



OHIO AUDITOR OF STATE  
**KEITH FABER**





**VILLAGE OF COLUMBUS GROVE  
PUTNAM COUNTY  
DECEMBER 31, 2019 AND 2018**

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# OHIO AUDITOR OF STATE KEITH FABER



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## INDEPENDENT AUDITOR'S REPORT

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

To the Village Council:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of the Village of Columbus Grove, Putnam County, Ohio (the Village) as of and for the years ended December 31, 2019 and 2018.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Village's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Village's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

***Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles***

As described in Note 2 of the financial statements, the Village prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Village does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2019 and 2018, and the respective changes in financial position or cash flows thereof for the years then ended.

***Opinion on Regulatory Basis of Accounting***

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements by fund type, and related notes of the Village of Columbus Grove, Putnam County, Ohio as of December 31, 2019 and 2018, for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 2.

***Emphasis of Matter***

As discussed in Note 12 to the financial statements, the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Village. We did not modify our opinion regarding this matter.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated August 26, 2020, 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.

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

Keith Faber  
Auditor of State

Columbus, Ohio

August 26, 2020

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**VILLAGE OF COLUMBUS GROVE  
PUTNAM COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2019**

|                                                       | General          | Special<br>Revenue | Capital<br>Projects | Totals<br>(Memorandum<br>Only) |
|-------------------------------------------------------|------------------|--------------------|---------------------|--------------------------------|
| <b>Cash Receipts</b>                                  |                  |                    |                     |                                |
| Property and Other Local Taxes                        | \$86,173         | \$60,098           |                     | \$146,271                      |
| Municipal Income Tax                                  | 569,289          | 87,578             | \$54,341            | 711,208                        |
| Intergovernmental                                     | 63,106           | 173,187            |                     | 236,293                        |
| Charges for Services                                  | 47,246           | 72,981             |                     | 120,227                        |
| Fines, Licenses and Permits                           | 820              | 33,951             |                     | 34,771                         |
| Earnings on Investments                               | 26,884           |                    |                     | 26,884                         |
| Miscellaneous                                         | 69,193           | 40,709             |                     | 109,902                        |
| <i>Total Cash Receipts</i>                            | <u>862,711</u>   | <u>468,504</u>     | <u>54,341</u>       | <u>1,385,556</u>               |
| <b>Cash Disbursements</b>                             |                  |                    |                     |                                |
| Current:                                              |                  |                    |                     |                                |
| Security of Persons and Property                      | 245,998          | 165,871            |                     | 411,869                        |
| Public Health Services                                | 812              |                    |                     | 812                            |
| Leisure Time Activities                               | 130,910          |                    |                     | 130,910                        |
| Basic Utility Services                                | 3,045            | 34,425             |                     | 37,470                         |
| Transportation                                        | 3,361            | 156,358            |                     | 159,719                        |
| General Government                                    | 236,886          | 1,600              |                     | 238,486                        |
| Capital Outlay                                        |                  | 177,831            | 36,653              | 214,484                        |
| Debt Service:                                         |                  |                    |                     |                                |
| Principal Retirement                                  | 27,928           |                    | 9,798               | 37,726                         |
| Interest and Fiscal Charges                           | 1,761            |                    | 2,202               | 3,963                          |
| <i>Total Cash Disbursements</i>                       | <u>650,701</u>   | <u>536,085</u>     | <u>48,653</u>       | <u>1,235,439</u>               |
| <i>Excess of Receipts Over (Under) Disbursements</i>  | <u>212,010</u>   | <u>(67,581)</u>    | <u>5,688</u>        | <u>150,117</u>                 |
| <b>Other Financing Receipts (Disbursements)</b>       |                  |                    |                     |                                |
| Sale of Capital Assets                                |                  |                    | 20,910              | 20,910                         |
| Transfer In                                           |                  | 65,000             |                     | 65,000                         |
| Transfers Out                                         | (95,000)         |                    |                     | (95,000)                       |
| Other Financing Uses                                  | (25,155)         |                    |                     | (25,155)                       |
| <i>Total Other Financing Receipts (Disbursements)</i> | <u>(120,155)</u> | <u>65,000</u>      | <u>20,910</u>       | <u>(34,245)</u>                |
| <i>Net Change in Fund Cash Balances</i>               | 91,855           | (2,581)            | 26,598              | 115,872                        |
| <i>Fund Cash Balances, January 1</i>                  | <u>305,253</u>   | <u>426,442</u>     | <u>544,201</u>      | <u>1,275,896</u>               |
| <b>Fund Cash Balances, December 31</b>                |                  |                    |                     |                                |
| Restricted                                            |                  | 399,320            | 570,799             | 970,119                        |
| Committed                                             |                  | 24,541             |                     | 24,541                         |
| Unassigned                                            | 397,108          |                    |                     | 397,108                        |
| <i>Fund Cash Balances, December 31</i>                | <u>\$397,108</u> | <u>\$423,861</u>   | <u>\$570,799</u>    | <u>\$1,391,768</u>             |

