

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

BASIC FINANCIAL STATEMENTS

*FOR THE FISCAL YEAR ENDED
JUNE 30, 2007*

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, 2006 through June 30, 2007. 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, Ohio, as of and for the fiscal year ended June 30, 2007 which collectively comprise the Columbus Grove Local School 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 the *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 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, 2007, 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 on 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.

Board of Education
Columbus Grove Local School District

The management's discussion and analysis is not a required part of the basic financial statements but is supplementary information required by 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.".

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, 2007
UNAUDITED
(Continued)

This 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 year ended June 30, 2007, within the limitations of the District's modified cash 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 2007 are as follows:

Net assets of governmental activities increased \$592,925, or 15.62 percent, from the prior year.

The District's general governmental receipts were \$6,650,897, the majority these receipts were primarily property taxes and unrestricted state entitlements. Program specific revenues in the form of charges for services and operating grants and contributions accounted for \$1,265,326.

The District had \$7,323,298 in expense related to governmental activities: only \$1,265,326 of these expenses were offset by program specific charges for services, grants and contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of \$6,650,897 were adequate to provide for these programs.

The District's major governmental funds were the general and bond retirement funds. The general fund had \$7,016,120 in revenues and \$6,427,054 in expenditures. The bond retirement fund had \$123,264 in revenues and \$157,688 in expenditures. During fiscal year 2007, the general fund balance increased \$589,066 from \$3,213,722 to \$3,802,788. The bond retirement fund balance decreased \$34,424 from \$324,713 to \$290,289.

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 modified cash 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, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007
UNAUDITED
(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 the District's modified cash basis 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 other comprehensive 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 2007, 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 fiduciary. 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, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007
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 2007 compared to fiscal year 2006 on another comprehensive basis of accounting.

Table 1
Net Assets

	Governmental Activities 2007	Governmental Activities 2006
Assets:		
Cash and Cash Equivalents	\$4,389,724	\$3,796,799
Net Assets:		
Restricted	\$701,040	\$710,607
Unrestricted	3,688,684	3,086,192
Total Net Assets	\$4,389,724	\$3,796,799

Over time, net assets can serve as a useful indicator of a government's financial position. At year-end, net assets were \$4,389,724 for governmental activities.

A portion of the District's net assets, \$701,040, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net assets of \$3,688,684 may be used to meet the District's ongoing obligations to the students and creditors.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007
UNAUDITED
(Continued)

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

Table 2

	Governmental Activities <u>2007</u>	Governmental Activities <u>2006</u>
Receipts:		
Program Receipts:		
Charges for Services and Sales	\$638,681	\$622,579
Operating Grants and Contributions	614,790	588,789
Capital Grants and Contributions	11,855	7,996
Total Program Receipts	<u>1,265,326</u>	<u>1,219,364</u>
General Receipts:		
Property Taxes Levied for General Purposes	1,452,915	1,412,256
Property Taxes Levied for Debt Service	109,241	105,770
Property Taxes Levied for Capital Projects	44,155	43,696
School District Income Taxes	659,745	623,325
Grants and Entitlements Not Restricted to Specific Programs	4,096,657	3,978,373
Interest	227,441	152,842
Miscellaneous	60,743	69,454
Total General Receipts	<u>6,650,897</u>	<u>6,385,716</u>
Total Receipts	<u>7,916,223</u>	<u>7,605,080</u>
Disbursements:		
Instruction:		
Regular	3,724,826	3,460,881
Special	621,813	552,442
Vocational	101,163	100,445
Support Services:		
Pupil	270,543	343,008
Instructional Staff	136,122	122,733
Board of Education	49,204	42,024
Administration	469,854	454,212
Fiscal	196,199	201,809
Operation and Maintenance of Plant	497,251	512,410
Pupil Transportation	313,027	249,002
Central	9,635	12,005
Operation of non-instructional services	115,182	140,029
Food Services	252,161	260,084
Extracurricular Activities	345,281	365,154

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007
UNAUDITED
(Continued)

