAL SCHOOL DISTRICT  
PUTNAM COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006  
UNAUDITED**

This management's discussion and analysis of the Columbus Grove Local School District's ("the District") financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2006, within the limitations of the District's Other Comprehensive Basis of Accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the District's financial performance.

**Financial Highlights**

Key highlights for 2006 are as follows:

Net assets of governmental activities increased \$585,377, or 18.23 percent, from the prior year.

The District's general governmental receipts were \$6,385,716, the majority these receipts were primarily property taxes and unrestricted state entitlements. Program specific revenues in the form of charges for services and sales, operating grants and contributions and capital grants and contributions accounted for \$1,219,364.

The District had \$7,019,703 in expense related to governmental activities: only \$1,219,364 of these expenses were offset by program specific charges for services and sales, grants and contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of \$6,385,716 were adequate to provide for these programs.

The District's major governmental funds were the general and bond retirement funds. The general fund had \$6,714,374 in revenues and \$6,105,423 in expenditures. The bond retirement fund had \$119,620 in revenues and \$170,577 in expenditures. During fiscal year 2006, the general funds fund balance, increased \$608,951 from \$2,604,771 to \$3,213,722. The bond retirement fund balance decreased \$50,957 from \$375,670 to \$324,713.

**Using this Annual Report**

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to the District's Other Comprehensive Basis of Accounting

**Report Components**

The statement of net assets and the statement of activities provide information about the cash activities of the District as a whole.

Fund financial statements provide a greater level of detail. For governmental and business type funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the District's most significant funds, with all other non-major funds presented in total in a single column. For Columbus Grove Local School District, the General Fund and Bond Retirement Fund are the most significant funds.

The notes to the financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.



**COLUMBUS GROVE LOCAL SCHOOL DISTRICT  
PUTNAM COUNTY**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006  
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(Continued)

**Basis of Accounting**

Basis of accounting is a reference to when financial events are recorded, such as the timing for recognizing revenues, expenses, and the related assets and liabilities. The District has elected to present its financial statements on the modified cash basis of accounting. Under this method of accounting, receipts and disbursements and the related assets and liabilities are recorded when they result in cash transactions. This basis of accounting is a basis of accounting other than generally accepted accounting principles.

As a result of using the modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the modified cash basis of accounting.

**Reporting the District as a Whole**

The statement of net assets and the statement of activities reflect how the District did financially during fiscal year 2006, within the limitations of the modified cash basis of accounting. The statement of net assets presents the cash balances and investments of the governmental activities of the District at fiscal year end. The statement of activities compares cash disbursements with program receipts for each function or program of the District's governmental activities. A function is a group of related activities designed to accomplish a major service or regulatory program for which the District is responsible. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function draws from the District's general receipts.

These statements report the District's cash position and the changes in cash position. Factors which contribute to these changes may include, but not limited to, the District's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, and required educational programs.

In the statement of net assets and the statement of activities, the Governmental Activities include the District's programs and services including instruction, support services, non-instructional services, extracurricular activities, and capital outlay disbursements.

**Reporting the District's Most Significant Funds**

Fund financial statements provide detailed information about the District's major funds – not the District as a whole. The District establishes separate funds to better manage its many activities and to help demonstrate that money that is restricted as to how it may be used is being spent for the intended purpose.

The funds of the District are split into two categories: governmental and business type. The District has no business-type activities. While the District uses many funds to account for its financial transactions, the fund financial statements focus on the District's most significant funds. The District's major governmental funds are the General Fund and the Bond Retirement Fund.

**COLUMBUS GROVE LOCAL SCHOOL DISTRICT  
PUTNAM COUNTY**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006  
UNAUDITED  
(Continued)

Governmental Funds - Most of the District activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the District's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the District's programs. The District's significant governmental funds are presented on the financial statements in separate columns. The information for non-major funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The District's major governmental funds are the General Fund and the Bond Retirement Fund. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements.

Fiduciary Funds - Fiduciary funds are used to account for resources held for the benefit of parties outside the District. Fiduciary funds are not reflected on the government-wide financial statements because the resources of these funds are not available to support the District's programs.

**The District as a Whole**

Table 1 provides a summary of the District's net assets for fiscal year 2006 compared to fiscal year 2005 on the modified cash basis of accounting.

	Governmental Activities 2006	(Restated) Governmental Activities 2005
	<u>                    </u>	<u>                    </u>
<b>Assets:</b>		
Cash and Cash Equivalents	<u>\$3,796,799</u>	<u>\$3,211,422</u>
 <b>Net Assets:</b>		
Restricted	\$710,607	\$593,852
Unrestricted	<u>3,086,192</u>	<u>2,617,570</u>
Total Net Assets	<u>\$3,796,799</u>	<u>\$3,211,422</u>

Over time, net assets can serve as a useful indicator of a government's financial position. At year-end, net assets were \$3,796,799 for governmental activities.

A portion of the District's net assets, \$710,607, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net assets of \$3,086,192 may be used to meet the District's ongoing obligations to the students and creditors.

**COLUMBUS GROVE LOCAL SCHOOL DISTRICT  
PUTNAM COUNTY**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006  
UNAUDITED  
(Continued)

Table 2 reflects the changes in net assets from the prior year:

	Governmental Activities 2006	(Restated) Governmental Activities 2005
Receipts:		
Program Receipts:		
Charges for Services and Sales	\$622,579	\$510,270
Operating Grants and Contributions	588,789	639,303
Capital Grants and Contributions	7,996	52,500
Total Program Receipts	<u>1,219,364</u>	<u>1,202,073</u>
General Receipts:		
Property Taxes Levied for General Purposes	1,412,256	1,364,837
Property Taxes Levied for Debt Service	105,770	122,375
Property Taxes Levied for Capital Projects	43,696	43,124
School District Income Taxes	623,325	576,453
Grants and Entitlements Not Restricted to Specific Programs	3,978,373	3,682,534
Interest	152,842	65,718
Miscellaneous	69,454	66,624
Total General Receipts	<u>6,385,716</u>	<u>5,921,665</u>
Total Receipts	<u>7,605,080</u>	<u>7,123,738</u>
Disbursements:		
Instruction:		
Regular	3,460,881	3,310,631
Special	552,442	670,692
Vocational	100,445	107,109
Support Services:		
Pupil	343,008	226,902
Instructional Staff	122,733	122,929
Board of Education	42,024	35,594
Administration	454,212	413,237
Fiscal	201,809	183,922
Operation and Maintenance of Plant	512,410	495,834
Pupil Transportation	249,002	275,416
Central	12,005	13,358
Operation of non-instructional services	140,029	122,096
Food Services	260,084	244,573
Extracurricular Activities	365,154	283,609
Capital Outlay	35,402	72,906

**COLUMBUS GROVE LOCAL SCHOOL DISTRICT  
PUTNAM COUNTY**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006  
UNAUDITED  
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	Governmental Activities 2006	(Restated) Governmental Activities 2005
Debt Service	168,063	176,188
Total Disbursements	7,019,703	6,754,996
Increase (Decrease) in Net Assets	585,377	368,742
Net Assets, July 1	3,211,422	2,842,680
Net Assets, June 30	\$3,796,799	\$3,211,422

Net assets of the District's governmental activities increased \$585,377. Total governmental expenses of \$7,019,703 were offset by program revenues of \$1,219,364 and general revenues of \$6,385,716. Program revenues supported 17.37 percent of the total governmental expenses.