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

**VILLAGE OF COLUMBUS GROVE  
PUTNAM COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (CASH BASIS)  
ALL PROPRIETARY AND FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2019**

|                                                     | Proprietary Fund<br>Type | Fiduciary Fund<br>Type | Totals               |
|-----------------------------------------------------|--------------------------|------------------------|----------------------|
|                                                     | Enterprise               | Agency                 | (Memorandum<br>Only) |
| <b>Operating Cash Receipts</b>                      |                          |                        |                      |
| Charges for Services                                | \$1,255,862              |                        | \$1,255,862          |
| <b>Operating Cash Disbursements</b>                 |                          |                        |                      |
| Personal Services                                   | 158,967                  |                        | 158,967              |
| Fringe Benefits                                     | 40,196                   |                        | 40,196               |
| Contractual Services                                | 66,052                   |                        | 66,052               |
| Supplies and Materials                              | 155,641                  |                        | 155,641              |
| <i>Total Operating Cash Disbursements</i>           | 420,856                  |                        | 420,856              |
| <i>Operating Income</i>                             | 835,006                  |                        | 835,006              |
| <b>Non-Operating Receipts (Disbursements)</b>       |                          |                        |                      |
| Principal Retirement                                | (726,203)                |                        | (726,203)            |
| Other Financing Sources                             |                          | \$44,559               | 44,559               |
| Other Financing Uses                                |                          | (42,619)               | (42,619)             |
| <i>Total Non-Operating Receipts (Disbursements)</i> | (726,203)                | 1,940                  | (724,263)            |
| <i>Income before Transfers</i>                      | 108,803                  | 1,940                  | 110,743              |
| Transfers In                                        | 30,000                   |                        | 30,000               |
| <i>Net Change in Fund Cash Balances</i>             | 138,803                  | 1,940                  | 140,743              |
| <i>Fund Cash Balances, January 1</i>                | 679,264                  | 810                    | 680,074              |
| <i>Fund Cash Balances, December 31</i>              | \$818,067                | \$2,750                | \$820,817            |

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

**Village of Columbus Grove, Ohio**  
*Putnam County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

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**Note 1 – Reporting Entity**

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

***Public Entity Risk Pool***

The Village participates in a public entity risk pool, the Public Entities Pool of Ohio (PEP). Note 6 to the financial statements provides additional information for this entity. The Village's management believes these financial statements present all activities for which the Village is financially accountable.

**Note 2 – Summary of Significant Accounting Policies**

***Basis of Presentation***

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

***Fund Accounting***

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

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

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

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

***Fire Levy Fund*** This fund accounts for and reports levied monies restricted for purchases of equipment for the fire department.

***Street Lighting Fund*** This fund accounts for and reports levied monies restricted for street lighting.

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

***Pool Renovation Fund*** This fund accounts for and reports income tax monies restricted for capital outlay expenditures for the pool.

***Capital Improvement Fund*** This fund received proceeds from the sale of capital assets for capital outlay expenditures and debt repayments.

**Village of Columbus Grove, Ohio**  
*Putnam County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*  
*(Continued)*

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**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 Fund:

**Special Sewer Fund** This fund receives a portion of the revenue from providing sanitary sewer services to the residents and commercial users within the Village. This fund also receives loan proceeds from the Water Pollution and Control Loan Fund which is managed by the Ohio Water Department Authority. This loan is for the design of Phase I and Phase II of its combined sanitary sewer system separation, and will be repaid using the revenue generated by sewer rates.

**Fiduciary Funds** Fiduciary funds include private purpose trust funds and agency funds. Trust funds account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Village's own programs.

Agency funds are purely custodial in nature and are used to report fiduciary activity that is not required to be reported in a trust fund. 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.

***Basis of Accounting***

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D). This basis is similar to the cash receipts and disbursements accounting basis. The Village recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit.

***Budgetary Process***

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

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

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

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

A summary of 2019 budgetary activity appears in Note 3.

***Deposits and Investments***

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

**Village of Columbus Grove, Ohio**  
*Putnam County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*  
*(Continued)*

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Investment in STAR Ohio is measured at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

**Capital Assets**

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

**Accumulated Leave**

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

**Fund Balance**

Fund balance is divided into five classifications based primarily on the extent to which the Village must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

***Nonspendable*** The Village classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

***Restricted*** Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

***Committed*** Council can *commit* amounts via formal action (resolution). The Village must adhere to these commitments unless the Council amends the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

***Assigned*** Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the General Fund report all fund balances as *assigned* unless they are restricted or committed. In the General Fund, *assigned* amounts represent intended uses established by Village Council or a Village official delegated that authority by resolution, or by State Statute.

***Unassigned*** Unassigned fund balance is the residual classification for the General Fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Village applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

**Note 3 – Budgetary Activity**

Budgetary activity for the year ending December 31, 2019 follows:

**Village of Columbus Grove, Ohio**  
*Putnam County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*  
*(Continued)*

| 2019 Budgeted vs. Actual Receipts |                      |                    |             |
|-----------------------------------|----------------------|--------------------|-------------|
| Fund Type                         | Budgeted<br>Receipts | Actual<br>Receipts | Variance    |
| General                           | \$1,110,661          | \$862,711          | (\$247,950) |
| Special Revenue                   | 660,484              | 533,504            | (126,980)   |
| Capital Projects                  | 284,462              | 75,251             | (209,211)   |
| Enterprise                        | 1,158,123            | 1,285,862          | 127,739     |
| Total                             | \$3,213,730          | \$2,757,328        | (\$456,402) |

| 2019 Budgeted vs. Actual Budgetary Basis Expenditures |                            |                           |           |
|-------------------------------------------------------|----------------------------|---------------------------|-----------|
| Fund Type                                             | Appropriation<br>Authority | Budgetary<br>Expenditures | Variance  |
| General                                               | \$961,745                  | \$770,856                 | \$190,889 |
| Special Revenue                                       | 747,502                    | 536,085                   | 211,417   |
| Capital Projects                                      | 148,891                    | 48,653                    | 100,238   |
| Enterprise                                            | 1,227,787                  | 1,147,059                 | 80,728    |
| Total                                                 | \$3,085,925                | \$2,502,653               | \$583,272 |