	<u>Governmental Activities 2007</u>	<u>Governmental Activities 2006</u>
Capital Outlay	\$65,937	\$35,402
Debt Service	155,100	168,063
Total Disbursements	<u>7,323,298</u>	<u>7,019,703</u>
Increase (Decrease) in Net Assets	592,925	585,377
Net Assets, July 1	<u>3,796,799</u>	<u>3,211,422</u>
Net Assets, June 30	<u>\$4,389,724</u>	<u>\$3,796,799</u>

Net assets of the District's governmental activities increased \$592,925. Total governmental expenses of \$7,323,298 were offset by program revenues of \$1,265,326 and general revenues of \$6,650,897. Program revenues supported 17.28 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 80.38 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 off-setting 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.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007
UNAUDITED
(Continued)

Table 3

	Governmental Activities			
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
	2007	2007	2006	2006
Current:				
Instruction:				
Regular	\$3,724,826	\$3,404,973	\$3,460,881	\$3,162,815
Special	621,813	269,592	552,442	212,528
Vocational	101,163	71,779	100,445	80,211
Other				
Support Services:				
Pupil	270,543	265,543	343,008	338,008
Instructional Staff	136,122	127,122	122,733	113,733
Board of Education	49,204	49,204	42,024	42,024
Administration	469,854	469,854	454,212	454,212
Fiscal	196,199	196,199	201,809	201,809
Operation and Maintenance of Plant	497,251	497,251	512,410	512,410
Pupil Transportation	313,027	301,172	249,002	241,007
Central	9,635	9,635	12,005	12,005
Operation of non-instructional services	115,182	9,124	140,029	27,630
Operation of Food Services	252,161	(10,742)	260,084	1,110
Extracurricular Activities	345,281	176,229	365,154	197,373
Capital Outlay	65,937	65,937	35,402	35,402
Debt Service	155,100	155,100	168,063	168,063
Total Disbursements	<u>\$7,323,298</u>	<u>\$6,057,972</u>	<u>\$7,019,703</u>	<u>\$5,800,340</u>

The dependence upon tax receipts and unrestricted state entitlements is apparent 84.23 percent of instructional activities are supported through these general receipts. For all governmental activities, general revenue support is 82.72 percent. The District's taxpayers, as a whole, are by far the primary support for District students.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007
UNAUDITED
(Continued)

The Government's Funds

The District's funds are accounted for using the modified cash basis of accounting. Total combined fund balance of \$4,389,724, which is higher than last year's total of \$3,796,799. The schedule below indicates fund balance and the total change in fund balance as of June 30, 2006 and 2007.

Table 4

	Fund Balance June 30, 2006	Fund Balance June 30, 2007	Increase (Decrease)
General	\$3,213,722	\$3,802,788	\$589,066
Bond Retirement	324,713	290,289	(34,424)
Other Governmental	258,364	296,647	38,283
Total Fund Balance	\$3,796,799	\$4,389,724	\$592,925

General Fund

The District's general fund's balance increased by \$589,066.

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

Table 5

	2007 Amount	2006 Amount
Revenues		
Taxes	\$2,112,660	\$2,035,581
Tuition	272,246	254,931
Earnings on Investments	215,857	145,194
Intergovernmental	4,388,467	4,250,219
Other Revenues	26,890	28,449
Total Revenue	\$7,016,120	\$6,714,374
Expenditures		
Instruction	\$4,306,460	\$4,001,317
Support Services	1,904,371	1,900,124
Extracurricular activities	174,337	169,575
Facilities acquisition and construction	41,886	34,407
Total Expenditures	\$6,427,054	\$6,105,423

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007
UNAUDITED
(Continued)

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 2007, the District amended its General Fund budget as needed to reflect changing circumstances. Final budgeted receipts, in the amount of \$6,970,631, were lower than the original budgeted revenue estimate of \$6,975,000. Actual revenues and other financing sources for fiscal year 2007 was \$7,039,120. This represents a \$68,489 increase from final budgeted revenues.

General Fund original budgeted appropriations (appropriated expenditures plus other financing uses) of \$7,193,012 were reduced to \$7,188,644 in the final budget. The actual budget basis expenditures and other financing uses for fiscal year 2007 totaled \$6,628,729 which was \$559,915 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.