The primary sources of revenue for the governmental activities are derived from property taxes, income taxes and grant and entitlements. These revenue sources represent 81.04 percent of total governmental revenue. Real estate property is reappraised every six years.

**Governmental Activities**

The Statement of Activities shows the cost of program services and the charges for services, grants and contributions offsetting those services. The following table shows the total cost of these services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State grants and entitlements.

Table 3

	Governmental Activities		Governmental Activities (Restated)	
	Total Cost of Services 2006	Net Cost of Services 2006	Total Cost of Services 2005	Net Cost of Services 2005
Current:				
Instruction:				
Regular	\$3,460,881	\$3,162,815	\$3,310,631	\$3,062,164
Special	552,442	212,528	670,692	322,042
Vocational	100,445	80,211	107,109	85,531
Other				
Support Services:				
Pupil	343,008	338,008	226,902	221,902
Instructional Staff	122,733	113,733	122,929	113,129
Board of Education	42,024	42,024	35,594	35,594

**COLUMBUS GROVE LOCAL SCHOOL DISTRICT  
PUTNAM COUNTY**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006  
UNAUDITED  
(Continued)

	Governmental Activities		Governmental Activities (Restated)	
	Total Cost of Services 2006	Net Cost of Services 2006	Total Cost of Services 2005	Net Cost of Services 2005
Administration	454,212	454,212	413,237	409,689
Fiscal	201,809	201,809	183,922	181,614
Operation and Maintenance of Plant	512,410	512,410	495,834	495,834
Pupil Transportation	249,002	241,007	275,416	213,575
Central	12,005	12,005	13,358	348
Operation of non-instructional services	140,029	27,630	122,096	6,487
Operation of Food Services	260,084	1,110	224,573	(18,557)
Extracurricular Activities	365,154	197,373	283,609	174,477
Capital Outlay	35,402	35,402	72,906	72,906
Debt Service	168,063	168,063	176,188	176,188
Total Disbursements	<u>\$7,019,703</u>	<u>\$5,800,339</u>	<u>\$6,734,996</u>	<u>\$5,552,923</u>

The dependence upon tax receipts and unrestricted state entitlements is apparent 84.00 percent of instructional activities are supported through these general receipts. For all governmental activities, general revenue support is 82.63 percent. The District's taxpayers, as a whole, are by far the primary support for District students.

**The Government's Funds**

The District's funds are accounted for using the modified cash basis of accounting. Total combined fund balance of \$3,796,799, which is higher than last year's total of \$3,211,422. The schedule below indicates that fund balance and the total change in fund balance as of June 30, 2005 and 2006.

Table 4

	Fund Balance	(Restated) Fund Balance	Increase
	June 30, 2006	June 30, 2005	(Decrease)
General	\$3,213,722	\$2,604,771	\$608,951
Bond Retirement	324,713	375,670	(50,957)
Other Governmental	258,364	230,981	27,383
Total Fund Balance	<u>\$3,796,799</u>	<u>\$3,211,422</u>	<u>\$585,377</u>

**COLUMBUS GROVE LOCAL SCHOOL DISTRICT  
PUTNAM COUNTY**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006  
UNAUDITED  
(Continued)

**General Fund**

The District's general fund's balance increased by \$608,951.

The table that follows assists in illustrating the financial activities of the general fund.

Table 5

	2006 Amount	2005 Amount
<b>Revenues</b>		
Taxes	\$2,035,581	\$1,941,290
Tuition	254,931	197,852
Earnings on Investments	145,194	63,089
Intergovernmental	4,250,219	4,009,329
Other Revenues	28,449	43,968
<b>Total Revenue</b>	<b>\$6,714,374</b>	<b>\$6,255,528</b>
<b>Expenditures</b>		
Instruction	\$4,001,317	\$3,937,438
Support Services	1,900,124	1,698,125
Extracurricular activities	169,575	160,287
Facilities acquisition and construction	34,407	27,943
<b>Total Expenditures</b>	<b>\$6,105,423</b>	<b>\$5,823,793</b>

**General Fund Budgeting Highlights**

The District's budget is prepared according to Ohio law and is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

During fiscal year 2006, the District amended its General Fund budget as needed to reflect changing circumstances. Final budgeted receipts, in the amount of \$6,765,782, which is higher than the original budgeted revenue estimate of \$6,700,000. Actual revenues and other financing sources for fiscal year 2006 was \$6,745,374. This represents a \$20,408 decrease from final budgeted revenues.

General Fund original budgeted appropriations (appropriated expenditures plus other financing uses) of \$6,500,000 were raised to \$6,639,469 in the final budget. The actual budget basis expenditures and other financing uses for fiscal year 2006 totaled \$6,354,435 which was \$285,034 less than the final budget appropriations.

**Capital Assets and Debt Administration**

**Capital Assets**

The District's capital assets are not reflected in the modified cash basis of accounting statements, however the District does track capital assets through the State provided software program.

**COLUMBUS GROVE LOCAL SCHOOL DISTRICT  
PUTNAM COUNTY**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006  
UNAUDITED  
(Continued)

Debt

At June 30, 2006, the District's outstanding debt included general obligation bonds, in the amount of \$600,000 of this total \$120,000 is due within one year and \$480,000 is due in more than one year. The following table summarizes the bonds outstanding.

	Table 6		
	Balance	Balance	
<b>General Obligation Bonds</b>	June 30, 2005	June 30, 2006	(Decrease)
1987 Issue	\$725,000	\$600,000	(\$125,000)

**Current Issues**

The challenge for all districts is to provide quality educational services to the public while staying within the restrictions imposed by limited funding, and in some cases shrinking funding. The District relies heavily on unrestricted state entitlements and local taxes. The District's five year forecast predicts no deficits in the near future.

**Contacting the District's Financial Management**

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Government's finances and to reflect the District's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Mark Ellerbrock, Treasurer, Columbus Grove Local School District, 201 West Cross Street, Columbus Grove, Ohio 45830.