**Note 4 – Deposits and Investments**

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

|                                       |             |
|---------------------------------------|-------------|
|                                       | 2019        |
| Demand deposits                       | \$882,903   |
| Certificates of deposit               | 1,217,522   |
| Other time deposits (savings account) | 75,618      |
| Total deposits                        | 2,176,043   |
| STAR Ohio                             | 36,542      |
| Total deposits and investments        | \$2,212,585 |

**Deposits**

Deposits are insured by the Federal Deposit Insurance Corporation; collateralized by securities specifically pledged by the financial institution to the Village; or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

**Investments**

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

**Village of Columbus Grove, Ohio**  
*Putnam County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*  
*(Continued)*

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**Note 5 – Taxes**

***Property Taxes***

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

Public utilities are also taxed on personal and real property located within the Village

The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Village.

***Income Taxes***

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. The remaining .25 percent is credited to either the Pool Renovation Capital Projects Fund for retirement of swimming pool renovation debt and to fund pool improvement projects, or the Pools, Parks, and Recreation Special Revenue Fund to fund improvements of recreational properties within the Village.

**Note 6 – Risk Management**

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

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

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

|                       |               |
|-----------------------|---------------|
|                       | <u>2019</u>   |
| Cash and investments  | \$ 38,432,610 |
| Actuarial liabilities | \$ 14,705,917 |

**Village of Columbus Grove, Ohio**  
*Putnam County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*  
*(Continued)*

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**Note 7 – Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

The majority of Village employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the Village contributed an amount equaling 14 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2019.

***Ohio Police and Fire Retirement System***

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

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25 percent of their wages. The Village contributed to OP&F an amount equal to 19.5 percent of full-time police members' wages. The Village has paid all contributions required through December 31, 2019.

***Social Security***

Several of the Village's employees and officials contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Village contributed an amount equal to 6.2 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2019.

**Note 8 – Postemployment Benefits**

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2019. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2019. OP&F contributes 0.5 percent to fund these benefits.

Beginning January 1, 2019, OP&F changed its retiree health care model to a stipend-based health care model. A stipend funded by OP&F was placed in individual Health Reimbursement Accounts that retirees use to be reimbursed for health care expenses.

**Note 9 – Debt**

Debt outstanding at December 31, 2019 was as follows:



**Village of Columbus Grove, Ohio**  
*Putnam County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*  
*(Continued)*

|                                       | Principal    | Interest Rate |
|---------------------------------------|--------------|---------------|
| Ohio Public Works Commission Loans    | \$985,751    | 0%            |
| Ohio Water Development Authority Loan | 9,506,944    | 0%            |
| General Obligation Loans              | 102,735      | 2.25 - 2.75%  |
| Total                                 | \$10,595,430 |               |

Outstanding General Obligation Loans consisted of the following loans. A \$264,552 loan at The Fort Jennings State Bank was issued in 2012 at an interest rate of 2.25% with final maturity in 2020 to fund the purchase of the Hitchcock Farm. A \$93,280 loan at The Fort Jennings State Bank was issued in 2017 at an interest rate of 2.75% with a final maturity date in 2020. This loan was used to pay off the balance on an existing loan which was issued to fund the purchase of the EMS building.

The Ohio Public Works Commission (OPWC) loans included loans for sewer lines in the Village (\$584,706) and for wastewater improvements (\$690,608). The outstanding loans will be repaid in semiannual installments of \$9,745 and \$11,510, respectively, over 20 years. The loans are collateralized by water and sewer receipts.

The Ohio Water Development Authority (OWDA) loans include a loan for a water tower (\$35,393), a loan for a waterline (\$210,314), a loan for Wastewater Treatment Improvements (\$306,976), a loan for the Combined Sewer Overflow (CSO) Separation Phase I (\$3,449,357), a loan for Phase II CSO Construction (\$4,195,216), and a loan for Phase III CSO Construction (\$5,477,199). The loans will be paid over 20 years for the water tower, waterline loan, wastewater treatment improvements, and Phases I and II CSO Separation and Construction and is included in the accompanying amortization schedule. The Village does not yet have an amortization schedule for the Phase III CSO Construction project, consequently, the \$4,184,433 outstanding loan balance at December 31, 2019, is not included in the below table.

**Amortization**

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

|           | OPWC Loan<br>Principal | General Obligation Loans<br>Principal      Interest |         | OWDA Loan<br>Principal |
|-----------|------------------------|-----------------------------------------------------|---------|------------------------|
| 2020      | \$21,255               | \$102,735                                           | \$1,483 | \$211,074              |
| 2021      | 42,511                 |                                                     |         | 409,863                |
| 2022      | 42,511                 |                                                     |         | 409,863                |
| 2023      | 42,511                 |                                                     |         | 409,863                |
| 2024      | 42,511                 |                                                     |         | 409,863                |
| 2025-2029 | 212,552                |                                                     |         | 2,043,171              |
| 2030-2034 | 212,552                |                                                     |         | 1,428,814              |
| 2035-2039 | 212,552                |                                                     |         |                        |
| 2040-2044 | 156,796                |                                                     |         |                        |
| Totals    | \$985,751              | \$102,735                                           | \$1,483 | \$5,322,511            |

**Village of Columbus Grove, Ohio**  
*Putnam County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*  
*(Continued)*

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**Note 10 – Interfund Transfers**

| Fund                           | Transfer In |
|--------------------------------|-------------|
| Transfer From General Fund To: |             |
| Special Revenue Funds:         |             |
| Police Fund                    | \$5,000     |
| Street Light Fund              | 60,000      |
| Total Special Revenue Funds    | 65,000      |
| Enterprise Fund:               |             |
| Sewer Fund                     | 30,000      |
|                                | \$95,000    |

Transfers are used to move receipts from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and to use unrestricted receipts collected in the General Fund to finance various programs accounted for in the other funds in accordance with budgetary authorizations.