Debt

At June 30, 2007, the District's outstanding debt included general obligation bonds, in the amount of \$480,000 of this total \$120,000 is due within one year and \$360,000 is due in more than one year. The following table summarizes the bonds outstanding.

Table 6

	Balance June 30, 2007	Balance June 30, 2006	(Decrease)
General Obligation Bonds			
1987 Issue	\$480,000	\$600,000	(\$120,000)

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, 2007

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	<u><u>\$4,389,724</u></u>
Net Assets	
Restricted for:	
Capital Projects	\$70,826
Debt Service	290,289
Set Asides	114,104
Other Purposes	225,821
Unrestricted	<u>3,688,684</u>
<i>Total Net Assets</i>	<u><u>\$4,389,724</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, 2007

	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
Governmental Activities					
Current:					
Instruction:					
Regular	\$3,724,826	\$272,246	\$47,607		(\$3,404,973)
Special	621,813		352,221		(269,592)
Vocational	101,163		29,384		(71,779)
Support Services:					
Pupil	270,543		5,000		(265,543)
Instructional Staff	136,122		9,000		(127,122)
Board of Education	49,204				(49,204)
Administration	469,854				(469,854)
Fiscal	196,199				(196,199)
Operation and Maintenance of Plant	497,251				(497,251)
Pupil Transportation	313,027			\$11,855	(301,172)
Central	9,635				(9,635)
Operation of Non-Instructional Services	115,182		106,058		(9,124)
Extracurricular Activities	345,281	169,052			(176,229)
Capital Outlay	65,937				(65,937)
Food Service	252,161	197,383	65,520		10,742
Debt Service	155,100				(155,100)
<i>Total Governmental Activities</i>	<u>\$7,323,298</u>	<u>\$638,681</u>	<u>\$614,790</u>	<u>\$11,855</u>	<u>(6,057,972)</u>
General Receipts					
Property Taxes Levied for:					
General Purposes					1,452,915
Debt Service					109,241
Capital Outlay					44,155
Income Taxes					659,745
Grants and Entitlements not Restricted to Specific Programs					4,096,657
Interest					227,441
Miscellaneous					60,743
<i>Total General Receipts</i>					<u>6,650,897</u>
Change in Net Assets					592,925
<i>Net Assets Beginning of Year</i>					<u>3,796,799</u>
<i>Net Assets End of Year</i>					<u>\$4,389,724</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, 2007

	General	Bond Retirement	Other Governmental Funds	Total Government Funds
Assets				
Equity in Pooled Cash and Cash Equivalents	\$3,688,684	\$290,289	\$296,647	\$4,275,620
Restricted Assets				
Equity in Pooled Cash and Cash Equivalents	114,104			114,104
<i>Total Assets</i>	<u>\$3,802,788</u>	<u>\$290,289</u>	<u>\$296,647</u>	<u>\$4,389,724</u>
Fund Balances				
Reserved for:				
Encumbrances	\$178,675		\$24,019	\$202,694
Bus Purchases	11,855			11,855
Textbooks	15,717			15,717
Capital Outlay	86,532			86,532
Unreserved:				
Undesignated, Reported in				
General Fund	3,510,009			3,510,009
Special Revenue Funds			219,262	219,262
Debt Service Fund		\$290,289		290,289
Capital Projects Funds			53,366	53,366
<i>Total Fund Balances</i>	<u>\$3,802,788</u>	<u>\$290,289</u>	<u>\$296,647</u>	<u>\$4,389,724</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, 2007

