



Dave Yost • Auditor of State

VILLAGE OF COLUMBUS GROVE
PUTNAM COUNTY

TABLE OF CONTENTS

TITLE	PAGE
Cover Letter	1
Independent Accountants' Report.....	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types - For the Year Ended December 31, 2011	5
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Proprietary and Fiduciary Fund Types - For the Year Ended December 31, 2011	6
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types - For the Year Ended December 31, 2010	7
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Proprietary and Fiduciary Fund Types - For the Year Ended December 31, 2010	8
Notes to the Financial Statements	9
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	19
Schedule of Findings	21
Schedule of Prior Audit Findings	25

This page intentionally left blank.



Dave Yost • Auditor of State

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

To the Village Council:

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

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

May 23, 2012

This page intentionally left blank.



Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

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

To the Village Council:

We have audited the accompanying financial statements of the Village of Columbus Grove, Putnam County, Ohio (the Village), as of and for the years ended December 31, 2011 and 2010. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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

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

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2011 and 2010 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2011 and 2010, or its changes in financial position or cash flows, where applicable for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Village of Columbus Grove, Putnam County, Ohio as of December 31, 2011 and 2010, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

As described in note 1F, for 2011 the Village adopted Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 23, 2012, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State

May 23, 2012

VILLAGE OF COLUMBUS GROVE
PUTNAM COUNTY

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS
AND CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2011**

	Governmental Fund Types				Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
Cash Receipts					
Property and Other Local Taxes	\$77,917	\$58,085			\$136,002
Municipal Income Tax	457,129			\$126,967	584,096
Intergovernmental	104,177	183,514			287,691
Charges for Services	62,259	29,997			92,256
Fines, Licenses and Permits	607	15,655			16,262
Earnings on Investments	9,565	332			9,897
Farm Rent			\$26,492		26,492
Miscellaneous	17,295			6,315	23,610
<i>Total Cash Receipts</i>	<u>728,949</u>	<u>287,583</u>	<u>26,492</u>	<u>133,282</u>	<u>1,176,306</u>
Cash Disbursements					
Current:					
Security of Persons and Property	173,036	178,515			351,551
Leisure Time Activities	123,136			26,315	149,451
Basic Utility Services	1,832	8,665		95,329	105,826
Transportation	5,381	126,771			132,152
General Government	165,068	18,306	2,555	3,640	189,569
Capital Outlay	24,784			49,000	73,784
Debt Service:					
Principal Retirement			187,217	320,393	507,610
Interest and Fiscal Charges			3,735	4,734	8,469
<i>Total Cash Disbursements</i>	<u>493,237</u>	<u>332,257</u>	<u>193,507</u>	<u>499,411</u>	<u>1,518,412</u>
<i>Excess of Cash Receipts Over (Under) Cash Disbursements</i>	<u>235,712</u>	<u>(44,674)</u>	<u>(167,015)</u>	<u>(366,129)</u>	<u>(342,106)</u>
Other Financing Receipts (Disbursements)					
Other Debt Proceeds			129,350	260,650	390,000
Sale of Capital Assets			39,131		39,131
Transfers In			6,683	158,450	165,133
Transfers Out	(165,488)				(165,488)
Other Financing Sources	422			331	753
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(165,066)</u>		<u>175,164</u>	<u>419,431</u>	<u>429,529</u>
<i>Net Change in Fund Cash Balances</i>	70,646	(44,674)	8,149	53,302	87,423
<i>Fund Cash Balances, January 1</i>	<u>106,713</u>	<u>264,130</u>	<u>7,474</u>	<u>154,189</u>	<u>532,506</u>
Fund Cash Balances, December 31					
Nonspendable					
Restricted		196,748		129,705	326,453
Committed		22,708			22,708
Assigned			15,623	77,786	93,409
Unassigned	177,359				177,359
<i>Fund Cash Balances, December 31</i>	<u>\$177,359</u>	<u>\$219,456</u>	<u>\$15,623</u>	<u>\$207,491</u>	<u>\$619,929</u>

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

**VILLAGE OF COLUMBUS GROVE
PUTNAM COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS
AND CHANGES IN FUND CASH BALANCES
ALL PROPRIETARY AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2011**

