



**Mary Taylor, CPA**  
Auditor of State



VILLAGE OF COLUMBUS GROVE  
PUTNAM COUNTY

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**Mary Taylor, CPA**  
Auditor of State

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

To the Village Council:

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

*Mary Taylor*

**Mary Taylor, CPA**  
Auditor of State

September 11, 2008

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# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

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

To the Village Council:

We have audited the accompanying financial statements of the Village of Columbus Grove, Putnam County, (the Village) as of and for the year ended December 31, 2007. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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

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

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the year ended December 31, 2007, do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2007, or its changes in financial position or cash flows, where applicable, for the year then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Village of Columbus Grove, Putnam County, as of December 31, 2007, and its combined cash receipts and disbursements for the year then ended on the accounting basis Note 1 describes.

As further described in Note 2, during the year ended December 31, 2007, the Village reclassified its presentation of the Waste Water Treatment Plant fund.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated September 11, 2008, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

We conducted our audit to opine on the financial statements that collectively comprise the Village's financial statements. The federal awards expenditures schedule is required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. We subjected the federal awards expenditures schedule to the auditing procedures applied in the audit of the financial statements. In our opinion, this information is fairly stated in all material respects in relation to the financial statements taken as a whole.



**Mary Taylor, CPA**  
Auditor of State

September 11, 2008



**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, 2007**

	Governmental Fund Types				Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
<b>Cash Receipts:</b>					
Property and Local Taxes	\$90,474	\$69,464			\$159,938
Municipal Income Tax	331,270			\$113,713	444,983
Intergovernmental	130,733	709,927		37,867	878,527
Special Assessments			\$8,238		8,238
Charges for Services	77,080	9,368			86,448
Fines, Licenses and Permits	596	18,609			19,205
Earnings on Investments	26,282	3,030			29,312
Farm Lease			9,197		9,197
Miscellaneous	5,906	9,134	3,364	2,841	21,245
Total Cash Receipts	<u>662,341</u>	<u>819,532</u>	<u>20,799</u>	<u>154,421</u>	<u>1,657,093</u>
<b>Cash Disbursements:</b>					
Current:					
Security of Persons and Property	141,653	650,270			791,923
Public Health Services	4,304				4,304
Leisure Time Activities	98,660				98,660
Community Environment	1,760				1,760
Basic Utility Service	2,130	12,767			14,897
Transportation	5,075	209,862			214,937
General Government	140,166	19,640			159,806
Debt Service:					
Redemption of Principal	40,905		71,070	145,800	257,775
Interest and Fiscal Charges	3,130		4,300	29,315	36,745
Capital Outlay	14,622			163,138	177,760
Total Cash Disbursements	<u>452,405</u>	<u>892,539</u>	<u>75,370</u>	<u>338,253</u>	<u>1,758,567</u>
Total Cash Receipts Over/(Under) Disbursements	<u>209,936</u>	<u>(73,007)</u>	<u>(54,571)</u>	<u>(183,832)</u>	<u>(101,474)</u>
<b>Other Financing Receipts / (Disbursements):</b>					
Proceeds from Sale of Public Debt:					
Sale of Notes		58,000			58,000
Sale of Fixed Assets			30,000		30,000
Transfers-In		7,241	23,807	118,600	149,648
Transfers-Out	(149,648)				(149,648)
Other Financing Sources	(4,796)				(4,796)
Other Financing Uses			(247)	(5,420)	(5,667)
Total Other Financing Receipts / (Disbursements)	<u>(154,444)</u>	<u>65,241</u>	<u>53,560</u>	<u>113,180</u>	<u>77,537</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	55,492	(7,766)	(1,011)	(70,652)	(23,937)
Fund Cash Balances, January 1	91,326	177,621	1,011	163,190	433,148
<b>Fund Cash Balances, December 31</b>	<b><u>\$146,818</u></b>	<b><u>\$169,855</u></b>	<b><u>\$92,538</u></b>	<b><u>\$92,538</u></b>	<b><u>\$409,211</u></b>