**COLUMBUS GROVE LOCAL SCHOOL DISTRICT  
PUTNAM COUNTY, OHIO**

Statement of Net Assets - Modified Cash Basis  
June 30, 2006

	<u>Governmental Activities</u>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	<u><u>\$3,796,799</u></u>
<b>Net Assets</b>	
Restricted for:	
Capital Projects	\$50,956
Debt Service	324,713
Set Asides/Bus Purchases	127,530
Other Purposes	207,408
Unrestricted	<u>3,086,192</u>
<i>Total Net Assets</i>	<u><u>\$3,796,799</u></u>

*See accompanying notes to the basic financial statements*



**COLUMBUS GROVE LOCAL SCHOOL DISTRICT  
PUTNAM COUNTY, OHIO**

Statement of Activities - Modified Cash Basis  
For the Fiscal Year Ended June 30, 2006

	Cash Disbursements	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Assets
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
<b>Governmental Activities</b>					
Current:					
Instruction:					
Regular	\$3,460,881	\$254,931	\$43,135		(\$3,162,815)
Special	552,442		339,914		(212,528)
Vocational	100,445		20,234		(80,211)
Support Services:					
Pupil	343,008		5,000		(338,008)
Instructional Staff	122,733		9,000		(113,733)
Board of Education	42,024				(42,024)
Administration	454,212				(454,212)
Fiscal	201,809				(201,809)
Operation and Maintenance of Plant	512,410				(512,410)
Pupil Transportation	249,002			\$7,996	(241,006)
Central	12,005				(12,005)
Operation of Non-Instructional Services	140,029		112,399		(27,630)
Extracurricular Activities	365,154	167,781			(197,373)
Capital Outlay	35,402				(35,402)
Food Service	260,084	199,867	59,107		(1,110)
Debt Service	168,063				(168,063)
<i>Total Governmental Activities</i>	<u>7,019,703</u>	<u>622,579</u>	<u>588,789</u>	<u>7,996</u>	<u>(5,800,339)</u>
<b>General Receipts</b>					
Property Taxes Levied for:					
General Purposes					1,412,256
Debt Service					105,770
Capital Outlay					43,696
Income Taxes					623,325
Grants and Entitlements not Restricted to Specific Programs					3,978,373
Interest					152,842
Miscellaneous					69,454
<i>Total General Receipts</i>					<u>6,385,716</u>
Change in Net Assets					585,377
<i>Net Assets Beginning of Year (Restated)</i>					<u>3,211,422</u>
<i>Net Assets End of Year</i>					<u><u>\$3,796,799</u></u>

See accompanying notes to the basic financial statements

**COLUMBUS GROVE LOCAL SCHOOL DISTRICT  
PUTNAM COUNTY, OHIO**

Statement of Assets and Fund Balances - Modified Cash Basis  
Governmental Funds  
For the Fiscal Year Ended June 30, 2006

	<u>General</u>	<u>Bond Retirement</u>	<u>Other Governmental Funds</u>	<u>Total Government Funds</u>
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$ 3,086,192	\$ 324,713	\$ 258,364	\$ 3,669,269
<b>Restricted Assets</b>				
Equity in Pooled Cash and Cash Equivalents	127,530	-	-	127,530
Total Assets	<u>\$ 3,213,722</u>	<u>\$ 324,713</u>	<u>\$ 258,364</u>	<u>\$ 3,796,799</u>
<b>Fund Balances</b>				
Reserved for:				
Encumbrances	\$218,012	\$ -	\$19,109	\$237,121
Bus Purchases	23,320	-	-	23,320
Textbooks	47,811	-	-	47,811
Capital Improvements	56,399	-	-	56,399
Unreserved:				
Undesignated, Reported in				
General Fund	2,868,180	-	-	2,868,180
Special Revenue Funds	-	-	200,402	200,402
Debt Service Fund	-	324,713	-	324,713
Capital Projects Funds	-	-	38,853	38,853
<i>Total Fund Balances</i>	<u>\$ 3,213,722</u>	<u>\$ 324,713</u>	<u>\$ 258,364</u>	<u>\$ 3,796,799</u>

*See accompanying notes to the basic financial statements*

**COLUMBUS GROVE LOCAL SCHOOL DISTRICT  
PUTNAM COUNTY, OHIO**

Statement of Cash Receipts, Disbursements and Changes in  
Fund Balances - Modified Cash Basis - Governmental Funds  
For the Fiscal Year Ended June 30, 2006

	General	Bond Retirement	Other Governmental Funds	Total Governmental Funds
<b>Receipts</b>				
Property Taxes	\$1,412,256	\$105,770	\$43,696	\$1,561,722
Income Taxes	623,325			623,325
Intergovernmental	4,250,219	13,850	311,089	4,575,158
Interest	145,194		7,648	152,842
Tuition and Fees	254,931			254,931
Extracurricular Activities			167,781	167,781
Food Service			199,867	199,867
Contributions and Donations	11,675			11,675
Rentals	4,213			4,213
Miscellaneous	12,561		41,005	53,566
<i>Total Receipts</i>	<u>6,714,374</u>	<u>119,620</u>	<u>771,086</u>	<u>7,605,080</u>
<b>Disbursements</b>				
Current:				
Instruction:				
Regular	3,411,233		49,648	3,460,881
Special	489,639		62,803	552,442
Vocational	100,445			100,445
Support Services:				
Pupil	328,171		14,837	343,008
Instructional Staff	120,339		2,394	122,733
Board of Education	42,024			42,024
Administration	451,522		2,690	454,212
Fiscal	198,241	2,514	1,054	201,809
Operation and Maintenance of Plant	508,337		4,073	512,410
Pupil Transportation	249,002			249,002
Central	2,488		9,517	12,005
Food Service			260,084	260,084
Operation of Non-Instructional Services			140,029	140,029
Extracurricular Activities	169,575		195,579	365,154
Capital Outlay	34,407		995	35,402
Debt Service:				
Principal Retirement		125,000		125,000
Interest and Fiscal Charges		43,063		43,063
<i>Total Disbursements</i>	<u>6,105,423</u>	<u>170,577</u>	<u>743,703</u>	<u>7,019,703</u>
<i>Net Change in Fund Balances</i>	<u>608,951</u>	<u>(50,957)</u>	<u>27,383</u>	<u>585,377</u>
<i>Fund Balances Beginning of Year (Restated)</i>	<u>2,604,771</u>	<u>375,670</u>	<u>230,981</u>	<u>3,211,422</u>
<i>Fund Balances End of Year</i>	<u>\$3,213,722</u>	<u>\$324,713</u>	<u>\$258,364</u>	<u>\$3,796,799</u>

*See accompanying notes to the basic financial statements*

**COLUMBUS GROVE LOCAL SCHOOL DISTRICT  
PUTNAM COUNTY, OHIO**

Statement of Receipts, Disbursements and Changes in Fund Balance  
Budget and Actual Comparison -Budget Basis  
General Fund  
For the Fiscal Year Ended June 30, 2006

