



**COLUMBUS GROVE LOCAL SCHOOL DISTRICT
PUTNAM COUNTY**

REGULAR AUDIT

FOR THE YEAR ENDED JUNE 30, 2005



**Auditor of State
Betty Montgomery**

**COLUMBUS GROVE LOCAL SCHOOL DISTRICT
PUTNAM COUNTY**

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

Columbus Grove Local School District
Putnam County
201 West Cross Street
Columbus Grove, Ohio 45830-1299

To the Board of Education:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Columbus Grove Local School District, Putnam County, (the District), as of and for the year ended June 30, 2005, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the 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 Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinions.

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. However, as discussed in Note 1, 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, the business-type activities, each major fund, and the aggregate remaining fund information of Columbus Grove Local School District, Putnam County, as of June 30, 2005, and the respective changes in modified cash financial position and the respective budgetary comparison for the General Fund, thereof for the year then ended in conformity with the basis of accounting Note 1 describes.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 6, 2006, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Management's discussion and analysis is not a required part of the basic financial statements but is supplementary information the Governmental Accounting Standards Board requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

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

Betty Montgomery
Auditor of State

February 6, 2006

**COLUMBUS GROVE LOCAL SCHOOL DISTRICT
PUTNAM COUNTY**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005
UNAUDITED

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, 2005, within the limitations of the District's Other Comprehensive Basis of Accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the District's financial performance.

Financial Highlights

Key highlights for 2005 are as follows:

- Net assets of governmental activities increased \$346,862, or 12.4 percent, from the prior year.
- Net assets of business type activities increased \$21,880, or 47 percent, from the prior year.
- The District's general governmental receipts were \$5,918,342 or 86.31 percent of all revenue. Those being primarily property taxes and unrestricted state entitlements, Program specific revenues in the form of charges for services and operating grants and contributions accounted for \$938,943 or 13.69 percent of total revenues of \$6,857,285.
- The District's business type general receipts were \$3,323 or 1.2 percent of all revenue. Those being primarily interest and miscellaneous receipts, Program specific revenues in the form of charges for services and operating grants accounted for \$263,130 or 98.80 percent of total revenues of \$266,453.
- The District had \$6,510,423 in expense related to governmental activities: only \$938,943 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 \$5,918,342 were adequate to provide for these programs.
- The District had \$244,573 in expense related to business type activities: all of which were offset by program specific charges for services and operating grants. The District also had \$3,323 in general revenues supporting business type activities.
- The District's major governmental funds were the general and bond retirement fund. The general fund had \$6,255,528 in revenues and other financing sources and \$5,823,793 in expenditures. The bond retirement fund had \$139,256 in revenues, and \$179,162 in expenditures. During fiscal year 2005, the general funds fund balance, increased \$431,735 from \$2,173,036 to \$2,604,771. The bond retirement fund balance decreased \$39,906 from \$415,576 to \$375,670.
- The District's business type food service fund had \$266,453 in revenue and \$244,573 in expenses. During fiscal year 2005 the food service fund balance increased \$21,880 from \$46,175 to \$68,055.

Using this Annual Report

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

**COLUMBUS GROVE LOCAL SCHOOL DISTRICT
PUTNAM COUNTY**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005
UNAUDITED
(Continued)

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, Bond Retirement Fund and the food service 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.

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 another comprehensive basis of accounting. Under the District's other comprehensive 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 other comprehensive 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 2005, within the limitations of the other comprehensive 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.

**COLUMBUS GROVE LOCAL SCHOOL DISTRICT
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MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005
UNAUDITED
(Continued)

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. The Business Type Activities include the District's food service operations.

Reporting the District's Most Significant Funds

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

The funds of the District are split into two categories: governmental and business type. 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.

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.

Business Type Fund – The Business Type fund is used to account for the food service program of the District. This fund is accounted for separately on the entity wide statements.

**COLUMBUS GROVE LOCAL SCHOOL DISTRICT
PUTNAM COUNTY**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005
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The District as a Whole

Table 1 provides a summary of the District's net assets for fiscal year 2005 compared to fiscal year 2004 on another comprehensive basis of accounting.

Table 1
Net Assets

	Governmental Activities 2005	Governmental Activities 2004	Business Type Activities 2005	Business Type Activities 2004	Total Activities 2005	Total Activities 2004
Assets:						
Cash and Cash Equivalents	\$3,143,367	\$2,796,505	\$68,055	\$46,175	\$3,211,422	\$2,842,680
Net Assets:						
Restricted	593,852	665,062			593,852	665,062
Unrestricted	2,549,515	2,131,443	68,055	46,175	2,617,570	2,177,618
Total Net Assets	<u>\$3,143,367</u>	<u>\$2,796,505</u>	<u>\$68,055</u>	<u>\$46,175</u>	<u>\$3,211,422</u>	<u>\$2,842,680</u>

Over time, net assets can serve as a useful indicator of a government's financial position. At year-end, net assets were \$3,143,367 for governmental activities and \$68,055 for business type activities.