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

**VILLAGE OF COLUMBUS GROVE  
PUTNAM COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - ALL PROPRIETARY AND SIMILAR FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2007**

	Proprietary Fund Type	Fiduciary Fund Type	Totals (Memorandum Only)
	Enterprise	Agency	
<b>Operating Cash Receipts:</b>			
Charges for Services	\$348,246		\$348,246
Miscellaneous	2,779		2,779
Total Operating Cash Receipts	<u>351,025</u>		<u>351,025</u>
<b>Operating Cash Disbursements:</b>			
Personal Services	146,244		146,244
Contractual Services	59,470		59,470
Supplies and Materials	96,807		96,807
Total Operating Cash Disbursements	<u>302,521</u>		<u>302,521</u>
Operating Income	<u>48,504</u>		<u>48,504</u>
<b>Non-Operating Cash Receipts:</b>			
AEP Reimbursement	25,295		25,295
Other Non-Operating Cash Receipts		\$23,276	23,276
Total Non-Operating Cash Receipts	<u>25,295</u>	<u>23,276</u>	<u>48,571</u>
<b>Non-Operating Cash Disbursements:</b>			
Redemption of Principal	2,900		2,900
Other Non-Operating Cash Disbursements		23,563	23,563
Total Non-Operating Cash Disbursements	<u>2,900</u>	<u>23,563</u>	<u>26,463</u>
Net Receipts Over/(Under) Disbursements	70,899	(287)	70,612
Fund Cash Balances, January 1	<u>67,466</u>	<u>1,820</u>	<u>69,286</u>
<b>Fund Cash Balances, December 31</b>	<b><u>\$138,365</u></b>	<b><u>\$1,533</u></b>	<b><u>\$139,898</u></b>

*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, 2007**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

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

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

**B. Accounting Basis**

These financial statements follow the accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The Village recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the Auditor of State prescribes or permits.

**C. Cash and Investments**

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

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

**D. Fund Accounting**

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

**1. General Fund**

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

**2. Special Revenue Funds**

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

**VILLAGE OF COLUMBUS GROVE  
PUTNAM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2007  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)**

Fire Grant Fund - This fund receives grant monies for the purchase of fire department communication equipment.

**3. Debt Service Funds**

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

Industrial Park Land Debt Service Fund – This fund was used to accumulate resources for the debt issues for the Industrial Park land acquisition.

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

**4. Capital Project Funds**

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

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

Issue II Fund – This fund receives grant monies from the Ohio Public Works Commission for the sewer replacement project.

Pool Renovation Fund – This fund receives debt issues and is used to renovate the Village swimming pool.

**5. Enterprise Funds**

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

Water Fund - This fund receives charges for services from residents to cover water service costs.

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

**VILLAGE OF COLUMBUS GROVE  
PUTNAM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2007  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)**

**6. Fiduciary Funds (Agency Funds)**

Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Village disburses these funds as directed by the individual, organization or other government. The Village's agency fund accounts for mayor's court activity.

**E. Budgetary Process**

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

**1. Appropriations**

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

**2. Estimated Resources**

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

**3. Encumbrances**

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year. The Village did not encumber all commitments required by Ohio law.

A summary of 2007 budgetary activity appears in Note 4.

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

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

**G. Accumulated Leave**

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

**VILLAGE OF COLUMBUS GROVE  
PUTNAM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2007  
(Continued)**

**2. RESTATEMENT OF FUND EQUITY**

The Waste Water Treatment Plant Fund was reclassified from an enterprise fund to a debt service fund for 2007 because the Village determined the Waste Water Treatment Plant Fund (an enterprise debt service fund) more closely resembled a debt service fund since the purpose of the debt is no longer for enterprise activities.