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Receipts</b>				
Property Taxes	\$1,550,000	\$1,423,069	\$1,412,256	(\$10,813)
Income Taxes	600,000	628,097	623,325	(4,772)
Intergovernmental	4,181,500	4,282,760	4,250,219	(32,541)
Interest	69,500	146,306	145,194	(1,112)
Tuition and Fees	287,000	256,883	254,931	(1,952)
Contributions and Donations	1,000	7,235	7,180	(55)
Rentals	1,000	4,245	4,213	(32)
Miscellaneous	10,000	17,187	17,056	(131)
<i>Total receipts</i>	<u>6,700,000</u>	<u>\$6,765,782</u>	<u>6,714,374</u>	<u>(51,408)</u>
<b>Disbursements</b>				
Current:				
Instruction:				
Regular	3,613,801	3,649,106	3,475,411	173,695
Special	669,666	521,996	497,149	24,847
Vocational	117,502	106,176	101,122	5,054
Other	-	24,092	22,945	1,147
Support Services:				
Pupil	246,501	346,217	329,737	16,480
Instructional Staff	127,155	132,423	126,120	6,303
Board of Education	18,502	53,610	51,058	2,552
Administration	462,952	478,894	456,099	22,795
Fiscal	207,523	209,587	199,611	9,976
Operation and Maintenance of Plant	500,575	541,760	515,973	25,787
Pupil Transportation	247,208	335,360	319,397	15,963
Central	38	2,612	2,488	124
Extracurricular Activities	195,470	178,520	170,023	8,497
Capital Outlay	93,107	59,116	56,302	2,814
<i>Total Disbursements</i>	<u>6,500,000</u>	<u>6,639,469</u>	<u>6,323,435</u>	<u>316,034</u>
<i>Excess of Receipts Over Disbursements</i>	<u>200,000</u>	<u>126,313</u>	<u>390,939</u>	<u>264,626</u>
<b>Other Financing Sources (Uses)</b>				
Advances In	-	-	31,000	31,000
Advances Out	-	-	(31,000)	(31,000)
<i>Total Other Financing Sources (Uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net Change in Fund Balance</i>	200,000	126,313	390,939	264,626
<i>Fund Balance Beginning of Year</i>	2,499,889	2,499,889	2,499,889	-
Prior Year Encumbrances Appropriated	104,882	104,882	104,882	-
<i>Fund Balance End of Year</i>	<u><u>\$2,804,771</u></u>	<u><u>\$2,731,084</u></u>	<u><u>\$2,995,710</u></u>	<u><u>\$264,626</u></u>

See accompanying notes to the basic financial statements

**COLUMBUS GROVE LOCAL SCHOOL DISTRICT  
PUTNAM COUNTY, OHIO**

Statement of Fiduciary Net Assets - Modified Cash Basis  
Fiduciary Funds  
For the Fiscal Year Ended June 30, 2006

	<u>Agency</u>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	<u><u>\$43,472</u></u>
<b>Net Assets</b>	
Held for Student Activities	<u><u>\$43,472</u></u>

*See accompanying notes to the basic financial statements*

**COLUMBUS GROVE LOCAL SCHOOL DISTRICT  
PUTNAM COUNTY, OHIO**

**NOTES TO THE BASIC FINACIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

**NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY**

The Columbus Grove Local School District (The District) is a body politic and corporate established to exercise the rights and privileges the constitution and laws of the State of Ohio convey to it.

A locally-elected five-member Board governs the District, which provides educational services mandated by the State and federal agencies. This Board of Education controls the District's one instructional/support facility staffed by 34 classified employees, 63 certificated full-time personnel, and 4 administrators who provide services to 915 students and other community members.

***Reporting Entity***

A reporting entity is comprised of the primary government, component units and other organizations included ensuring that the basic financial statements are not misleading. The primary government of the District consists of all funds, departments, boards and agencies that are not legally separate from the District. For Columbus Grove Local School District, this includes general operations, food service, community services, and student-related activities.

Component units are legally separate organizations for which the District can "impose its will," such as by appointing a voting majority of the component unit's governing body. Component units may also include organizations fiscally dependent on the District in that the District approves their budget, the issuance of their debt or the levying of their taxes. The District has no component units.

Under the modified-cash basis of accounting, the Government does not report assets for equity interests in joint ventures. The District has no joint ventures.

The District participates in 4 jointly governed organizations and 3 public entity risk pools. The financial statements exclude these entities which perform activities within the District's boundaries for the benefit of its residents because the District is not financially accountable for these entities nor are these entities fiscally dependent on the District. Notes 7 and 13 to the financial statements provide additional information for these entities. These organizations are:

Jointly Governed Organizations:

Northwest Ohio Area Computer Services Cooperative  
Apollo Career Center  
West Central Regional Professional Development Center  
Northwest Ohio Special Education Regional Resource Center

Public Entity Risk Pool:

Putnam County Sky Trust Health Insurance Pool  
OSBA Workers Compensation Group Rating Program  
Schools of Ohio Risk Sharing Authority

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Although Ohio Administrative Code Section 117-2-03 (B) requires the District's financial report to follow generally accepted accounting principles, the District chooses to prepare its financial statements and notes in accordance with the modified cash-basis of accounting.

**COLUMBUS GROVE LOCAL SCHOOL DISTRICT  
PUTNAM COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)**

This basis of accounting is similar to the cash receipts and disbursements basis. The District recognizes receipts when received in cash rather than when earned and recognizes disbursements when paid rather than when a liability is incurred.

The District also reports long-term investments as assets, valued at cost.

Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved). Differences between disbursements reported in the fund and entity wide statements versus budgetary expenditures result from encumbrances outstanding at the beginning and end of the fiscal year.

**A. Fund Accounting**

The District uses funds to maintain its financial records during the fiscal year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain functions or activities. A fund is a fiscal and accounting entity with a self-balancing set of accounts. The District classifies each fund as either governmental or fiduciary.

**Governmental:** The District classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants) and other nonexchange transactions as governmental funds. The following are the District's major governmental funds:

**General Fund** The general fund accounts for all financial resources except for restricted resources requiring a separate accounting. The general fund balance is available for any purpose provided it is disbursed or transferred according to Ohio law.

**Debt Service Fund** The debt service fund accounts for resources received from property taxes to pay school improvement general obligation bond principal, interest and related costs.

The other governmental funds of the District account for grants and other resources whose use is restricted to a particular purpose.

**Fiduciary:** The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds, and agency funds. Trust funds are used to account for assets held by the District under a trust agreement for individuals, private organizations, or other governments and are not available to support the District's own programs. Agency funds are custodial in nature. The District's only fiduciary fund is an agency fund which accounts for various student-managed activities.

**B. Basis of Presentation**

The District's basic financial statements consist of a government-wide statement of activities and fund financial statements providing more detailed financial information.

**Government-wide Financial Statement of Activities:** This statement displays information about the District as a whole, except for fiduciary funds.

**COLUMBUS GROVE LOCAL SCHOOL DISTRICT  
PUTNAM COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)**

The government-wide statement of activities compares disbursements with program receipts for each function or program of the District's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the government is responsible. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function is self-financing on the modified-cash basis or draws from the District's general receipts.

***Fund Financial Statements:*** Fund financial statements report more detailed information about the District. The focus of governmental fund financial statements is on major funds. Fund statements present each major fund in a separate column and aggregate nonmajor funds in a single column. Fiduciary funds are reported by type.

***C. Cash, Cash Equivalents and Investments***

To improve cash management, cash received by the District is pooled and invested. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through District records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents".

Investments of the District's cash management pool and investments with an original maturity of three months or less at the time they are purchased by the District are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months that were not purchased from the pool are reported as 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 negative receipts (contra revenue), respectively.