A portion of the District's net assets, \$593,852, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net assets of \$2,617,570 may be used to meet the District's ongoing obligations to the students and creditors.

**COLUMBUS GROVE LOCAL SCHOOL DISTRICT
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MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005
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Table 2 reflects the changes in net assets from the prior year:

	<u>Table 2</u>			
	Governmental Activities 2005	Business Type Activities 2005	Governmental Activities 2004	Business Type Activities 2004
Receipts:				
Program Receipts:				
Charges for Services and Sales	\$306,984	\$203,286	\$388,663	\$174,915
Operating Grants and Contributions	579,459	59,844	541,811	55,293
Capital Grants and Contributions	52,500		2,319	
Total Program Receipts	938,943	263,130	932,793	230,208
General Receipts:				
Property Taxes Levied for General Purposes	1,364,837		1,359,296	
Property Taxes Levied for Debt Service	122,375		146,853	
Property Taxes Levied for Capital Projects	43,124		43,282	
School District Income Taxes	576,453		659,418	
Grants and Entitlements Not Restricted to Specific Programs	3,682,534		3,211,201	
Interest	63,746	1,972	31,449	973
Miscellaneous	65,273	1,351	125,255	1,503
Total General Receipts	5,918,342	3,323	5,576,754	2,476
Total Receipts	6,857,285	266,453	6,509,547	232,684
Disbursements:				
Instruction:				
Regular	3,310,631		3,100,913	
Special	670,692		727,964	
Vocational	107,109		114,695	
Support Services:				
Pupil	226,902		208,571	
Instructional Staff	122,929		117,283	
Board of Education	35,594		33,249	
Administration	413,237		385,918	
Fiscal	183,922		197,945	
Operation and Maintenance of Plant	495,834		520,354	
Pupil Transportation	275,416		573,624	
Central	13,358		13,361	
Operation of non-instructional services	122,096		116,989	
Food Services		244,573		226,305
Extracurricular Activities	283,609		358,228	
Capital Outlay	72,906		36,754	
Debt Service	176,188		184,313	
Total Disbursements	6,510,423	244,573	6,690,161	226,305

**COLUMBUS GROVE LOCAL SCHOOL DISTRICT
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MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005
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(Continued)

Increase (Decrease) in Net Assets	346,862	21,880	(180,614)	6,379
Net Assets, July 1	2,796,505	46,175	2,977,119	39,796
Net Assets, June 30	<u>\$3,143,367</u>	<u>\$68,055</u>	<u>\$2,796,505</u>	<u>\$46,175</u>

Net assets of the District's governmental activities increased \$346,862. Total governmental expenses of \$6,510,423 were offset by program revenues of \$938,943 and general revenues of \$5,918,342. Program revenues supported 14.42 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 86.31 percent of total governmental revenue. Real estate property is reappraised every six years.

Net assets of the District's business type activities increased \$21,880. Total business type expenses of \$244,573 were offset by program revenues of \$263,130 and general revenues of \$3,323.

Governmental and Business Type Activities

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

Table 3

	Governmental Activities		Business Type Activities		Governmental Activities		Business Type Activities	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
	2005	2005	2005	2005	2004	2004	2004	2004
Current:								
Instruction:								
Regular	3,310,631	3,062,164			\$3,100,913	\$2,852,831		
Special	670,692	322,042			727,964	422,462		
Vocational	107,109	85,531			114,695	100,015		
Other								
Support Services:								
Pupil	226,902	221,902			208,571	203,571		
Instructional Staff	122,929	113,129			117,283	104,177		
Board of Education	35,594	35,594			33,249	33,249		
Administration	413,237	409,689			385,918	382,393		
Fiscal	183,922	181,614			197,945	196,790		
Operation and Maintenance of Plant	495,834	495,834			520,354	520,354		
Pupil Transportation	275,416	213,575			573,624	565,252		
Central	13,358	348			13,361	351		
Operation of non-instructional services	122,096	6,487			116,989	(8,955)		

**COLUMBUS GROVE LOCAL SCHOOL DISTRICT
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MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005
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(Continued)

Operation of Food Services			244,573	(18,557)			226,305	(3,903)
Extracurricular Activities	283,609	174,477			358,228	163,811		
Capital Outlay	72,906	72,906			36,754	36,754		
Debt Service	176,188	176,188			184,313	184,313		
Total Disbursements	\$6,510,423	\$5,571,480	\$244,573	(\$18,557)	\$6,690,161	\$5,757,368	\$226,305	(\$3,903)

The dependence upon tax receipts and unrestricted state entitlements is apparent 84.87 percent of instructional activities are supported through these general receipts. For all governmental activities, general revenue support is 90.91 percent. The District's taxpayers, as a whole, are by far the primary support for District students.