	Debt Service	Enterprise
Fund Balance December 30, 2006		\$68,477
Reclassification of Waste Water Treatment Plant Fund	\$1,011	(1,011)
Adjusted Fund Balance January 1, 2007	\$1,011	\$67,466

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

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

	2007
Demand deposits	\$3,873
Certificates of deposit	436,298
Total deposits	440,171
STAR Ohio	108,938
Total deposits and investments	\$549,109

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

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

**VILLAGE OF COLUMBUS GROVE  
PUTNAM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2007  
(Continued)**

**4. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2007 follows:

2007 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$581,517	\$662,341	\$80,824
Special Revenue	914,627	884,773	(29,854)
Debt Service	92,385	74,606	(17,779)
Capital Projects	292,215	273,021	(19,194)
Enterprise	382,000	376,320	(5,680)
Total	\$2,262,744	\$2,271,061	\$8,317

2007 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$678,166	\$606,849	\$71,317
Special Revenue	1,042,211	892,539	149,672
Debt Service	93,385	75,617	17,768
Capital Projects	437,215	343,673	93,542
Enterprise	441,000	305,421	135,579
Total	\$2,691,977	\$2,224,099	\$467,878

Contrary to Ohio law, the Village did not certify commitments as required.

**5. PROPERTY TAX**

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

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, 2007  
(Continued)**

**6. LOCAL INCOME TAX**

The Village levies a municipal income tax of 1.25 percent on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village.

Employers within the Village withhold income tax on employee compensation and remit the tax to the Village either monthly or quarterly, as required. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually. Of the 1.25 percent income tax, 1 percent is credited to the General Fund with a portion transferred to the Capital Improvements Fund and the remaining .25 percent is credited to the Pool Renovation Capital Projects Fund for retirement of swimming pool renovation debt and to fund pool improvement projects.

**7. DEBT**

Debt outstanding at December 31, 2007, was as follows:

	Principal	Interest Rate
Ohio Public Works Commission Loans	\$195,050	0%
General Obligation Bonds	773,180	4.250 - 5.75%
General Obligation Loans	145,608	3.6 - 5.4%
Total	\$1,113,838	

Outstanding general obligation bonds include \$36,540 for sidewalk improvements, \$195,035 for acquisition of land, \$23,105 for industrial park development, \$69,500 for water and sewer system improvements, and \$449,000 for retiring notes used for swimming pool improvements. The sidewalk improvement bonds were issued in 2001 at an interest rate of 5% with final maturity in 2011, these bonds will be retired through special assessments levied against affected property owners. Real estate acquisition bonds were issued in 2003 at an interest rate of 4.25% with final maturity in 2017, proceeds from land sales will be used to repay this debt. The industrial park debt was issued in 2000 at an interest rate of 5.5% with final maturity of 2010. The water and sewer system improvement bonds were issued in 1997 at an interest rate of 5.75% with final maturity in 2017, water and sewer revenues are being used to retire this debt. The pool renovation bonds were issued in 2004 at an interest rate of 4.375% with final maturity in 2019, the voters of the Village approved an additional .25 percent income tax to retire this debt.

Outstanding General Obligation Loans consisted of the following issues: An American Electric Power (AEP) note was issued in 2005 at an interest rate of 3.6% with final maturity in 2010 to fund the electricity at the Industrial Park. A loan at Union Bank was issued in 2007 at an interest rate of 5.4% with final maturity in 2011 to fund the purchase of a truck. The Union Bank loan was collateralized with a 2007 dump truck.

The Ohio Public Works Commission (OPWC) loans include a loan for water tower installation and improvements (\$163,150) and a loan for sewer lines (\$31,900) in the Village. The loans will be repaid in semiannual installments of \$8,587 and \$1,450, respectively, over 20 years. The loans are collateralized by water and sewer receipts.