**Note 11 – Miscellaneous Revenue**

Miscellaneous receipts in the General Fund primarily consisted of shelter house and gazebo rent and payment in lieu of taxes. Miscellaneous receipts in the Special Revenue Fund primarily consisted of insurance proceeds and workers' compensation reimbursements.

**Note 12 – Subsequent Events**

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Village. In addition, the impact on the Village's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

**VILLAGE OF COLUMBUS GROVE  
PUTNAM COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2018**

|                                                       | General          | Special<br>Revenue | Capital<br>Projects | Totals<br>(Memorandum<br>Only) |
|-------------------------------------------------------|------------------|--------------------|---------------------|--------------------------------|
| <b>Cash Receipts</b>                                  |                  |                    |                     |                                |
| Property and Other Local Taxes                        | \$85,619         | \$73,518           |                     | \$159,137                      |
| Municipal Income Tax                                  | 596,372          |                    | \$149,093           | 745,465                        |
| Intergovernmental                                     | 56,330           | 120,453            | 57,400              | 234,183                        |
| Charges for Services                                  | 82,529           | 20,402             |                     | 102,931                        |
| Fines, Licenses and Permits                           | 2,015            | 25,678             |                     | 27,693                         |
| Earnings on Investments                               | 14,975           |                    |                     | 14,975                         |
| Miscellaneous                                         | 60,504           | 18,638             | 2,570               | 81,712                         |
| <i>Total Cash Receipts</i>                            | <u>898,344</u>   | <u>258,689</u>     | <u>209,063</u>      | <u>1,366,096</u>               |
| <b>Cash Disbursements</b>                             |                  |                    |                     |                                |
| Current:                                              |                  |                    |                     |                                |
| Security of Persons and Property                      | 231,054          | 20,862             |                     | 251,916                        |
| Public Health Services                                | 813              |                    |                     | 813                            |
| Leisure Time Activities                               | 151,210          |                    |                     | 151,210                        |
| Basic Utility Services                                | 2,187            | 48,040             |                     | 50,227                         |
| Transportation                                        | 5,577            | 157,732            |                     | 163,309                        |
| General Government                                    | 266,897          | 1,587              |                     | 268,484                        |
| Capital Outlay                                        |                  | 29,668             | 171,670             | 201,338                        |
| Debt Service:                                         |                  |                    |                     |                                |
| Principal Retirement                                  | 29,701           | 12,651             | 7,179               | 49,531                         |
| Interest and Fiscal Charges                           | 3,027            | 68                 | 1,821               | 4,916                          |
| <i>Total Cash Disbursements</i>                       | <u>690,466</u>   | <u>270,608</u>     | <u>180,670</u>      | <u>1,141,744</u>               |
| <i>Excess of Receipts Over (Under) Disbursements</i>  | <u>207,878</u>   | <u>(11,919)</u>    | <u>28,393</u>       | <u>224,352</u>                 |
| <b>Other Financing Receipts (Disbursements)</b>       |                  |                    |                     |                                |
| Transfer In                                           |                  | 65,930             |                     | 65,930                         |
| Transfers Out                                         | (65,930)         |                    |                     | (65,930)                       |
| Other Financing Uses                                  | (19,994)         |                    |                     | (19,994)                       |
| <i>Total Other Financing Receipts (Disbursements)</i> | <u>(85,924)</u>  | <u>65,930</u>      |                     | <u>(19,994)</u>                |
| <i>Net Change in Fund Cash Balances</i>               | 121,954          | 54,011             | 28,393              | 204,358                        |
| <i>Fund Cash Balances, January 1</i>                  | <u>183,299</u>   | <u>372,431</u>     | <u>515,808</u>      | <u>1,071,538</u>               |
| <b>Fund Cash Balances, December 31</b>                |                  |                    |                     |                                |
| Restricted                                            |                  | 397,933            | 544,201             | 942,134                        |
| Committed                                             |                  | 28,509             |                     | 28,509                         |
| Unassigned                                            | 305,253          |                    |                     | 305,253                        |
| <i>Fund Cash Balances, December 31</i>                | <u>\$305,253</u> | <u>\$426,442</u>   | <u>\$544,201</u>    | <u>\$1,275,896</u>             |