The Government's Funds

The District's funds are accounted for using the other comprehensive basis of accounting. Total combined fund balance of \$3,211,422, which is higher than last year's total of \$2,842,680. The schedule below indicates that fund balance and the total change in fund balance as of June 30, 2005 and 2004.

Table 4

	<u>Fund Balance June 30, 2005</u>	<u>Fund Balance June 30, 2004</u>	<u>Increase (Decrease)</u>
General	\$2,604,771	\$2,173,036	\$431,735
Bond Retirement	375,670	415,576	(39,906)
Other Governmental	162,926	207,893	(44,967)
Food Service	68,055	46,175	21,880
Total Fund Balance	\$3,211,422	\$2,842,680	\$368,742

**COLUMBUS GROVE LOCAL SCHOOL DISTRICT
PUTNAM COUNTY**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005
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(Continued)

General Fund

The District's general fund's balance increased by \$431,735.

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

Table 5

	2005 Amount	2004 Amount
Revenues		
Taxes	\$1,941,290	\$2,018,714
Tuition	197,852	194,246
Earnings on Investments	63,089	31,125
Intergovernmental	4,009,329	3,414,938
Other Revenues	43,968	44,650
Total Revenue	\$6,255,528	\$5,703,673
Expenditures		
Instruction	\$3,937,438	\$3,782,759
Support Services	1,698,125	1,980,635
Extracurricular activities	160,287	154,746
Capital Outlay	27,943	7,740
Total Expenditures	\$5,823,793	\$5,925,880

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 2005, the District amended its General Fund budget as needed to reflect changing circumstances. Final budgeted receipts, in the amount of \$6,444,134, which is higher than the original budgeted revenue estimate of \$6,400,000. Actual revenues and other financing sources for fiscal year 2005 was \$6,255,528. This represents a \$188,606 decrease from final budgeted revenues.

General Fund original budgeted appropriations (appropriated expenditures plus other financing uses) of \$6,212,054 were raised to \$6,251,554 in the final budget. The actual budget basis expenditures and other financing uses for fiscal year 2005 totaled \$5,928,675 which was \$322,879 less than the final budget appropriations.

Capital Assets and Debt Administration

Capital Assets

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

**COLUMBUS GROVE LOCAL SCHOOL DISTRICT
PUTNAM COUNTY**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005
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(Continued)

Debt

At June 30, 2005, the District's outstanding debt included general obligation bonds, in the amount of \$725,000 of this total \$125,000 is due within one year and \$600,000 is due in more than one year. The following table summarizes the bonds outstanding.

Table 6

General Obligation Bonds	Balance <u>June 30, 2005</u>	Balance <u>June 30, 2004</u>	<u>(Decrease)</u>
1987 Issue	\$725,000	\$850,000	(\$125,000)

Current Issues

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

Contacting the District's Financial Management

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

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**COLUMBUS GROVE LOCAL SCHOOL DISTRICT
PUTNAM COUNTY**

**Statement of Net Assets - Modified Cash Basis
For the Fiscal Year Ended June 30, 2005**

	Governmental Activities	Business-Type Activities	Total
Assets			
Equity in Pooled Cash and Cash Equivalents	<u>\$3,143,367</u>	<u>\$68,055</u>	<u>\$3,211,422</u>
Net Assets			
Restricted for:			
Capital Projects	\$7,021		\$7,021
Debt Service	375,670		375,670
Set Asides	55,256		55,256
Other Purposes	155,905		155,905
Unrestricted	<u>2,549,515</u>	<u>\$68,055</u>	<u>2,617,570</u>
<i>Total Net Assets</i>	<u>\$3,143,367</u>	<u>\$68,055</u>	<u>\$3,211,422</u>