During 2006, the School District invested in STAR Ohio. STAR Ohio is an investment pool, managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on June 30, 2006.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2006 amounted to \$145,194, which includes \$19,862 assigned from other District funds.

***D. Restricted Assets***

The financial statements classify cash, cash equivalents and investments as restricted when external limitations change the nature or normal understanding of their use. Creditors, contributors, grantors, laws of other governments or enabling legislation are the sources of the restrictions. Restricted cash and investments in the General Fund include amounts State statute requires to be set aside for textbooks and instructional materials, capital improvements and bus purchases.



**COLUMBUS GROVE LOCAL SCHOOL DISTRICT  
PUTNAM COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)**

***E. Inventory and Prepaid Items***

On the modified cash-basis of accounting, inventories of supplies and food service items are reported as disbursements when purchased.

***F. Capital Assets***

Acquisitions of property, plant and equipment are recorded as disbursements when paid. The financial statements do not report these assets.

***G. Compensated Absences***

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 District's modified-cash basis of accounting.

***H. Long-term Obligations***

These modified-cash basis financial statements do not report liabilities for bonds and other long-term obligations. These statements report proceeds of debt when cash is received and debt service disbursements for debt principal payments.

***I. Fund Balance Reserves***

The District reserves those portions of fund equity legally segregated for a specific future use or which are not available for appropriation or disbursement. The District has fund balance reserves for encumbrances, school bus purchases, instructional materials and textbooks, and capital purchases.

***J. Net Assets***

The statements report restricted net assets when enabling legislation or creditors, grantors or laws or regulations of other governments have imposed limitations on their use.

The District first applies restricted resources when incurring a disbursement for which it may use either restricted or unrestricted resources.

***K. Interfund Activity***

The statements report exchange transactions between funds as receipts in the seller funds and as disbursements in the purchasing funds. Nonexchange flows of cash from one fund to another are reported as interfund transfers. Governmental funds report interfund transfers as other financing sources/uses. The statements do not report repayments from funds responsible for particular disbursements to the funds initially paying the costs.

The statements report interfund loans as advances when made or repaid. There were no unpaid advances as of June 30, 2006.

***L. Extraordinary and Special Items***

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events within the Board of Education's control that are either unusual in nature or infrequent in occurrence. Neither type of transactions occurred during fiscal 2006.

**COLUMBUS GROVE LOCAL SCHOOL DISTRICT  
PUTNAM COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)**

***M. Budgetary Data***

Ohio law requires the Board of Education to budget and appropriate all funds, other than agency funds. The major documents prepared are the appropriation resolution and the certificate of estimated resources, which use the budgetary basis of accounting. The budgetary basis reports expenditures when a commitment is made (i.e., when an encumbrance is approved). The certificate of estimated resources establishes a limit on the amounts the Board of Education may appropriate. The appropriation resolution is the Board's authorization to spend resources and sets annual limits on expenditures at a level of control the Board selects. The Board of Education uses the fund as its legal level of control. Although the legal level of budgetary control was established at the fund level of expenditures, the District has elected to present budgetary statement comparisons at the fund and function level of expenditures.

The certificate of estimated resources may be amended during the year if the District Treasurer projects increases or decreases in receipts. The amounts reported as the original budget in the budgetary statements reflect the amounts in the certificate when the Board adopted the original appropriations. The amounts reported as the final budget in the budgetary statements reflect the amounts in the amended certificate in effect at the time the final appropriations were passed.

The Board may amend appropriations throughout the year with the restriction that appropriations may not exceed estimated resources. The amounts reported as the original budget reflect the first appropriation for a fund covering the entire fiscal year, including amounts automatically carried over from prior years. The amounts reported as the final budget represent the final appropriation the Board passed during the year.

**NOTE 3 - BUDGETARY BASIS OF ACCOUNTING AND COMPLIANCE**

**Budgetary**

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the general fund is prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budgetary basis and the modified cash basis is outstanding year end encumbrances are treated as cash disbursements (budgetary basis) rather than as a reservation of fund balance (modified cash basis).

The encumbrances outstanding at year end (budgetary basis) amounted to \$218,012 in the general fund.

**Compliance**

Ohio Administrative Code, Section 117-2-03 (B), requires the District to prepare its annual financial report in accordance with generally accepted accounting principles. However, the District prepared its financial statements on a modified cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The accompanying financial statements omit assets, liabilities, net assets/fund balances, and disclosures that, while material, cannot be determined at this time. The District can be fined and various other administrative remedies may be taken against the District.

**COLUMBUS GROVE LOCAL SCHOOL DISTRICT  
PUTNAM COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

**NOTE 3 - BUDGETARY BASIS OF ACCOUNTING AND COMPLIANCE - (CONTINUED)**

**Fund Reclassification and Restatement of Fund Balance** - Certain funds have been reclassified to properly reflect their intended purpose in accordance with the Standards of GASB Statement No. 34.

The fund reclassification had the following effect on the District's governmental fund balances as previously reported:

	Proprietary Fund	Nonmajor Governmental Fund	Total
	<u>          </u>	<u>          </u>	<u>          </u>
Fund balance June 30, 2005	\$ 68,055	\$ 162,926	\$ 230,981
Fund reclassification	(68,055)	68,055	-
Implementation of GASB Interpretation No. 6	<u>-</u>	<u>-</u>	<u>-</u>
Restated fund balance June 30, 2005	<u>\$ -</u>	<u>\$ 230,981</u>	<u>\$ 230,981</u>

The fund reclassification had the following effect on the District's governmental activities and business type activities as previously reported.

	Governmental Activities	Business Type Activities
	<u>          </u>	<u>          </u>
Net Assets June 30, 2005	\$ 3,143,367	\$ 68,055
Fund Reclassification	<u>68,055</u>	<u>(68,055)</u>
Restated Net Assets June 30, 2005	<u>\$ 3,211,422</u>	<u>\$ -</u>

**NOTE 4 - DEPOSITS AND INVESTMENTS**

Monies held by the District are classified by State statute into three categories.

Active monies are public monies determined to be necessary to meet current demands upon the District treasury. Active monies must be maintained either as cash in the District treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that the Board has identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts, including passbook accounts.

**COLUMBUS GROVE LOCAL SCHOOL DISTRICT  
PUTNAM COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

**NOTE 4 - DEPOSITS AND INVESTMENTS - (CONTINUED)**

Interim monies held by the District can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio).

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the District, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions.

**Undeposited Cash:** At year-end, the District had \$500 in undeposited cash on hand, included as part of *Equity in pooled cash and cash equivalents*.

**Deposits:** At June 30, 2006, the carrying amount of all District deposits was \$3,391. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2006, all of the District's bank balance of \$9,584 was covered by Federal Deposit Insurance Corporation.

The District has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the District or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

**COLUMBUS GROVE LOCAL SCHOOL DISTRICT  
PUTNAM COUNTY, OHIO**

NOTES TO THE BASIC FINACIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

**NOTE 4 - DEPOSITS AND INVESTMENTS - (CONTINUED)**

**Investments:** At June 30, 2006, the District had investments with STAR Ohio with a carrying and fair value of \$3,836,380.