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

**VILLAGE OF COLUMBUS GROVE  
PUTNAM COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (CASH BASIS)  
ALL PROPRIETARY AND FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2018**

|                                                     | Proprietary Fund<br>Type | Fiduciary Fund<br>Type | Totals               |
|-----------------------------------------------------|--------------------------|------------------------|----------------------|
|                                                     | Enterprise               | Agency                 | (Memorandum<br>Only) |
| <b>Operating Cash Receipts</b>                      |                          |                        |                      |
| Charges for Services                                | \$1,115,406              |                        | \$1,115,406          |
| <b>Operating Cash Disbursements</b>                 |                          |                        |                      |
| Personal Services                                   | 157,943                  |                        | 157,943              |
| Fringe Benefits                                     | 39,099                   |                        | 39,099               |
| Contractual Services                                | 73,351                   |                        | 73,351               |
| Supplies and Materials                              | 151,044                  |                        | 151,044              |
| <i>Total Operating Cash Disbursements</i>           | 421,437                  |                        | 421,437              |
| <i>Operating Income</i>                             | 693,969                  |                        | 693,969              |
| <b>Non-Operating Receipts (Disbursements)</b>       |                          |                        |                      |
| Principal Retirement                                | (729,133)                |                        | (729,133)            |
| Other Financing Sources                             |                          | \$27,800               | 27,800               |
| Other Financing Uses                                |                          | (29,052)               | (29,052)             |
| <i>Total Non-Operating Receipts (Disbursements)</i> | (729,133)                | (1,252)                | (730,385)            |
| <i>Net Change in Fund Cash Balances</i>             | (35,164)                 | (1,252)                | (36,416)             |
| <i>Fund Cash Balances, January 1</i>                | 714,428                  | 2,062                  | 716,490              |
| <i>Fund Cash Balances, December 31</i>              | \$679,264                | \$810                  | \$680,074            |

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

**Village of Columbus Grove, Ohio**  
*Putnam County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

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**Note 1 – Reporting Entity**

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

**Public Entity Risk Pool**

The Village participates in a public entity risk pool, the Public Entities Pool of Ohio (PEP). Note 7 to the financial statements provides additional information for this entity. The Village's management believes these financial statements present all activities for which the Village is financially accountable.

**Note 2 – Summary of Significant Accounting Policies**

**Basis of Presentation**

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

**Fund Accounting**

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

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

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

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

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

**Pool Renovation Fund** This fund accounts for and reports income tax monies restricted for capital outlay expenditures for the pool.

**Capital Improvement Fund** This fund received grant monies for capital outlay expenditures.

**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:

**Village of Columbus Grove, Ohio**  
*Putnam County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*  
*(Continued)*

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**Sewer Fund** This fund accounts for the provision of sanitary sewer services to the residents and commercial users within the Village.

**Special Sewer Fund** This fund receives a portion of the revenue from providing sanitary sewer services to the residents and commercial users within the Village. This fund also receives loan proceeds from the Water Pollution and Control Loan Fund which is managed by the Ohio Water Department Authority. This loan is for the design of Phase I and Phase II of its combined sanitary sewer system separation, and will be repaid using the revenue generated by sewer rates.

**Fiduciary Funds** Fiduciary funds include private purpose trust funds and agency funds. Trust funds account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Village's own programs.

Agency funds are purely custodial in nature and are used to report fiduciary activity that is not required to be reported in a trust fund. 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.

***Basis of Accounting***

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D). This basis is similar to the cash receipts and disbursements accounting basis. The Village recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit.

***Budgetary Process***

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

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

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

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

A summary of 2018 budgetary activity appears in Note 4.

***Deposits and Investments***

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

**Village of Columbus Grove, Ohio**  
*Putnam County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*  
*(Continued)*

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Investment in STAR Ohio is measured at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

**Capital Assets**

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

**Accumulated Leave**

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

**Fund Balance**

Fund balance is divided into five classifications based primarily on the extent to which the Village must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

***Nonspendable*** The Village classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

***Restricted*** Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

***Committed*** Council can *commit* amounts via formal action (resolution). The Village must adhere to these commitments unless the Council amends the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

***Assigned*** Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the General Fund report all fund balances as *assigned* unless they are restricted or committed. In the General Fund, *assigned* amounts represent intended uses established by Village Council or a Village official delegated that authority by resolution, or by State Statute.

***Unassigned*** Unassigned fund balance is the residual classification for the General Fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Village applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

**Note 3 – Compliance**

Contrary to Ohio Rev. Code § 5705.10(D), the Village recorded sewer revenue in the wrong fund.

**Village of Columbus Grove, Ohio**  
*Putnam County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*  
*(Continued)*

**Note 4 – Budgetary Activity**

Budgetary activity for the year ending December 31, 2018 follows:

| 2018 Budgeted vs. Actual Receipts |                      |                    |               |
|-----------------------------------|----------------------|--------------------|---------------|
| Fund Type                         | Budgeted<br>Receipts | Actual<br>Receipts | Variance      |
| General                           | \$1,853,010          | \$898,344          | (\$954,666)   |
| Special Revenue                   | 2,292,637            | 324,619            | (1,968,018)   |
| Capital Projects                  | 1,199,722            | 209,063            | (990,659)     |
| Enterprise                        | 3,330,577            | 1,115,406          | (2,215,171)   |
| Total                             | \$8,675,946          | \$2,547,432        | (\$6,128,514) |

| 2018 Budgeted vs. Actual Budgetary Basis Expenditures |                            |                           |           |
|-------------------------------------------------------|----------------------------|---------------------------|-----------|
| Fund Type                                             | Appropriation<br>Authority | Budgetary<br>Expenditures | Variance  |
| General                                               | \$987,117                  | \$776,390                 | \$210,727 |
| Special Revenue                                       | 593,991                    | 270,608                   | 323,383   |
| Capital Projects                                      | 225,400                    | 180,670                   | 44,730    |
| Enterprise                                            | 1,392,152                  | 1,150,570                 | 241,582   |
| Total                                                 | \$3,198,660                | \$2,378,238               | \$820,422 |