See accompanying notes to the basic financial statements

**COLUMBUS GROVE LOCAL SCHOOL DISTRICT
PUTNAM COUNTY**

**Statement of Activities - Modified Cash Basis
For the Fiscal Year Ended June 30, 2005**

	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Assets			
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities							
Current:							
Instruction:							
Regular	\$3,310,631	\$197,852	\$50,615		(\$3,062,164)		(\$3,062,164)
Special	670,692		348,650		(322,042)		(322,042)
Vocational	107,109		21,578		(85,531)		(85,531)
Support Services:							
Pupil	226,902		5,000		(221,902)		(221,902)
Instructional Staff	122,929		9,800		(113,129)		(113,129)
Board of Education	35,594				(35,594)		(35,594)
Administration	413,237		3,548		(409,689)		(409,689)
Fiscal	183,922		2,308		(181,614)		(181,614)
Operation and Maintenance of Plant	495,834				(495,834)		(495,834)
Pupil Transportation	275,416		9,341	\$52,500	(213,575)		(213,575)
Central	13,358		13,010		(348)		(348)
Operation of Non-Instructional Services	122,096		115,609		(6,487)		(6,487)
Extracurricular Activities	283,609	109,132			(174,477)		(174,477)
Capital Outlay	72,906				(72,906)		(72,906)
Debt Service	176,188				(176,188)		(176,188)
<i>Total Governmental Activities</i>	<u>6,510,423</u>	<u>306,984</u>	<u>579,459</u>	<u>52,500</u>	<u>(5,571,480)</u>		<u>(5,571,480)</u>
Business-Type Activity							
Food Service	244,573	203,286	59,844			18,557	18,557
Total	<u>\$6,754,996</u>	<u>\$510,270</u>	<u>\$639,303</u>	<u>\$52,500</u>	<u>(5,571,480)</u>	<u>18,557</u>	<u>(5,552,923)</u>
General Receipts							
Property Taxes Levied for:							
General Purposes					1,364,837		1,364,837
Debt Service					122,375		122,375
Capital Outlay					43,124		43,124
Income Taxes					576,453		576,453
Grants and Entitlements not Restricted to Specific Programs					3,682,534		3,682,534
Interest					63,746	1,972	65,718
Miscellaneous					65,273	1,351	66,624
<i>Total General Receipts</i>					<u>5,918,342</u>	<u>3,323</u>	<u>5,921,665</u>
Change in Net Assets					346,862	21,880	368,742
<i>Net Assets Beginning of Year</i>					<u>2,796,505</u>	<u>46,175</u>	<u>2,842,680</u>
<i>Net Assets End of Year</i>					<u>\$3,143,367</u>	<u>\$68,055</u>	<u>\$3,211,422</u>

See accompanying notes to the basic financial statements

**COLUMBUS GROVE LOCAL SCHOOL DISTRICT
PUTNAM COUNTY**

**Statement of Assets and Fund Balances - Modified Cash Basis
Governmental Funds
For the Fiscal Year Ended June 30, 2005**

	General	Bond Retirement	Other Governmental Funds	Total Government Funds
Assets				
Equity in Pooled Cash and Cash Equivalents	\$2,604,771	\$375,670	\$162,926	\$3,143,367
Fund Balances				
Reserved for:				
Encumbrances	\$104,882		\$46,616	\$151,498
Bus Purchases	15,324			15,324
Textbooks	9,281			9,281
Capital Outlay	45,975			45,975
Unreserved:				
Undesignated, Reported in				
General Fund	2,429,309			2,429,309
Special Revenue Funds			109,289	109,289
Debt Service Fund		\$375,670		375,670
Capital Projects Funds			7,021	7,021
<i>Total Fund Balances</i>	<u>\$2,604,771</u>	<u>\$375,670</u>	<u>\$162,926</u>	<u>\$3,143,367</u>

See accompanying notes to the basic financial statements

**COLUMBUS GROVE LOCAL SCHOOL DISTRICT
PUTNAM COUNTY**

**Statement of Cash Receipts, Disbursements and Changes in
Fund Balances - Modified Cash Basis - Governmental Funds
For the Fiscal Year Ended June 30, 2005**

	General	Bond Retirement	Other Governmental Funds	Total Governmental Funds
Receipts				
Property Taxes	\$1,364,837	\$122,375	\$43,124	\$1,530,336
Income Taxes	576,453			576,453
Intergovernmental	4,009,329	16,881	288,283	4,314,493
Interest	63,089		657	63,746
Tuition and Fees	197,852			197,852
Extracurricular Activities			109,132	109,132
Contributions and Donations	23,370			23,370
Rentals	1,169			1,169
Miscellaneous	13,536		21,305	34,841
<i>Total Receipts</i>	<u>6,249,635</u>	<u>139,256</u>	<u>462,501</u>	<u>6,851,392</u>
Disbursements				
Current:				
Instruction:				
Regular	3,231,473		79,158	3,310,631
Special	598,856		71,836	670,692
Vocational	107,109			107,109
Support Services:				
Pupil	215,440		11,462	226,902
Instructional Staff	113,129		9,800	122,929
Board of Education	35,594			35,594
Administration	409,688		3,549	413,237
Fiscal	177,186	2,974	3,762	183,922
Operation and Maintenance of Plant	471,324		24,510	495,834
Pupil Transportation	275,416			275,416
Central	348		13,010	13,358
Operation of Non-Instructional Services			122,096	122,096
Extracurricular Activities	160,287		123,322	283,609
Capital Outlay	27,943		44,963	72,906
Debt Service:				
Principal Retirement		125,000		125,000
Interest and Fiscal Charges		51,188		51,188
<i>Total Disbursements</i>	<u>5,823,793</u>	<u>179,162</u>	<u>507,468</u>	<u>6,510,423</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>425,842</u>	<u>(39,906)</u>	<u>(44,967)</u>	<u>340,969</u>
Other Financing Sources				
Other Financing Sources	5,893			5,893
<i>Net Change in Fund Balances</i>	<u>431,735</u>	<u>(39,906)</u>	<u>(44,967)</u>	<u>346,862</u>
<i>Fund Balances Beginning of Year</i>	<u>2,173,036</u>	<u>415,576</u>	<u>207,893</u>	<u>2,796,505</u>
<i>Fund Balances End of Year</i>	<u><u>\$2,604,771</u></u>	<u><u>\$375,670</u></u>	<u><u>\$162,926</u></u>	<u><u>\$3,143,367</u></u>