	General	Bond Retirement	Other Governmental Funds	Total Governmental Funds
Receipts				
Property Taxes	\$1,452,915	\$109,241	\$44,155	\$1,606,311
Income Taxes	659,745			659,745
Intergovernmental	4,388,467	14,023	320,812	4,723,302
Interest	215,857		11,584	227,441
Tuition and Fees	272,246			272,246
Extracurricular Activities			169,052	169,052
Food Service			197,383	197,383
Contributions and Donations	12,260			12,260
Rentals	4,541			4,541
Miscellaneous	10,089		33,853	43,942
<i>Total Receipts</i>	<u>7,016,120</u>	<u>123,264</u>	<u>776,839</u>	<u>7,916,223</u>
Disbursements				
Current:				
Instruction:				
Regular	3,661,574		63,252	3,724,826
Special	543,723		78,090	621,813
Vocational	101,163			101,163
Support Services:				
Pupil	257,197		13,346	270,543
Instructional Staff	134,927		1,195	136,122
Board of Education	49,204			49,204
Administration	467,165		2,689	469,854
Fiscal	192,552	2,588	1,059	196,199
Operation and Maintenance of Plant	490,318		6,933	497,251
Pupil Transportation	313,008			313,008
Central			9,654	9,654
Food Service			252,161	252,161
Operation of Non-Instructional Services			115,182	115,182
Extracurricular Activities	174,337		170,944	345,281
Capital Outlay	41,886		24,051	65,937
Debt Service:				
Principal Retirement		120,000		120,000
Interest and Fiscal Charges		35,100		35,100
<i>Total Disbursements</i>	<u>6,427,054</u>	<u>157,688</u>	<u>738,556</u>	<u>7,323,298</u>
<i>Net Change in Fund Balances</i>	<u>589,066</u>	<u>(34,424)</u>	<u>38,283</u>	<u>592,925</u>
<i>Fund Balances Beginning of Year</i>	<u>3,213,722</u>	<u>324,713</u>	<u>258,364</u>	<u>3,796,799</u>
<i>Fund Balances End of Year</i>	<u>\$3,802,788</u>	<u>\$290,289</u>	<u>\$296,647</u>	<u>\$4,389,724</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, 2007

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Receipts				
Property Taxes	\$1,371,000	\$1,381,208	\$1,452,915	\$71,707
Income Taxes	625,000	625,000	659,745	34,745
Intergovernmental	4,496,500	4,481,923	4,388,467	(93,456)
Interest	150,000	150,000	215,857	65,857
Tuition and Fees	311,500	311,500	272,246	(39,254)
Contributions and Donations	10,000	10,000	12,260	2,260
Rentals	1,000	1,000	4,541	3,541
Miscellaneous	10,000	10,000	10,089	89
<i>Total receipts</i>	<u>6,975,000</u>	<u>6,970,631</u>	<u>7,016,120</u>	<u>45,489</u>
Disbursements				
Current:				
Instruction:				
Regular	3,982,032	3,992,040	3,673,056	318,984
Special	544,635	544,635	589,489	(44,854)
Vocational	116,886	116,886	101,663	15,223
Other	26,256	26,256	14,290	11,966
Support Services:				
Pupil	408,231	408,231	257,961	150,270
Instructional Staff	141,493	141,493	136,783	4,710
Board of Education	39,652	39,652	49,204	(9,552)
Administration	533,386	533,386	468,913	64,473
Fiscal	245,144	245,144	193,870	51,274
Operation and Maintenance of Plant	569,150	569,150	506,858	62,292
Pupil Transportation	342,361	342,361	395,320	(52,959)
Central	(2,843)	(2,843)	0	(2,843)
Extracurricular Activities	179,092	179,092	174,437	4,655
Capital Outlay	67,537	53,161	43,885	9,276
<i>Total Disbursements</i>	<u>7,193,012</u>	<u>7,188,644</u>	<u>6,605,729</u>	<u>582,915</u>
<i>Excess of Receipts Over/(Under) Disbursements</i>	<u>(218,012)</u>	<u>(218,013)</u>	<u>410,391</u>	<u>628,404</u>
Other Financing Sources (Uses)				
Advances In	0	0	23,000	23,000
Advances Out	0	0	(23,000)	(23,000)
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(218,012)	(218,013)	410,391	628,404
<i>Fund Balance Beginning of Year</i>	2,995,710	2,995,710	2,995,710	0
<i>Prior Year Encumbrances Appropriated</i>	218,012	218,012	218,012	0
<i>Fund Balance End of Year</i>	<u><u>\$2,995,710</u></u>	<u><u>\$2,995,709</u></u>	<u><u>\$3,624,113</u></u>	<u><u>\$628,404</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 Fund
For the Fiscal Year Ended June 30, 2007

	<u>Agency</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$51,436</u>
Net Assets	
Held for Student Activities	<u>\$51,436</u>

See accompanying notes to the basic financial statements

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

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, 64 certificated full-time personnel, and 4 administrators who provide services to 928 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, 2007**

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 agency fund 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, 2007**

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 2007, 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, 2007.