**VILLAGE OF COLUMBUS GROVE  
PUTNAM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2007  
(Continued)**

**7. DEBT – (CONTINUED)**

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

Year ending December 31:	General Obligation Bonds	OPWC Loans	General Obligation Loans	Total
2008	\$132,276	\$20,073	\$60,488	\$212,837
2009	122,887	20,074	60,488	203,449
2010	114,350	20,073	26,973	161,396
2011	101,433	20,074	7,891	129,398
2012	99,944	20,074		120,018
2013-2017	376,869	91,782		468,651
2018	11,240	2,900		14,140
Total	<u>\$958,999</u>	<u>\$195,050</u>	<u>\$155,840</u>	<u>\$1,309,889</u>

**8. RETIREMENT SYSTEMS**

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

The Ohio Revised Code also prescribes contribution rates. For 2007, OP&F participants contributed 10% of their wages. For 2007, the Village contributed to OP&F an amount equal to 17.17% of full-time police members' wages. For 2007, OPERS members contributed 9.5% of their gross salaries and the Village contributed an amount equaling 13.85% of participants' gross salaries. The Village has paid all contributions required through December 31, 2007.

**9. RISK MANAGEMENT**

**Risk Pool Membership**

The Village belongs to the Ohio Government Risk Management Plan (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to over 550 Ohio governments ("Members").

Pursuant to Section 2744.081 of the Ohio Revised Code, the Plan is 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 coverages, modified for each Member's needs. The Plan pays judgments, settlements and other expenses resulting from covered claims that exceed the Member's deductible.

**VILLAGE OF COLUMBUS GROVE  
PUTNAM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2007  
(Continued)**

**9. RISK MANAGEMENT – (CONTINUED)**

The Plan issues its own policies and reinsures the Plan with A- VII or better rated carriers, except the Plan retains the lesser of 15% or \$37,500 of casualty losses and the lesser of 10% or \$100,000 of property losses. Individual Members are only responsible for their self-retention (deductible) amounts, which vary from member to member.

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

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

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31:

	<b>2007</b>	<b>2006</b>
Assets	\$11,136,455	\$9,620,148
Liabilities	<u>(4,273,553)</u>	<u>(3,329,620)</u>
Members' Equity	<u>\$6,862,902</u>	<u>\$6,290,528</u>

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

**10. RELATED PARTY TRANSACTIONS**

W.D. Miller, FEMA Grant Project Officer, is employed by Radio Hospital. He is not an employee or official of the Village but does act on behalf of the Village as grant administrator. The Village purchased fire department communication equipment from Radio Hospital with FEMA grant proceeds in the total amount of \$150,543.

**VILLAGE OF COLUMBUS GROVE  
PUTNAM COUNTY**

**FEDERAL AWARDS EXPENDITURES SCHEDULE  
FOR THE YEAR ENDED DECEMBER 31, 2007**

<b>FEDERAL GRANTOR</b> <i>Pass Through Grantor</i> Program Title	Pass Through Entity Number	Federal CFDA Number	Disbursements
<b>UNITED STATES DEPARTMENT OF FEDERAL EMERGENCY MANAGEMENT</b>			
<i>Passed Through Ohio Department of Public Safety</i>			
Public Assistance Program	137-18014-00	97.036	\$7,989
<b>UNITED STATES DEPARTMENT OF HOMELAND SECURITY</b>			
Direct Award:			
Assistance to Firefighter Grant		97.044	<u>525,605</u>
<b>Total Federal Financial Assistance</b>			<b><u><u>\$533,594</u></u></b>

*The accompanying notes are an integral part of this schedule.*

**VILLAGE OF COLUMBUS GROVE  
PUTNAM COUNTY**

**NOTES TO THE FEDERAL AWARDS EXPENDITURES SCHEDULE  
FOR THE YEAR ENDED DECEMBER 31, 2007**

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

The accompanying Federal Awards Expenditures Schedule (the Schedule) summarizes activity of the Village's federal award programs. The schedule has been prepared on the cash basis of accounting.

**NOTE B - MATCHING REQUIREMENTS**

Certain Federal programs require that the Village contribute non-Federal funds (matching funds) to support the Federally-funded programs. The Village has complied with the matching requirements. The expenditure of non-Federal matching funds is not included on the Schedule.