See accompanying notes to the basic financial statements

**COLUMBUS GROVE LOCAL SCHOOL DISTRICT
PUTNAM COUNTY**

**Statement of Receipts, Disbursements and Changes in Fund Balance
Budget and Actual Comparison -Budget Basis
General Fund
For the Fiscal Year Ended June 30, 2005**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Property Taxes	\$1,440,000	\$1,444,634	\$1,364,837	(\$79,797)
Income Taxes	687,000	587,000	576,453	(10,547)
Intergovernmental	4,044,000	4,044,000	4,009,329	(34,671)
Interest	30,000	69,500	63,089	(6,411)
Tuition and Fees	187,000	287,000	197,852	(89,148)
Contributions and Donations	1,000	1,000	23,370	22,370
Rentals	1,000	1,000	1,169	169
Miscellaneous	10,000	10,000	13,536	3,536
<i>Total receipts</i>	<u>6,400,000</u>	<u>6,444,134</u>	<u>6,249,635</u>	<u>(194,499)</u>
Disbursements				
Current:				
Instruction:				
Regular	3,108,119	3,147,619	3,292,123	(144,504)
Special	626,791	626,791	600,297	26,494
Vocational	113,263	113,263	108,210	5,053
Support Services:				
Pupil	197,199	197,199	215,960	(18,761)
Instructional Staff	112,072	112,072	116,945	(4,873)
Board of Education	21,263	21,263	41,594	(20,331)
Administration	388,678	388,678	411,618	(22,940)
Fiscal	179,414	179,414	177,563	1,851
Operation and Maintenance of Plant	486,602	486,602	471,874	14,728
Pupil Transportation	305,384	305,384	279,066	26,318
Central	387	387	348	39
Extracurricular Activities	164,368	164,368	160,387	3,981
Capital Outlay	8,514	8,514	52,690	(44,176)
<i>Total Disbursements</i>	<u>5,712,054</u>	<u>5,751,554</u>	<u>5,928,675</u>	<u>(177,121)</u>
<i>Excess of Receipts Over Disbursements</i>	<u>687,946</u>	<u>692,580</u>	<u>320,960</u>	<u>(371,620)</u>
Other Financing Sources (Uses)				
Advances In			48,595	48,595
Advances Out			(48,595)	(48,595)
Other Financing Sources			5,893	5,893
Other Financing Uses	(500,000)	(500,000)		500,000
<i>Total Other Financing Sources (Uses)</i>	<u>(500,000)</u>	<u>(500,000)</u>	<u>5,893</u>	<u>505,893</u>
<i>Net Change in Fund Balance</i>	187,946	192,580	326,853	134,273
<i>Fund Balance Beginning of Year</i>	2,060,981	2,060,981	2,060,981	
Prior Year Encumbrances Appropriated	112,055	112,055	112,055	
<i>Fund Balance End of Year</i>	<u>\$2,360,982</u>	<u>\$2,365,616</u>	<u>\$2,499,889</u>	<u>\$134,273</u>

See accompanying notes to the basic financial statements

**COLUMBUS GROVE LOCAL SCHOOL DISTRICT
PUTNAM COUNTY**

**Statement of Fund Net Assets - Modified Cash Basis
Food Service Fund
For the Fiscal Year Ended June 30, 2005**

	<u>Food Service</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	<u><u>\$68,055</u></u>
Net Assets	
Unrestricted	<u>68,055</u>
<i>Total Net Assets</i>	<u><u>\$68,055</u></u>

See accompanying notes to the basic financial statements

**COLUMBUS GROVE LOCAL SCHOOL DISTRICT
PUTNAM COUNTY**

**Statement of Cash Receipts, Disbursements and Changes in
Fund Net Assets - Modified Cash Basis - Food Service Fund
For the Fiscal Year Ended June 30, 2005**