STAR Ohio carries a rating of AAAM by Standard and Poor's. The District has no investment policy dealing with investment credit risk beyond the requirements in state statutes. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service and that the money market fund be rated in the highest category at the time of purchase by at least one nationally recognized standard rating service.

**Interest Rate Risk:** As a means of limiting its exposure to fair value losses arising from rising interest rates and according to State law, The District's investment policy limits investment portfolio maturities to five years or less.

**Concentration of Credit Risk:** The District places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the District at June 30, 2006:

<u>Investment type</u>	<u>Fair Value</u>	<u>% to Total</u>
STAR Ohio	\$ 3,836,380	100.00
Total	<u>\$ 3,836,380</u>	<u>100.00</u>

**NOTE 5 - PROPERTY TAXES**

Property taxes are levied and assessed on a calendar year basis while the District fiscal year runs from July through June. First half tax collections are received by the District in the second half of the fiscal year. Second half tax distributions occur in the first half of the following fiscal year.

Property taxes include amounts levied against all real, public utility and tangible personal property (used in business) located in the District. Real property tax revenue received in calendar 2006 represents collections of calendar year 2004 taxes. Real property taxes received in calendar year 2006 were levied after April 1, 2005, on the assessed value listed as of January 1, 2005, the lien date. Assessed values for real property taxes are established by State law at thirty-five percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar 2006 represents collections of calendar year 2005 taxes. Public utility real and tangible personal property taxes received in calendar year 2006 became a lien December 31, 2004, were levied after April 1, 2005 and are collected in 2006 with real property taxes. Public utility real property is assessed at thirty-five percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

Tangible personal property tax revenue received during calendar 2006 (other than public utility property) represents the collection of 2006 taxes. Tangible personal property taxes received in calendar year 2006 were levied after April 1, 2005, on the value as of December 31, 2005. For 2006, tangible personal property is assessed at 18.75% for property including inventory. This percentage is reduced to 12.5% for 2007, 6.25% for 2008 and zero for 2009. Payments by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the District prior to June 30.

**COLUMBUS GROVE LOCAL SCHOOL DISTRICT  
PUTNAM COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

**NOTE 5 - PROPERTY TAXES - (CONTINUED)**

House Bill No. 66 was signed into law on June 30, 2005. House Bill No. 66 phases out the tax on tangible personal property of general businesses, telephone and telecommunications companies, and railroads. The tax on general business and railroad property will be eliminated by calendar year 2009, and the tax on telephone and telecommunications property will be eliminated by calendar year 2011. The tax is phased out by reducing the assessment rate on the property each year. The bill replaces the revenue lost by the District due to the phasing out of the tax. In calendar years 2007-2010, the District will be fully reimbursed for the lost revenue. In calendar years 2011-2017, the reimbursements will be phased out.

The District receives property taxes from Putnam and Allen County. The County Auditors periodically advances to the District its portion of the taxes collected. Second-half real property tax payments collected by the Counties by June 30, 2006, are available to finance fiscal year 2006 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

The amount available as an advance at June 30, 2006 was \$120,264 in the general fund, \$9,320 in the debt service fund, and \$3,583 in the permanent improvement capital projects fund.

The assessed values upon which the fiscal year 2006 taxes were collected are:

	2006 First Half Collections		2005 Second- Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$72,533,720	93.23%	\$68,262,480	91.75%
Public Utility	4,019,760	5.12%	4,271,910	5.74%
Tangible Personal Property	1,250,496	1.65%	1,861,500	2.51%
Total Assessed Value	<u>\$77,803,976</u>	<u>100.00%</u>	<u>\$74,395,890</u>	<u>100.00%</u>
Tax rate per \$1,000 of assessed valuation	\$30.55		\$30.55	

**NOTE 6 - SCHOOL DISTRICT INCOME TAX**

The district levies a voted tax of .75 percent for general operations on the income of residents and of estates. The tax was effective January 1, 1996 and expires on December 31, 2010. Employers of residents are required to withhold income tax on compensation and remit the tax to the state. Taxpayers are required to file an annual return. The state makes quarterly distributions to the district after withholding amounts for administrative fees and estimated refunds. Income tax revenue is credited to the general fund and totaled \$623,325 for fiscal year 2006.

**COLUMBUS GROVE LOCAL SCHOOL DISTRICT  
PUTNAM COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

**NOTE 7 - RISK MANAGEMENT**

**A. Risk Pool Membership**

The District is a member of the Schools of Ohio Risk Sharing Authority (SORSA). SORSA is a member owned organization having approximately 76 members. SORSA is a joint self-insurance pool. SORSA assumes the risk of loss up to the limits of the (Columbus Grove Local District's) policy. SORSA covers the following risks:

- General Liability
- Automobile Liability
- School Officials Errors and Omissions
- Property
- Crime

The District contributes to the funding, operating and maintaining of the SORSA joint self insurance pool. The district's contributions cover deductible losses, loss fund contributions, insurance costs, and administration costs.

The District paid \$43,034 in premiums to the pool during fiscal year 2006 for coverage during fiscal year 2007. The District paid \$43,460 in premiums during fiscal year 2005 for coverage in fiscal year 2006.

SORSA financial statements are available by contacting SORSA at:

Schools of Ohio Risk Sharing Authority, Inc.  
OSBA Building  
8050 North High Street  
Columbus, Ohio 43235-6483

Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years. There has been no significant reduction in amounts of insurance coverage from 2005.

***B. Employee Medical Benefits***

The District participates as a member of the Putnam County School Insurance Group, a public entity risk pool, administered by Sky Trust. The District converted its fully-insured medical insurance program to partial self insurance through participation in this public entity risk pool. Medical Mutual of Ohio provides claim review and processing. The District maintains stop-loss coverage for its medical insurance program. Aggregate stop loss is maintained for expected claims.

***C. Workers' Compensation***

For fiscal year 2006 the District participated in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool. The intent of the GRP is to achieve a reduced premium for the District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. GRP then calculates total savings and each participant's individual performance is compared to the overall Plan's savings percentage. A participant then either receives money from or contributes to GRP's equity pooling fund. This equity pooling arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria.

**COLUMBUS GROVE LOCAL SCHOOL DISTRICT  
PUTNAM COUNTY, OHIO**

**NOTES TO THE BASIC FINACIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

**NOTE 8 - DEFINED BENEFIT PENSION PLANS**

***A. School Employees Retirement System***

The District contributes to the School Employees Retirement System (SERS), a cost-sharing multiple employer defined benefit pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3476 or by calling (614) 222-5853.

Plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current District rate is 14 percent of annual covered payroll. A portion of the District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2006, 10.58 percent of annual covered salary was the portion to fund pension obligations; for fiscal year 2005, 10.57 percent of annual covered salary was the portion used to fund pension obligations. For fiscal year 2004, 9.09 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS Retirement Board. The District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2006, 2005 and 2004 were \$72,620, \$49,424 and \$41,294, respectively; 44.54 percent has been contributed for fiscal year 2006 and 100 percent for fiscal years 2005 and 2004.