**Note 5 – Deposits and Investments**

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

|                                       |             |
|---------------------------------------|-------------|
|                                       | 2018        |
| Demand deposits                       | \$645,425   |
| Certificates of deposit               | 1,199,351   |
| Other time deposits (savings account) | 75,505      |
| Total deposits                        | 1,920,281   |
| STAR Ohio                             | 35,689      |
| Total deposits and investments        | \$1,955,970 |

**Deposits**

Deposits are insured by the Federal Deposit Insurance Corporation; collateralized by securities specifically pledged by the financial institution to the Village; or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

**Investments**

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



**Village of Columbus Grove, Ohio**  
*Putnam County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*  
*(Continued)*

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**Note 6 – Taxes**

***Property Taxes***

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

Public utilities are also taxed on personal and real property located within the Village

The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Village.

***Income Taxes***

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 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.

**Note 7 – Risk Management**

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

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

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

|                       |               |
|-----------------------|---------------|
|                       | <u>2018</u>   |
| Cash and investments  | \$ 35,381,789 |
| Actuarial liabilities | \$ 12,965,015 |

**Village of Columbus Grove, Ohio**  
*Putnam County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*  
*(Continued)*

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**Note 8 – Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

The majority of Village employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the Village contributed an amount equaling 14 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2018.

***Ohio Police and Fire Retirement System***

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

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25 percent of their wages. The Village contributed to OP&F an amount equal to 19.5 percent of full-time police members' wages. The Village has paid all contributions required through December 31, 2018.

***Social Security***

Several of the Village's employees and officials contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Village contributed an amount equal to 6.2 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2018.

**Note 9 – Postemployment Benefits**

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2018. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2018. OP&F contributes 0.5 percent to fund these benefits.

Beginning January 1, 2019, OP&F is changing its retiree health care model and the current self-insured health care plan will no longer be offered. In its place is a stipend-based health care model. A stipend funded by OP&F will be placed in individual Health Reimbursement Accounts that retirees will use to be reimbursed for health care expenses.

**Note 10 – Debt**

Debt outstanding at December 31, 2018 was as follows:

**Village of Columbus Grove, Ohio**  
*Putnam County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*  
*(Continued)*

|                                       | <u>Principal</u>     | <u>Interest Rate</u> |
|---------------------------------------|----------------------|----------------------|
| Ohio Public Works Commission Loans    | \$ 1,028,232         | 0%                   |
| Ohio Water Development Authority Loan | 10,190,667           | 0%                   |
| General Obligation Loans              | <u>141,090</u>       | 2.25 - 2.75%         |
| Total                                 | <u>\$ 11,359,989</u> |                      |

Outstanding General Obligation Loans consisted of the following loans. A \$264,552 loan at The Fort Jennings State Bank was issued in 2012 at an interest rate of 2.25% with final maturity in 2020 to fund the purchase of the Hitchcock Farm. A \$93,280 loan at The Fort Jennings State Bank was issued in 2017 at an interest rate of 2.75% with a final maturity date in 2020. This loan was used to pay off the balance on an existing loan which was issued to fund the purchase of the EMS building. A \$257,667 loan at The Union Bank was issued in 2016 at an interest rate of 3.0% with the final maturity date in 2021 to fund the road work for State Route 65 and Progressive Drive. The Village paid off this loan in 2018.

The Ohio Public Works Commission (OPWC) loans included a loan for sewer lines in the Village (\$58,000), which was paid off in 2018. The Village also had OPWC loans for sewer lines in the Village (\$584,706) and for wastewater improvements (\$690,608). The outstanding loans will be repaid in semiannual installments of \$9,745 and \$11,510, respectively, over 20 years. The loans are collateralized by water and sewer receipts.

The Ohio Water Development Authority (OWDA) loans included a loan for a water tower (\$35,393), a loan for a waterline (\$210,314), a loan for Wastewater Treatment Improvements (\$306,976), a loan for the Combined Sewer Overflow (CSO) Separation Phase I (\$3,449,357), a loan for Phase II CSO Construction (\$4,195,216), and a loan for Phase III CSO Construction (\$5,477,199). The loans will be paid over 20 years for the water tower, waterline loan, wastewater treatment improvements, and Phases I and II CSO Separation and Construction and is included in the accompanying amortization schedule. The Village does not yet have an amortization schedule for the Phase III CSO Construction project, consequently, the \$4,458,293 outstanding loan balance at December 31, 2018, is not included in the below table.

**Amortization**

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

| Year      | OPWC Loan          | General Obligation Loans |                 | OWDA Loan          |
|-----------|--------------------|--------------------------|-----------------|--------------------|
|           | <u>Principal</u>   | <u>Principal</u>         | <u>Interest</u> | <u>Principal</u>   |
| 2019      | \$21,256           | \$38,355                 | \$3,334         | \$211,074          |
| 2020      | 42,511             | 102,735                  | 1,483           | 409,863            |
| 2021      | 42,511             |                          |                 | 409,863            |
| 2022      | 42,511             |                          |                 | 409,863            |
| 2023      | 42,511             |                          |                 | 409,863            |
| 2024-2028 | 212,552            |                          |                 | 2,049,314          |
| 2029-2033 | 212,552            |                          |                 | 1,727,654          |
| 2034-2038 | 212,552            |                          |                 | 104,880            |
| 2039-2043 | 189,531            |                          |                 |                    |
| 2044-2048 | 9,745              |                          |                 |                    |
| Totals    | <u>\$1,028,232</u> | <u>\$141,090</u>         | <u>\$4,817</u>  | <u>\$5,732,374</u> |

**Village of Columbus Grove, Ohio**  
*Putnam County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*  
*(Continued)*

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**Note 11 – Interfund Transfers**

During 2018, the Village transferred \$65,930 from the General Fund to the Street Construction, Maintenance, and Repair Fund.