	Food Service
Operating Receipts	
Charges for Services	\$203,286
Operating Disbursements	
Personal Services	124,500
Materials and Supplies	113,067
Contract Services	6,064
Capital Outlay	942
<i>Total Operating Disbursements</i>	244,573
<i>Operating Loss</i>	(41,287)
Non-Operating Receipts	
Interest	1,972
Intergovernmental Revenue	59,844
Other Non-Operating Revenue	1,351
<i>Total Non-Operating Revenues/(Disbursements)</i>	63,167
<i>Changes in Net Assets</i>	21,880
Net Assets - Beginning of Year	46,175
<i>Net Assets - End of Year</i>	\$ 68,055

See accompanying notes to the basic financial statements

**COLUMBUS GROVE LOCAL SCHOOL DISTRICT
PUTNAM COUNTY**

**Statement of Fiduciary Net Assets - Modified Cash Basis
Fiduciary Funds
For the Fiscal Year Ended June 30, 2005**

	<u>Agency</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	<u><u>\$43,956</u></u>
Net Assets	
Held for Student Activities	<u><u>\$43,956</u></u>

See accompanying notes to the basic financial statements

**COLUMBUS GROVE LOCAL SCHOOL DISTRICT
PUTNAM COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

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, 62 certificated full-time personnel, and 4 administrators who provide services to 901 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**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005
(Continued)

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.

Proprietary: Certain District funds operate similar to business enterprises, where user charges (i.e. charges for services) provide significant resources for the activity. The district classifies these as enterprise funds. The following is the District's enterprise fund:

Enterprise Fund The School District's major enterprise fund accounts for food service operations.

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.

**COLUMBUS GROVE LOCAL SCHOOL DISTRICT
PUTNAM COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005
(Continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

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

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.

Proprietary fund statements distinguish operating transactions from nonoperating transactions. Operating receipts generally result from exchange transactions such as charges for services directly relating to the funds' principal services. Operating disbursements include costs of sales and services and administrative costs. The fund statements report all other receipts and disbursements as nonoperating.

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 2005, 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, 2004.

Following Ohio statutes, the Board of Education specified the funds to receive an allocation of interest earnings. Interest receipts credited during fiscal year 2005 was as follows: General Fund \$63,089, Auxiliary Service Fund \$657, and Food Service Fund \$1,972.

**COLUMBUS GROVE LOCAL SCHOOL DISTRICT
PUTNAM COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005
(Continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

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 and capital improvements.

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.

**COLUMBUS GROVE LOCAL SCHOOL DISTRICT
PUTNAM COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005
(Continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

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, 2005.

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 2005.

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.

**COLUMBUS GROVE LOCAL SCHOOL DISTRICT
PUTNAM COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005
(Continued)

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 \$104,882 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.

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;

**COLUMBUS GROVE LOCAL SCHOOL DISTRICT
PUTNAM COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005
(Continued)

NOTE 4 – DEPOSITS AND INVESTMENTS – (Continued)

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

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

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

Deposits: 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, 2005, the District had investments with STAR Ohio with a carrying value of \$3,234,512.

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.

**COLUMBUS GROVE LOCAL SCHOOL DISTRICT
PUTNAM COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005
(Continued)

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 2005 represents collections of calendar year 2004 taxes. Real property taxes received in calendar year 2005 were levied after April 1, 2004, on the assessed value listed as of January 1, 2004, the lien date. Assessed values for real property taxes are established by State law at thirty-five percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar 2005 represents collections of calendar year 2004 taxes. Public utility real and tangible personal property taxes received in calendar year 2005 became a lien December 31, 2003, were levied after April 1, 2004, and are collected in 2005 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 2005 (other than public utility property) represents the collection of 2005 taxes. Tangible personal property taxes received in calendar year 2005 were levied after April 1, 2004, on the value as of December 31, 2004. Tangible personal property is currently assessed at twenty-five percent of true value for capital assets and twenty-four percent of true value for inventory. 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.

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, 2005, are available to finance fiscal year 2005 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, 2005, was \$100,138 in the general fund, \$7,661 in the debt service fund, and \$3,146 in the permanent improvement capital projects fund.

**COLUMBUS GROVE LOCAL SCHOOL DISTRICT
PUTNAM COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005
(Continued)

NOTE 5 – PROPERTY TAXES – (Continued)

The assessed values upon which the fiscal year 2005 taxes were collected are:

	2004 Second Half Collections		2005 First- Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$67,336,970	91.42%	\$68,262,480	91.75%
Public Utility	4,161,970	5.65%	4,271,910	5.74%
Tangible Personal Property	2,153,241	2.93%	1,861,500	2.51%
Total Assessed Value	<u>\$73,652,181</u>	<u>100.00%</u>	<u>\$74,395,890</u>	<u>100.00%</u>
Tax rate per \$1,000 of assessed valuation	\$31.25		\$30.55	

NOTE 6 – SCHOOL DISTRICT INCOME TAX

The district levies a voted tax of .75 percent for general operations on the income of residents and of estates. The tax was effective January 1, 1996, and expires on December 31, 2005. 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 \$576,453 for fiscal year 2005.