# Mary Taylor, CPA

Auditor of State

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

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

To the Village Council:

We have audited the financial statements of the Village of Columbus Grove, Putnam County, (the Village) as of and for the year ended December 31, 2007, and have issued our report thereon dated September 11, 2008, wherein we noted the Village followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America and the Village reclassified its presentation of the Waste Water Treatment Plant fund. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

### **Internal Control over Financial Reporting**

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a certain deficiency in internal control over financial reporting that we consider a significant deficiency.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Village's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the Village's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

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We consider the following deficiency described in the accompanying schedule of findings to be a significant deficiency in internal control over financial reporting: 2007-002.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Village's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies or material weaknesses. However, we believe the significant deficiency described above is also a material weakness.

We also noted certain matters that we reported to the Village's management in a separate letter dated September 11, 2008.

#### **Compliance and Other Matters**

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance that we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2007-001.

We also noted certain noncompliance matters not required to be included in this report that we reported to the Village's management in a separate letter dated September 11, 2008.

We intend this report solely for the information and use of management, Village Council, Federal awarding agencies, and pass-through entities. We intend it for no one other than these specified parties.



**Mary Taylor, CPA**  
Auditor of State

September 11, 2008



# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

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

To the Village Council:

### Compliance

We have audited the compliance of the Village of Columbus Grove, Putnam County (the Village) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that apply to its major federal program for the year ended December 31, 2007. The summary of auditor's results section of the accompanying schedule of findings identifies the Village's major federal program. The Village's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to express an opinion on the Village's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to reasonably assure whether noncompliance occurred with the types of compliance requirements referred to above that could directly and materially affect a major federal program. An audit includes examining, on a test basis, evidence about the Village's compliance with those requirements and performing other procedures we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Village's compliance with those requirements.

In our opinion, the Village of Columbus Grove complied, in all material respects, with the requirements referred to above that apply to its major federal program for the year ended December 31, 2007.

### Internal Control Over Compliance

The Village's management is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Village's internal control over compliance with requirements that could directly and materially affect a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control over compliance.

A *control deficiency* in internal control over compliance exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent or detect noncompliance with a federal program compliance requirement on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the Village's ability to administer a federal program such that there is more than a remote likelihood that the Village's internal control will not prevent or detect more-than-inconsequential noncompliance with a federal program compliance requirement.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that the Village's internal control will not prevent or detect material noncompliance with a federal program's compliance requirements.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

We intend this report solely for the information and use of management, Village Council, federal awarding agencies, and pass-through entities. It is not intended for anyone other than these specified parties.



**Mary Taylor, CPA**  
Auditor of State

September 11, 2008



**VILLAGE OF COLUMBUS GROVE  
PUTNAM COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
DECEMBER 31, 2007**

**1. SUMMARY OF AUDITOR'S RESULTS**

<b>(d)(1)(i)</b>	<b>Type of Financial Statement Opinion</b>	GAAP - Adverse Regulatory - Unqualified
<b>(d)(1)(ii)</b>	<b>Were there any material control weaknesses reported at the financial statement level (GAGAS)?</b>	Yes
<b>(d)(1)(ii)</b>	<b>Were there any other significant deficiencies in internal control reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iii)</b>	<b>Was there any reported material noncompliance at the financial statement level (GAGAS)?</b>	Yes
<b>(d)(1)(iv)</b>	<b>Were there any material internal control weaknesses reported for major federal programs?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any other significant deficiencies in internal control reported for major federal programs?</b>	No
<b>(d)(1)(v)</b>	<b>Type of Major Programs' Compliance Opinion</b>	Unqualified
<b>(d)(1)(vi)</b>	<b>Are there any reportable findings under § .510?</b>	No
<b>(d)(1)(vii)</b>	<b>Major Programs (list):</b>	Assistance to Firefighters Grant – CFDA #97.044
<b>(d)(1)(viii)</b>	<b>Dollar Threshold: Type A\B Programs</b>	Type A: > \$ 300,000 Type B: all others
<b>(d)(1)(ix)</b>	<b>Low Risk Auditee?</b>	No