Transfers are used to move receipts from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and to use unrestricted receipts collected in the General Fund to finance various programs accounted for in the other funds in accordance with budgetary authorizations.

**Note 12 – Miscellaneous Revenue**

Miscellaneous receipts in the General Fund primarily consisted of shelter house and gazebo rent and payment in lieu of taxes. Miscellaneous receipts in the Special Revenue Fund primarily consisted of equipment rentals and reimbursements.

# OHIO AUDITOR OF STATE KEITH FABER



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

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

To the Village Council:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements by fund type of the Village of Columbus Grove, Putnam County, Ohio (the Village) as of and for the years ended December 31, 2019 and 2018, and the related notes to the financial statements and have issued our report thereon dated August 26, 2020, wherein we noted the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. We also noted the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Village.

### ***Internal Control Over Financial Reporting***

As part of our financial statement audit, we considered the Village's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Village's internal control. Accordingly, we have not opined on it.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. However, as described in the accompanying schedule of findings we identified certain deficiencies in internal control over financial reporting, that we consider material weaknesses and a significant deficiency.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Village's financial statements. We consider findings 2019-001 and 2019-002 described in the accompanying schedule of findings to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of internal control deficiencies less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider finding 2019-003 described in the accompanying schedule of findings to be a significant deficiency.

***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, opining 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 or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2019-003

***Village's Response to Findings***

The Village's response to the findings identified in our audit is described in the accompanying schedule of findings. We did not subject the Village's response to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

***Purpose of this Report***

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Village's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Village's internal control and compliance. Accordingly, this report is not suitable for any other purpose.



Keith Faber  
Auditor of State

Columbus, Ohio

August 26, 2020

**VILLAGE OF COLUMBUS GROVE  
PUTNAM COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2019 AND 2018**

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

**FINDING NUMBER 2019-001**

**Material Weakness – Financial Reporting**

In our audit engagement letter, as required by AU-C Section 210, *Terms of Engagement*, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error as discussed in AU-C Section 210 paragraphs .A14 & .A16. In addition, Governmental Accounting Standards Board (GASB) Statement No. 54 (codified as GASB Cod 1800.165-.179) requires fund balance be divided into one of five classifications based on the extent to which constraints are imposed upon the resources.

The following errors were identified in the accompanying financial statements:

- In 2018, Community Development Block Grant on-behalf activity was not posted to the accounting system by the Village, which resulted in understating intergovernmental revenue, capital outlay, and appropriations in the Capital Improvement Fund in the amount of \$57,400.
- In 2019, sale of capital assets revenue was incorrectly classified as sale of notes in the Capital Improvement Fund in the amount of \$20,910.
- In 2019, Budgeted Receipts in the Budgetary Activity note to the financial statements did not agree to amounts certified by the County Budget Commission in the Special Revenue Fund in the amount of \$68,958.
- In 2019, Appropriation Authority in the Budgetary Activity note to the financial statements did not agree to amounts approved by Village Council in the Capital Projects and Enterprise Funds in the amounts of \$7,891 and \$1,008,000, respectively.
- In 2019, Budgetary Expenditures in the Budgetary Activity note to the financial statements were overstated in the General Fund in the amount of \$220,889 and understated in the Special Revenue and Enterprise Funds in the amounts of \$103,020 and \$960,272, respectively.
- In 2019 and 2018, Actual Receipts in the Budgetary Activity note to the financial statements were understated in the Enterprise Fund in the amounts of \$92,770 and \$89,752, respectively.
- In 2018, Appropriation Authority in the Budgetary Activity note to the financial statements did not agree to amounts approved by Village Council in the General and Special Revenue Funds, respectively, in the amount of \$65,930.
- In 2018, Budgetary Expenditures in the Budgetary Activity note to the financial statements were overstated in the General, Special Revenue, Debt Service, Capital Projects, and Enterprise Funds in the amounts of \$1,075,866, \$2,384,460, \$1,715,906, \$260,505 and \$2,894,435, respectively.
- Restricted fund balance within the Capital Improvement Fund in the amounts of \$39,420 and \$40,891 were incorrectly classified as assigned in 2019 and 2018, respectively.

These errors were the result of inadequate policies and procedures in reviewing the financial statements. Failure to complete accurate financial statements could lead to the Village Council making misinformed decisions. The accompanying financial statements and notes to the financial statements have been adjusted to correct these and another error. Additional errors were noted in smaller relative amounts.

To help ensure the Village's financial statements and notes to the financial statements are complete and accurate, the Village should adopt policies and procedures, including a final review of the financial statements and notes to the financial statements by the Fiscal Officer and Village Council, to identify and correct errors and omissions. In addition, the Fiscal Officer should review Ohio Auditor of State Audit Bulletin 2011-004 for guidance on GASB Statement No. 54.

### FINDING NUMBER 2019-002

#### Material Weakness – Mayors Court

Governmental Accounting Standards Board (GASB) Cod 1300.102(c) provides that fiduciary funds should be used to report assets held in a trustee or agency capacity for others and therefore cannot be used to support the government's own programs.