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 65 members. SORSA is a joint self-insurance pool. SORSA assumes the risk of loss up to the limits of the (Columbus Grove Local District's) policy. SORSA covers the following risks:

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

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

The District paid \$43,460 in premiums to the pool during fiscal year 2005 for coverage during fiscal year 2006. The District paid \$47,585 in premiums during fiscal year 2004 for coverage in fiscal year 2005.

**COLUMBUS GROVE LOCAL SCHOOL DISTRICT
PUTNAM COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005
(Continued)

NOTE 7 – RISK MANAGEMENT – (Continued)

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

B. Employee Medical Benefits

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

C. Workers' Compensation

For fiscal year 2005, 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 43215-3476 or by calling (614) 222-5853.

Plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current District rate is 14 percent of annual covered payroll. A portion of the District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2005, 10.57 percent of annual covered salary was the portion used to fund pension obligations. For fiscal year 2004, 9.09 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS Retirement Board. The District's required contributions for pension obligations to SERS for the

**COLUMBUS GROVE LOCAL SCHOOL DISTRICT
PUTNAM COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005
(Continued)

NOTE 8 – DEFINED BENEFIT PENSION PLANS – (Continued)

fiscal years ended June 30, 2005, 2004, and 2003, were \$49,424, \$41,294 and \$29,975; 56.93 percent has been contributed for fiscal year 2005 and 100 percent for fiscal years 2004 and 2003.

B. State Teachers Retirement System

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

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, 2005, plan members were required to contribute 10 percent of their annual covered salaries. The District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The District's required contributions for pension obligations to the DB Plan for the fiscal years ended June 30, 2005, 2004, and 2003, were \$274,676, 265,932 and \$325,507; 87.55 percent has been contributed for fiscal year 2005 and 100 percent for fiscal years 2004 and 2003. No District employees have elected to participate in the DC or Combined Plans.

**COLUMBUS GROVE LOCAL SCHOOL DISTRICT
PUTNAM COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005
(Continued)

NOTE 9 - POSTEMPLOYMENT BENEFITS

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

STRS retirees who participated in the DB or combined plans and their dependents are eligible for health care coverage. The STRS Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. 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 funds is included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2005, the STRS Board allocated employer contributions equal to 1 percent of covered payroll to the Health Care Reserve Fund. For the District, this amount equaled \$21,129 fiscal year 2005.

STRS pays health care benefits from the Health Care Stabilization Fund. At June 30, 2005, the balance in the Fund was \$3.1 billion. For the fiscal year ended June 30, 2005, net health care costs paid by STRS were \$254,780,000 and STRS had 115,395 eligible benefit recipients.

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

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, 2005, employer contributions to fund health care benefits were 3.43 percent of covered payroll. 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 2005, the minimum pay was established at \$27,400. The surcharge added to the unallocated portion of the 14% employer contribution rate, provides for maintenance of the asset target level for the health care fund. For the 2005 fiscal year, District paid \$76,137 to fund health care benefits, including the surcharge.

Health care benefits are financed on a pay-as-you-go basis. Net health care costs for the year ending June 30, 2005, were \$178,221,113. The target level for the health care reserve is 150 percent of the projected claims less premium contributions for the next fiscal year. As of June 30, 2005, the value of the health care fund was \$267.5 million, which is about 168% of next year's projected net health care costs of \$158,776,151. On the basis of actuarial projections, the allocated contributions will be insufficient, in the long term, to provide health care reserve equal to at least 150% of the estimated annual net claims costs. The number of participants eligible to receive benefits is 58,123.

**COLUMBUS GROVE LOCAL SCHOOL DISTRICT
PUTNAM COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005
(Continued)

NOTE 10 – DEBT

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

	Principal Outstanding 6/30/2004	Additions	Reductions	Principal Outstanding 6/30/2005	Amount Due in One Year
Governmental Activities					
General Obligation Bonds:					
Construction and					
Improvement Bonds	\$850,000	\$0	\$125,000	\$725,000	\$125,000

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

At June 30, 2005, the District's overall legal debt margin was \$6,695,630 with an unvoted debt margin of \$74,395.

Principal and interest requirements to retire long-term liabilities outstanding at June 30, 2005, are as follows:

Fiscal Year Ending June 30	General Obligation Bonds		
	Principal	Interest	Total
2006	\$125,000	\$43,063	\$168,063
2007	120,000	35,100	155,100
2008	120,000	27,300	147,300
2009	120,000	19,500	139,500
2010	120,000	11,700	131,700
2011	120,000	3,900	123,900
Total	\$725,000	\$140,563	\$865,563

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.