Following Ohio statutes, the Board of Education specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2007 amounted to \$215,857, which includes \$23,156 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, 2007

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, 2007.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

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

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 2007.

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 plus encumbrances at a level of control the Board selects. The Board of Education uses the fund as its legal level of control.

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 \$178,675 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, 2007**

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.

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.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

NOTE 4 - DEPOSITS AND INVESTMENTS - (CONTINUED)

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, 2007, the carrying amount of all District deposits was \$2,862. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2007, all of the District's bank balance of \$36,080 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.

Investments: At June 30, 2007, the District had investments with STAR Ohio with a carrying value of \$4,437,798.

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, 2007:

<u>Investment type</u>	<u>Fair Value</u>	<u>% to Total</u>
STAR Ohio	\$ 4,437,798	100.00
Total	<u>\$ 4,437,798</u>	<u>100.00</u>

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.

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 2007 represents collections of calendar year 2006 taxes. Real property taxes received in calendar year 2007 were levied after April 1, 2006, on the assessed value listed as of January 1, 2006, 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.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

NOTE 5 - PROPERTY TAXES - (CONTINUED)

Public utility property tax revenue received in calendar 2007 represents collections of calendar year 2006 taxes. Public utility real and tangible personal property taxes received in calendar year 2007 became a lien December 31, 2005, were levied after April 1, 2006 and are collected in 2007 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 2007 (other than public utility property) represents the collection of 2007 taxes. Tangible personal property taxes received in calendar year 2007 were levied after April 1, 2006, on the value as of December 31, 2006. For 2006, tangible personal property was assessed at 18.75% for property including inventory. This percentage was 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.

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, 2007, are available to finance fiscal year 2007 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, 2007 was \$113,221 in the general fund, \$7,697 in the debt service fund, and \$2,966 in the permanent improvement capital projects fund.

The assessed values upon which the fiscal year 2007 taxes were collected are:

	2007 First Half Collections		2006 Second Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$73,990,420	93.76%	\$72,533,720	91.42%
Public Utility	4,019,240	5.43%	4,019,760	5.65%
Tangible Personal Property	904,125	.81%	1,250,496	2.93%
Total Assessed Value	<u>\$78,913,785</u>	<u>100.00%</u>	<u>\$77,803,976</u>	<u>100.00%</u>
Tax rate per \$1,000 of assessed valuation	\$30.55		\$30.55	

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

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 \$659,745 for fiscal year 2007.

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 \$44,701 in premiums to the pool during fiscal year 2007 for coverage during fiscal year 2007. The District paid \$43,034 in premiums during fiscal year 2006 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 2006.

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.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

NOTE 7 - RISK MANAGEMENT - (Continued)

C. Workers' Compensation

For fiscal year 2007 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.

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 43215-3746, or by calling (800) 878-5853, or by visiting the SERS website at www.ohsers.org under Forms and Publications.

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 2007, 10.68 percent of annual covered salary was the portion used to fund pension obligations. For fiscal year 2006, 10.58 percent of annual covered salary was the portion used to fund pension obligations. For fiscal year 2005, 10.57 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 contribution for pension obligations to SERS for fiscal years ended 2007, 2006, and 2005 were \$75,898, \$72,620, and \$49,424; 44.32 percent has been contributed for fiscal year 2007 and 100 percent for fiscal years 2006 and 2005.

B. State Teachers Retirement System of Ohio

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.strs.org.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

NOTE 8 - DEFINED BENEFIT PENSION PLANS - (CONTINUED)

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.