	Proprietary Fund Type	Fiduciary Fund Type	Totals
	Enterprise	Agency	(Memorandum Only)
Operating Cash Receipts			
Charges for Services	\$571,110		\$571,110
Fines, Licenses and Permits	22,706		22,706
<i>Total Operating Cash Receipts</i>	<u>593,816</u>		<u>593,816</u>
Operating Cash Disbursements			
Personal Services	162,196		162,196
Contractual Services	2,087,864		2,087,864
Supplies and Materials	88,564		88,564
<i>Total Operating Cash Disbursements</i>	<u>2,338,624</u>		<u>2,338,624</u>
<i>Operating Loss</i>	<u>(1,744,808)</u>		<u>(1,744,808)</u>
Non-Operating Receipts (Disbursements)			
OWDA Loan Proceeds	2,183,417		2,183,417
Other Non-Operating Cash Receipts		\$15,450	15,450
Principal Retirement	(232,266)		(232,266)
Other Non-Operating Cash Disbursements		(13,987)	(13,987)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>1,951,151</u>	<u>1,463</u>	<u>1,952,614</u>
<i>Income before Transfers</i>	206,343	1,463	207,806
Transfers In	355		355
<i>Net Change in Fund Cash Balances</i>	206,698	1,463	208,161
<i>Fund Cash Balances, January 1</i>	<u>430,897</u>	<u>503</u>	<u>431,400</u>
Fund Cash Balances, December 31	<u><u>\$637,595</u></u>	<u><u>\$1,966</u></u>	<u><u>\$639,561</u></u>

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

VILLAGE OF COLUMBUS GROVE
PUTNAM COUNTY

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS
AND CHANGES IN FUND BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2010**

	Governmental Fund Types			Totals (Memorandum Only)
	General	Special Revenue	Debt Service	
Cash Receipts				
Property and Other Local Taxes	\$78,988	\$58,800		\$137,788
Municipal Income Tax	343,251			462,924
Intergovernmental	85,418	139,462		363,385
Special Assessments			\$6,916	6,916
Reimbursements				6,305
Charges for Services	77,321	37,860		115,181
Fines, Licenses and Permits	1,915	19,729		21,644
Earnings on Investments	9,855	491		10,346
Farm Rent			21,450	21,450
Miscellaneous	6,590	2,411		12,737
<i>Total Cash Receipts</i>	<u>603,338</u>	<u>258,753</u>	<u>28,366</u>	<u>1,158,676</u>
Cash Disbursements				
Current:				
Security of Persons and Property	159,525	48,623		208,148
Leisure Time Activities	101,593			101,593
Basic Utility Services	1,780	7,846		9,626
Transportation	3,685	129,343		133,028
General Government	154,165	18,629		172,794
Capital Outlay	8,002			453,180
Debt Service:				
Principal Retirement			36,352	172,311
Interest and Fiscal Charges			6,874	29,439
<i>Total Cash Disbursements</i>	<u>428,750</u>	<u>204,441</u>	<u>43,226</u>	<u>1,288,121</u>
<i>Excess of Cash Receipts Over (Under) Cash Disbursements</i>	<u>174,588</u>	<u>54,312</u>	<u>(14,860)</u>	<u>(343,485)</u>
Other Financing Receipts (Disbursements)				
OWDA Loan Proceeds			197,365	197,365
Sale of Capital Assets		320		320
Transfers In			18,678	122,008
Transfers Out	(122,008)			(122,008)
Advances In	6,983			6,983
Advances Out			(6,983)	(6,983)
Other Financing Uses			(667)	(2,697)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(115,025)</u>	<u>320</u>	<u>18,011</u>	<u>194,988</u>
<i>Net Change in Fund Cash Balances</i>	59,563	54,632	3,151	(51,803)
<i>Fund Cash Balances, January 1</i>	<u>47,150</u>	<u>209,498</u>	<u>4,323</u>	<u>466,963</u>
Fund Cash Balances, December 31	<u><u>\$106,713</u></u>	<u><u>\$264,130</u></u>	<u><u>\$7,474</u></u>	<u><u>\$154,189</u></u>

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

**VILLAGE OF COLUMBUS GROVE
PUTNAM COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS
AND CHANGES IN FUND CASH BALANCES
ALL PROPRIETARY AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2010**