***B. State Teachers Retirement System***

The District participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing, multiple-employer public employee retirement system. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a stand-alone financial report that may be obtained by writing to STRS Ohio, 275 E. Broad St., Columbus, OH 43215-3371 or by calling (614) 227-4090, or by visiting the STRS Ohio website at [www.strsoh.org](http://www.strsoh.org).

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on member contributions and earned interest matched by STRS Ohio funds times an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5 percent of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. DC and Combined Plan members will transfer to the Defined Benefit Plan during their fifth year of membership unless they permanently select the DC or Combined Plan. Existing members with less than five years of service credit as of June 30, 2001, were given the option of making a one time irrevocable decision to transfer their account balances from the existing DB Plan into the DC Plan or the Combined Plan. This option expired on December 31, 2001. Benefits are established by Chapter 3307 of the Ohio Revised Code.



**COLUMBUS GROVE LOCAL SCHOOL DISTRICT  
PUTNAM COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

**NOTE 8 - DEFINED BENEFIT PENSION PLANS - (Continued)**

A DB or Combined Plan member with five or more years credited service who becomes disabled may qualify for a disability benefit. Eligible spouses and dependents of these active members who die before retirement may qualify for survivor benefits. Members in the DC Plan who become disabled are entitled only to their account balance. If a member dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

For the fiscal year ended June 30, 2006, plan members were required to contribute 10 percent of their annual covered salaries. The District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The District's required contributions for pension obligations to the DB Plan for the fiscal years ended June 30, 2006, 2005, and 2004 were \$399,144 , \$274,676 and \$265,932, respectively; 83.54 percent has been contributed for fiscal year 2006 and 100 percent for fiscal years 2005 and 2004. Contributions to the DC and Combined Plans for fiscal year 2006 were \$3,174 made by the District and \$6,339 made by plan members.

**NOTE 9 - POSTEMPLOYMENT BENEFITS**

The District provides comprehensive health care benefits to retired teachers and their dependents through the State Teachers Retirement System (STRS Ohio), and to retired non-certified employees and their dependents through the School Employees Retirement System (SERS). Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare premiums. Benefit provisions and the obligations to contribute are established by the Systems based on authority granted by State statute. Both systems are funded on a pay-as-you-go basis.

STRS Ohio retirees who participated in the DB or combined plans and their dependents are eligible for health care coverage. The STRS Ohio Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. All benefit recipients pay a portion of health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS Ohio funds is included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2006, the STRS Ohio Board allocated employer contributions equal to 1 percent of covered payroll to the Health Care Reserve Fund. For the District, this amount equaled \$30,703 for fiscal year 2006.

STRS Ohio pays health care benefits from the Health Care Stabilization Fund. At June 30, 2006, the balance in the Fund was \$3.5 billion. For the fiscal year ended June 30, 2006, net health care costs paid by STRS Ohio were \$282.743 million and STRS Ohio had 119,184 eligible benefit recipients.

For SERS, coverage is made available to service retirees with ten or more fiscal years of qualifying service credit, and to disability and survivor benefit recipients. All retirees and beneficiaries are required to pay a portion of their premium for health care. The portion is based on years of service, Medicare eligibility, and retirement status. Premiums may be reduced for retirees whose household income falls below the poverty level.

**COLUMBUS GROVE LOCAL SCHOOL DISTRICT  
PUTNAM COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

**NOTE 9 - POSTEMPLOYMENT BENEFITS**

After the allocation for basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. For the fiscal year ended June 30, 2006, employer contributions to fund health care benefits were 3.42 percent of covered payroll compared to 3.43 percent of covered payroll for fiscal year 2005. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2006, the minimum pay was established at \$35,800. However, the surcharge is capped at 2 percent of each employer's SERS salaries. For the 2006 fiscal year, the District paid \$33,537 to fund health care benefits, including the surcharge.

The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund. The target level for the health care reserve is 150 percent of the annual health care expenses. Expenses for health care for the fiscal year ended June 30, 2006 were \$158.751 million. At June 30, 2006, SERS had net assets available for payment of health care benefits of \$295.6 million. At June 30, 2006, SERS has approximately 59,492 participants receiving health care benefits.

**NOTE 10 - DEBT**

The changes in the District's debt obligations during the year consist of the following :

	<u>Principal Outstanding 6/30/2005</u>	<u>Additions</u>	<u>Reductions</u>	<u>Principal Outstanding 6/30/2006</u>	<u>Amount Due in One Year</u>
<b>Governmental Activities</b>					
General Obligation Bonds:					
Construction and Improvement Bonds	\$725,000	\$0	\$125,000	\$600,000	\$120,000

General obligation bonds were issued to provide funds for the acquisition and construction of equipment and facilities. The Bonds were issued at a rate of 6.50 percent during 1987, with final maturity in fiscal year 2011. The full faith and credit of the District is pledged for repayment and will be repaid with taxes assessed on all property within the District.

At June 30, 2006 the District's overall legal debt margin was \$6,420,343 with an unvoted debt margin of \$74,396.

Principal and interest requirements to retire long-term liabilities outstanding at June 30, 2006 are as follows:

Fiscal Year Ending June 30	<u>General Obligation Bonds</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2007	\$120,000	\$35,100	\$155,100
2008	120,000	27,300	147,300
2009	120,000	19,500	139,500
2010	120,000	11,700	131,700
2011	120,000	3,900	123,900
Total	<u>\$600,000</u>	<u>\$97,500</u>	<u>\$697,500</u>

**COLUMBUS GROVE LOCAL SCHOOL DISTRICT  
PUTNAM COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

**NOTE 11 - SET-ASIDE CALCULATIONS**

State statute annually requires the District to set aside in the general fund an amount based on a statutory formula to purchase textbooks and other instructional materials and an equal amount to acquire and construct capital improvements. Amounts not spent by year end or offset by similarly restricted resources received during the year must be held in cash at year end and carried forward for the same uses in future years.

The following cash basis information describes the change in the year-end set-aside amounts for textbooks and capital acquisition. State statute requires disclosing this information.

	<u>Capital Improvements Reserve</u>	<u>Textbooks Instructional Materials Reserve</u>
Set-aside Reserve Balance as of June 30, 2005	\$45,975	\$9,281
Current year set-aside requirements	130,042	130,042
Current year off-sets	(40,000)	
Qualifying Disbursements	<u>(79,618)</u>	<u>(91,512)</u>
Total	<u>\$10,424</u>	<u>\$38,530</u>
Set-aside Reserve Balance as of June 30, 2006	<u><u>\$56,399</u></u>	<u><u>\$47,811</u></u>

In addition, the District had \$23,390 restricted for bus purchases at fiscal year end.

**NOTE 12 - CONTINGENCIES**

***A. Grants***

The District receives financial assistance from Federal and State agencies in the form of grants. Disbursing grant funds generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit. Any disallowed claims resulting from such audits could become a liability. However, in the opinion of management, any such disallowed claims through June 30, 2006 will not have a material adverse effect on the District.