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

**FINDING NUMBER 2007-001**

**Noncompliance Citation**

Ohio Revised Code § 5705.41(D)(1) prohibits a subdivision or taxing entity from making any contract or ordering any expenditure of money unless a certificate signed by the fiscal officer is attached thereto. The fiscal officer must certify that the amount required to meet any such contract or expenditure has been lawfully appropriated and is in the treasury, or is in the process of collection to the credit of an appropriate fund free from any previous encumbrance. Further, contracts and order for expenditures lacking prior certification shall be null and void.

**FINDING NUMBER 2007-001  
(Continued)**

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

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

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

**2. Blanket Certificate** – Fiscal officers may prepare "blanket" certificates for a certain sum of money not in excess of an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority against any specific line item account over a period not running beyond the end of the current fiscal year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.

**3. Super Blanket Certificate** – The Village may also make expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification is not to extend beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any line item appropriation.

None of the expenditures tested were certified by the Clerk-Treasurer at the time the commitment was incurred and there was no evidence the Village followed the aforementioned exceptions. Failure to properly certify the availability of funds can result in overspending funds and negative cash fund balances.

Unless the exceptions noted above are used, prior certification is not only required by statute but is a key control in the disbursement process to assure purchase commitments receive prior approval. To improve controls over disbursements and to help reduce the possibility of the Village's funds exceeding budgetary spending limitations, we recommend the Clerk-Treasurer certify the funds are or will be available prior to obligation by the Village. When prior certification is not possible, "then and now" certification should be used.

We recommend the Village update its purchase order form to include the certification wording required by section 5705.41(D), and utilize the then and now certification when needed.

**FINDING NUMBER 2007-002**

**Material Weakness**

**Monitoring of Financial Activity**

Inaccurate posting of transactions impedes the ability of Council to accurately assess the financial status of the Township. We noted examples such as the following in our testing:

- Debt proceeds of \$58,000 were incorrectly posted to the miscellaneous revenue line item instead of the sale of notes line item in the Street Construction, Maintenance and Repair Fund.
- Proceeds in the amount of \$30,000, from the sale of land, was incorrectly posted to miscellaneous revenue line item instead of the sale of fixed asset line item in the Wastewater Treatment Plant Fund.
- Transfers were overstated by \$38,427 due to the unnecessary movement of monies from the Capital Improvement Fund to the Issue II Fund for the Village's share of project costs.
- Mayor's Court activity was not posted to the financial statements resulting in understating balances, revenues and expenditures.

As a result, the Village's financial statements did not correctly reflect the financial activity of the Village. Seven audit adjustments were posted to the financial statements and accounting records to correct these and other errors.

We recommend Council adopt policies and procedures including a final review of the financial statements by Council and the Clerk-Treasurer to ensure errors and omissions are detected and corrected.

**Official's Response:**

We did not receive a response from Officials to these findings.

<b>3. FINDINGS FOR FEDERAL AWARDS</b>
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None

**VILLAGE OF COLUMBUS GROVE  
PUTNAM COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2007**

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>
2006-001	ORC § 5705.41(D), prior certification of disbursements	No	Repeated as Finding 2007-001 in this report.
2006-002	State of Ohio, Department of Development Grant Agreement Covenant #3	Yes	No Longer Valid. Grant period completed prior to 2007.
2006-003	Monitoring Financial Statements	No	Repeated as Finding 2007-002 in this report.
2006-004	Monitoring of Pool Activity	No	Partially Corrected. Repeated in management letter.



Mary Taylor, CPA  
Auditor of State

VILLAGE OF COLUMBUS GROVE

PUTNAM COUNTY

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

CLERK OF THE BUREAU

CERTIFIED  
OCTOBER 9, 2008