**COLUMBUS GROVE LOCAL SCHOOL DISTRICT
PUTNAM COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005
(Continued)

NOTE 11 – SET-ASIDE CALCULATIONS – (Continued)

	Capital Improvements Reserve	Textbooks Instructional Materials Reserve
Set-aside Reserve Balance as of June 30, 2004	\$22,918	\$18,675
Current year set-aside requirements	118,861	118,861
Current year off-sets	(40,000)	
Qualifying Disbursements	(55,804)	(128,255)
Total	\$45,975	\$9,281
Set-aside Reserve Balance as of June 30, 2005	\$45,975	\$9,281

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, 2005, will not have a material adverse effect on the District.

B. Litigation

The District is not a party to any 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 Michael Wildermuth, 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**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005
(Continued)**

NOTE 13 – JOINTLY GOVERNED ORGANIZATIONS – (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.

NOTE 14 – SUBSEQUENT EVENTS

In May 2005, the voters approved continuation of the District's .75 percent Income Tax for general operations. The levy is effective January 1, 2006, and expires on December 31, 2010.

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**Auditor of State
Betty Montgomery**

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

Columbus Grove Local School District
Putnam County
201 West Cross Street
Columbus Grove, Ohio 45830-1299

To the Board of Education:

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Columbus Grove Local School District, Putnam County, (the District) as of and for the year ended June 30, 2005, which collectively comprise the District's basic financial statements and have issued our report thereon dated February 6, 2006, wherein, we noted the District uses a comprehensive basis of accounting other than generally accepted accounting principles. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting to determine our auditing procedures in order to express our opinions on the financial statements and not to opine on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the District's ability to record, process, summarize, and report financial data consistent with management's assertions in the financial statements. A reportable condition is described in the accompanying schedule of findings as item 2005-002.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered material weaknesses. However, we do not believe the reportable condition described above is a material weakness. In a separate letter to the District's management dated February 6, 2006, we reported other matters involving internal control over financial reporting which we did not deem reportable conditions.

Compliance and Other Matters

As part of reasonably assuring whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matter that we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2005-001. In a separate letter to the District's management dated February 6, 2006, we reported an other matter related to noncompliance we deemed immaterial.

We intend this report solely for the information and use of the audit committee, management, and the Board of Education. It is not intended for anyone other than these specified parties.



Betty Montgomery
Auditor of State

February 6, 2006

**COLUMBUS GROVE LOCAL SCHOOL DISTRICT
PUTNAM COUNTY**

**SCHEDULE OF FINDINGS
JUNE 30, 2005**

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

FINDING NUMBER 2005-001

Noncompliance Citation

Ohio Revised Code § 117.38 provides that each public office shall file a financial report for each fiscal year. The auditor of state may prescribe forms by rule or may issue guidelines, or both, for such reports. If the auditor of state has not prescribed a rule regarding the form for the report, the public office shall submit its report on the form utilized by the public office. Ohio Administrative Code § 117-2-03 further clarifies the requirements of Ohio Revised Code § 117.38.

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. However, the School 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.

FINDING NUMBER 2005-002

Reportable Condition

Athletic Season Passes

In fiscal year 2005 revenues from athletic season passes account for 21% of all athletic revenues and 18% of extracurricular activity revenues reported in the Other Governmental Funds. Season pass records included a listing of purchasers according to the type of pass purchased. This list was incomplete as it showed no amounts, did not detail if full price or employee price was paid or if complimentary. The calculated collection total from this list was \$2,499 lower than actual fiscal year 2005 season pass collections. In addition, there was no evidence revenues due, based on the listing of season passes sold, was reconciled to the actual revenue received and there was no evidence of any review of the season pass records for accuracy.

This limits accountability over these revenues and increases the possibility of errors or irregularities occurring and not being detected during the normal course of operations.

We recommend season pass records be kept in a manner which allows for easy monitoring of the number of passes sold by type and the amount of pass sale revenue due/collected. These records should show a reconciliation of the total amount due from season pass sales compared to the actual amount receipted by the District. In addition, season pass records should be reviewed by someone outside the season pass sale process.

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**COLUMBUS GROVE LOCAL SCHOOL DISTRICT
PUTNAM COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
JUNE 30, 2005**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2004-001	OAC §117-2-3(B) reporting on basis other than generally accepted accounting principles.	No	Finding has not been corrected and is repeated in this report as item 2005-001.
2004-002	Athletic Season Passes perform review and reconciliation of passes sold	No	Finding has not been corrected and is repeated in this report as item 2005-002.



**Auditor of State
Betty Montgomery**

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140

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800-282-0370

Facsimile 614-466-4490

**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
FEBRUARY 28, 2006**