***B. Litigation***

A lawsuit has been filed by the Columbia Gas Transmission Corporation arguing that the Corporation's public utility property tax assessment rate should be 25% of true value rather than the 88% used by the Tax Commissioner. The Board of Tax Appeals has agreed with the Corporation and the case has been appealed by the Tax Commissioner to the Ohio Supreme Court. The District receives a significant amount of property tax from the Corporation. Should the Corporation prevail in the Supreme Court, it may be entitled to a refund from the District based on the lower assessment rate beginning from tax year 2001. The amount of the refund is estimated to be approximately \$8,862 per year. A portion of the refund may be recovered from additional State entitlement payments.

The District is not a party to any other legal proceedings.

**COLUMBUS GROVE LOCAL SCHOOL DISTRICT  
PUTNAM COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

**NOTE 13 - JOINTLY GOVERNED ORGANIZATIONS**

**Northwest Ohio Area Computer Services Cooperative**

The District is a participant in the Northwest Ohio Area Computer Services Cooperative (NOACSC), which is a computer consortium. NOACSC is an association of public school districts within the boundaries of Allen, Hancock, Paulding, Putnam, and Van Wert counties, and the cities of St. Marys and Wapakoneta. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts.

The governing board of NOACSC consists of two representatives from each county elected by majority vote of all charter member school districts within each county plus one representative from the fiscal agent school district. Financial information can be obtained from Ray Burden, who serves as director, at 645 South Main Street, Lima, Ohio 45804.

**Apollo Career Center**

The Apollo Career Center (Apollo) is a distinct political subdivision of the State of Ohio established under § 3313.90. Apollo operates under the direction of a Board of Education consisting of one representative from each of the participating school district's elected boards. The Board possesses its own budgeting and taxing authority. Financial information is available from Apollo's Treasurer at 3325 Shawnee Road, Lima, Ohio 45806-1497.

**West Central Regional Professional Development Center**

The West Central Regional Professional Development Center (Center) is a jointly governed organization among the school districts in Allen, Auglaize, Hancock, Hardin, Mercer, Paulding, Putnam, and Van Wert Counties. The organization was formed to establish an articulated regional structure for professional development in which school districts, the business community, higher education, and other groups cooperatively plan and implement effective professional development activities that are tied directly to school improvement, and in particular, to improvements in instructional programs.

The Center is governed by a fifty-two member board made up of representatives from the participating school districts, the business community, and two institutions of higher learning. The degree of control exercised by any participating school district is limited to its representation on the Board. Financial information can be obtained from Sandy Knudson, Hancock County Educational Service Center, 7746 County Road 140, Findlay, Ohio 45840.

**Northwest Ohio Special Education Regional Resource Center**

The Northwest Ohio Special Education Regional Resource Center (SERRC) is a jointly governed organization formed to initiate, expand, and improve special education programs and services for children with disabilities and their parents. The SERRC is made up of school districts from Defiance, Fulton, Hancock, Henry, Lucas, Ottawa, Paulding, Putnam, Sandusky, Seneca, Van Wert, Williams, and Wood counties. The SERRC is governed by a thirty-three member board consisting of twenty-six superintendents, one director of student services, one parent representative, one representative from a community school, one representative from a mental health board, one representative from a parent advisory council, one representative from Bowling Green State University, and one representative from the University of Toledo. The degree of control exercised by any participating school district is limited to its representation on the Board. Financial information can be obtained from David Michel, Eastwood Local Schools, 4800 Sugar Ridge Road, Pemberville, Ohio 43450.



**Julian & Grube, Inc.**  
*Serving Ohio Local Governments*

333 County Line Rd. West, Westerville, OH 43082 Phone: 614.846.1899 Fax: 614.846.2799

**Report on Internal Control Over Financial Reporting and On  
Compliance and Other Matters Based on an Audit of Financial Statements  
Performed in Accordance With *Government Auditing Standards***

Board of Education  
Columbus Grove Local School District  
201 West Cross Street  
Columbus Grove, OH 45830

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Columbus Grove Local School District, Putnam County, as of and for the fiscal year ended June 30, 2006, which collectively comprise the Columbus Grove Local School District's basic financial statements and have issued our report thereon dated October 26, 2007, wherein we noted the Columbus Grove Local School District prepares its financial statements on the modified cash basis, a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America and had a prior period restatement to reclass beginning fund balances/net assets in accordance with GASB 34 guidelines. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Columbus Grove Local School District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion 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 that might be material weaknesses. A material weakness is a reportable 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 caused by error or fraud 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.

Compliance

As part of obtaining reasonable assurance about whether the Columbus Grove Local School District's financial statements are free of 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance that is required to be reported under *Government Auditing Standards* and is described in the accompanying schedule of findings and responses as item 2006-CGLSD-001.

Board of Education  
Columbus Grove Local School District  
201 West Cross Street  
Columbus Grove, OH 45830

Columbus Grove Local School District's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. We did not audit Columbus Grove Local School District's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the management of Columbus Grove Local School District and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in cursive script that reads "Julian & Grube, Inc.".

Julian & Grube, Inc.  
October 26, 2007

**COLUMBUS GROVE LOCAL SCHOOL DISTRICT  
PUTNAM COUNTY, OHIO**

**SCHEDULE OF FINDINGS AND RESPONSES  
JUNE 30, 2006**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>	
Finding Number	2006-CGLSD-001

Ohio Administrative Code §117-2-03(B) requires the District to prepare its annual financial report in accordance with accounting principles generally accepted in the United States of America (GAAP). However, the District prepares its financial statements on the basis of accounting in accordance with standards established by the Auditor of State for governmental entities that are not required to prepare annual reports in accordance with accounting principles generally accepted in the United States of America. This basis of accounting is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

The accompanying financial statements omit assets, liabilities, and fund equities, and disclosures that, while material, cannot be determined at this time. The District may be fined and various other administrative remedies may be taken against the District. The lack of complying with this requirement also potentially places federal funding in jeopardy.

We recommend that the District file their financial report in accordance with GAAP. The District may find it beneficial to consult with an accounting firm to compile or assist them in compiling their financial statements in accordance with GAAP.

Client Response: The District is not anticipating having their financial statements prepared in accordance with accounting principles generally accepted in the United States of America.

**COLUMBUS GROVE LOCAL SCHOOL DISTRICT  
PUTNAM, OHIO**

**STATUS OF PRIOR AUDIT FINDINGS  
JUNE 30, 2006**

<b><u>Finding Number</u></b>	<b><u>Finding Summary</u></b>	<b><u>Fully Corrected?</u></b>	<b>Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:</b>
2005-001	Ohio Administrative Code § 117-2-3(B) reporting on a basis other than generally accepted accounting principles.	No	Finding repeated as 2006-CGLSD-001
2005-002	Lack of monitoring of athletic season passes.	Yes	N/A





**Mary Taylor, CPA**  
Auditor of State

**COLUMBUS GROVE LOCAL SCHOOL DISTRICT**

**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  
DECEMBER 24, 2007**