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, 2007, 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. For fiscal years 2006 and 2005, the portion used to fund pension obligations was also 13 percent. 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 fund pension obligations to STRS Ohio for the fiscal years ended June 30, 2007, 2006 and 2005 were \$423,058, \$399,144 and \$274,676; 83.57 percent has been contributed for fiscal year 2007 and 100 percent for fiscal years 2006 and 2005. Contributions to the DC and Combined Plans for fiscal year 2007 were \$6,458 made by the District and \$4,065 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 of Ohio (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.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

NOTE 9 - POSTEMPLOYMENT BENEFITS - (CONTINUED)

All 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, 2007, 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 \$32,543 for fiscal year 2007.

STRS Ohio pays health care benefits from the Health Care Stabilization Fund. At June 30, 2006 (the latest information available), the balance in the Health Care Stabilization Fund was \$3.5 billion. For the fiscal year ended June 30, 2006 (the latest information available), net health care costs paid by STRS Ohio were \$282.743 million and STRS 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.

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, 2007, employer contributions to fund health care benefits were 3.32 percent of covered payroll, a decrease of .10 percent from fiscal year 2006. 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 2007, the minimum pay was established at \$35,800. However, the surcharge is capped at 2 percent of each employer's SERS salaries. For the 2007 fiscal year, District paid \$33,960 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 projected claims less premium contributions for the next year. Expenses for health care for the fiscal year ended June 30, 2006 (the latest information available) were \$158.751 million. At June 30, 2006 (the latest information available), SERS had net assets available for payment of health care benefits of \$295.6 million. At June 30, 2006 (the latest information available), SERS had 59,492 participants currently receiving health care benefits.

NOTE 10 - DEBT

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

	Principal Outstanding <u>6/30/2006</u>	<u>Additions</u>	<u>Reductions</u>	Principal Outstanding <u>6/30/2007</u>	Amount Due in <u>One Year</u>
Governmental Activities					
General Obligation Bonds:					
Construction and Improvement Bonds	\$600,000	\$0	\$120,000	\$480,000	\$120,000

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

NOTE 10 - DEBT - (CONTINUED)

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, 2007, the District's overall legal debt margin was \$6,847,071 with an unvoted debt margin of \$77,804.

Principal and interest requirements to retire long-term liabilities outstanding at June 30, 2007 are as follows:

Fiscal Year Ending June 30	General Obligation Bonds		
	Principal	Interest	Total
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	\$480,000	\$62,400	\$542,400

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.

	Capital Improvements Reserve	Textbooks Instructional Materials Reserve
Set-aside Reserve Balance as of June 30, 2006	\$56,399	\$47,811
Current year set-aside requirements	136,925	136,925
Current year off-sets	(40,000)	-
Qualifying Disbursements	(66,792)	(169,019)
Total	\$30,133	\$15,717
Set-aside Reserve Balance as of June 30, 2007	\$86,532	\$15,717

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

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, 2007 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.

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.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

NOTE 13 - JOINTLY GOVERNED ORGANIZATION - (CONTINUED)

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.



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**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, Ohio as of and for the fiscal year ended June 30, 2007, which collectively comprise 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. 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 as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Columbus Grove Local School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Columbus Grove Local School District's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Columbus Grove Local School District'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 a misstatement of the Columbus Grove Local School District's financial statements that is more than inconsequential will not be prevented or detected by the Columbus Grove Local School District's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Columbus Grove Local School District's internal control.

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 internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Board of Education
Columbus Grove Local School District

Compliance and Other Matters

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 2007-CGLSD-001.

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 and Board of Education of the 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, 2007

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

**SCHEDULE OF FINDINGS AND RESPONSES
JUNE 30, 2007**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS	
Finding Number	2007-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, as described in Note 1, 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, 2007**

<u>Finding Number</u>	<u>Finding Summary</u>	<u>Fully Corrected?</u>	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2006-CGLSD-001	Ohio Administrative Code § 117-2-3(B) reporting on a basis other than generally accepted accounting principles.	No	Finding repeated as 2007-CGLSD-001



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**