The fines received are the property of the court and cannot be used to support the Village's own programs until they are distributed in accordance with Ohio Rev. Code § 733.40. As such, the activity should be reported in an Agency Fund to help ensure all court activity is properly accounted for and distributed to the appropriate agency.

Due to deficiencies in policies and procedures over the Mayor's Court, the Village's Mayor's Court activity was not all posted to an Agency Fund in 2018. Mayor's Court activity that was posted to an Agency Fund in 2019 and 2018, was also not posted to the correct line items. Mayor's Court fines due to the Village in 2018 were not distributed correctly between the Police Fund and Agency Fund. Failure to provide for correct presentation of the Mayor's Court activity could allow for these funds to be used for unallowable purposes.

The following errors were identified in the accompanying financial statements:

- In 2019 and 2018, other financing sources were incorrectly classified as fines, licenses, and permits in the Agency Fund in the amounts of \$44,559 and \$16,031, respectively.
- In 2019, other financing uses were incorrectly classified as contractual services in the Agency Fund in the amount of \$42,619.
- In 2018, other financing uses and other financing sources were understated in the Agency Fund in the amounts of \$13,831 and 11,769, respectively.
- In 2018, other financing uses were incorrectly classified as contractual services and other expenses in the Agency Fund in the amount of \$15,221.
- The Police Fund balance was understated by \$2,062 and the Agency Fund balance was overstated by the same amount as of December 31, 2019 and 2018.

In order to improve internal controls over Mayor's Court revenues, remittances, and remaining fund balance, the Village should post all Mayor's Court activity to an Agency Fund, correctly classify all posted Mayor's Court activity, and properly remit the Village's portion of the fines collected to the appropriate Village fund from the Agency Fund.

### FINDING NUMBER 2019-003

#### Noncompliance and Significant Deficiency

**Ohio Rev. Code § 5705.10(D)** provides in part that "all revenue derived from a source other than the general property tax and which the law prescribes shall be used for a particular purpose, shall be paid into a special fund for such purpose."

In 2018, the Village inappropriately recorded \$33,951 of sewer revenue in the Water Fund. Given the source of the revenue, this should have been recorded in the Sewer and Special Sewer Funds in the amounts of \$6,790 and \$27,161, respectively. Audit adjustments are reflected in the financial statements and in the accounting records correcting the misstatement.

The lack of controls over the posting of financial transactions decreases the reliability of financial data at year-end and can result in undetected errors and irregularities. The Village should implement controls to help ensure all transactions are reviewed to help ensure posting to the proper funds.



**Officials' Response:**

Findings 2019-001 to 003 have all been addressed by the auditors and the Village completely has a better understanding of what needs to be changed in the future to take care of these errors. Budget and appropriation reports will be taken a closer look at to make sure of their accuracy in the future. The Mayor's Court adjustment will be done and the posting lines will be changed to the correct ones, as this fund was set up with the wrong line items.

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# VILLAGE OF COLUMBUS GROVE

113 EAST SYCAMORE STREET  
COLUMBUS GROVE, OH 45830

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## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS DECEMBER 31, 2019 AND 2018

| Finding Number | Finding Summary                                                                                                                                                                        | Status                                                         | Additional Information                                                                                                                                                                                                                                                              |
|----------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 2017-001       | This finding was first reported in 2017. Finding for recovery repaid under audit for overpayment of an employee.                                                                       | Corrective action taken and finding is fully corrected.        |                                                                                                                                                                                                                                                                                     |
| 2017-002       | This finding was first reported in 2005. Material weakness for lack of monitoring of financial transactions resulting in errors in the financial statements.                           | Not corrected and reissued as Finding 2019-001 in this report. | Posting errors continued as in prior years until after completion of the prior audit, and from that point on the Village attempted to correct posting errors. The Village now has a better understanding of the posting issues and will continue to make improvements where needed. |
| 2017-003       | This finding was first reported in 2014. Material weakness on posting of Mayor's Court activity.                                                                                       | Not corrected and reissued as Finding 2019-002 in this report. | Posting errors continued as in prior years until after completion of the prior audit, and from that point on the Village attempted to correct posting errors. The Village now has a better understanding of the posting issues and will continue to make improvements where needed. |
| 2017-004       | This finding was first reported in 2016. Material weakness and noncompliance with Ohio Rev. Code § 5705.10(F) for posting proceeds from the sale of a capital asset in the wrong fund. | Corrective action taken and finding is fully corrected.        |                                                                                                                                                                                                                                                                                     |
| 2017-005       | This finding was first reported in 2016. Material weakness and noncompliance with Ohio Rev. Code § 5705.10(E) for posting loan proceeds in the wrong fund.                             | Corrective action taken and finding is fully corrected.        |                                                                                                                                                                                                                                                                                     |
| 2017-006       | This finding was first reported in 2016. Material weakness and noncompliance with Ohio Rev. Code § 5705.05 for posting debt payments in the wrong fund.                                | Corrective action taken and finding is fully corrected.        |                                                                                                                                                                                                                                                                                     |

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# OHIO AUDITOR OF STATE KEITH FABER



**VILLAGE OF COLUMBUS GROVE**

**PUTNAM COUNTY**

**AUDITOR OF STATE OF OHIO CERTIFICATION**

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



**Certified for Release 9/8/2020**

88 East Broad Street, Columbus, Ohio 43215  
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at  
[www.ohioauditor.gov](http://www.ohioauditor.gov)