	Proprietary Fund Type	Fiduciary Fund Type	Totals
	Enterprise	Agency	(Memorandum Only)
Operating Cash Receipts			
Charges for Services	\$453,050		\$453,050
Miscellaneous	11,807		11,807
<i>Total Operating Cash Receipts</i>	<u>464,857</u>		<u>464,857</u>
Operating Cash Disbursements			
Personal Services	146,249		146,249
Contractual Services	348,461		348,461
Supplies and Materials	72,436		72,436
<i>Total Operating Cash Disbursements</i>	<u>567,146</u>		<u>567,146</u>
<i>Operating Loss</i>	<u>(102,289)</u>		<u>(102,289)</u>
Non-Operating Receipts (Disbursements)			
OWDA Loan Proceeds	281,842		281,842
Other Non-Operating Cash Receipts		\$17,538	17,538
Capital Outlay	(3,475)		(3,475)
Principal Retirement	(28,595)		(28,595)
Other Non-Operating Cash Disbursements		(17,919)	(17,919)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>249,772</u>	<u>(381)</u>	<u>249,391</u>
<i>Net Change in Fund Cash Balances</i>	147,483	(381)	147,102
<i>Fund Cash Balances, January 1</i>	<u>283,414</u>	<u>884</u>	<u>284,298</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$430,897</u></u>	<u><u>\$503</u></u>	<u><u>\$431,400</u></u>

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

**VILLAGE OF COLUMBUS GROVE
PUTNAM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010**

1. Summary of Significant Accounting Policies

A. Description of the Entity

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

The Village participates in the Ohio Government Risk Management Plan (the "Plan"), public entity risk pool. Note 8 to the financial statements provide additional information for this entity.

B. Accounting Basis

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

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

C. 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.

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

D. Fund Accounting

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

1. General Fund

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

2. Special Revenue Funds

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

Street Construction, Maintenance and Repair Fund - This fund receives gasoline tax and motor vehicle tax money for constructing, maintaining, and repairing Village streets.

**VILLAGE OF COLUMBUS GROVE
PUTNAM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

Fire Levy Fund - This fund receives tax levy and local money for the purchase of fire equipment, ie, truck, radios and fire gear.

Street Lighting Fund - This fund receives tax levy money for street lighting.

3. Debt Service Funds

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

Sidewalk Debt Service Fund – This fund was used to accumulate resources for the debt issues for the improvement of sidewalks

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

4. Capital Project Funds

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

Pool Renovation Fund – This fund receives income tax money, for retiring of the swimming pool debt and any capital repairs needed at the swimming pool.

Waterline Stimulus Fund – This fund receives loan proceeds from Drinking Water Assistance Fund (DWAF) Other Projects and grant proceeds from DWAF American Recovery and Reinvestment Act (ARRA) money which are managed by the Ohio Water Department Authority for replacement of waterlines on North Main, Birch, Grove, Taylor and Taft Streets. The loan will be repaid using revenue generated by water rates.

5. Enterprise Funds

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

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

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

Special Sewer Improvement Fund - This fund receives loan proceeds from the Water Pollution and Control Loan Fund. The capitalization grant fund is managed by the Ohio Water Department Authority. This project is for the design of Phase I of it s combined sanitary sewer system separation. The loan will be repaid using revenue generated by sewer rates for the next five years.

**VILLAGE OF COLUMBUS GROVE
PUTNAM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

6. Fiduciary Funds (Agency Funds)

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

E. Budgetary Process

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

1. Appropriations

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

2. Estimated Resources

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

3. Encumbrances

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated. The Village did not certify some commitments as required.

A summary of 2011 and 2010 budgetary activity appears in Note 3.

F. Fund Balance

For 2011 the Village adopted Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. The adoption of GASB 54 had no effect on the previously reported fund balances. For December 31, 2011, 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:

1. Nonspendable

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

**VILLAGE OF COLUMBUS GROVE
PUTNAM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

2. 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.

3. 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.

4. 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.

5. 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.

G. Property, Plant, and Equipment

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

H. Accumulated Leave

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

**VILLAGE OF COLUMBUS GROVE
PUTNAM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)**

2. Equity in Pooled Deposits and Investments

The Village maintains a deposit 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:

	2011	2010
Demand deposits	\$121,456	\$211,168
Certificates of deposit	903,619	518,472
Total deposits	1,025,075	729,640
STAR Ohio	234,415	234,266
Total deposits and investments	\$1,259,490	\$963,906

Deposits: Deposits are insured by the Federal Depository Insurance Corporation; or collateralized by securities specifically pledged by the financial institution to the Village.

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

3. Budgetary Activity

Budgetary activity for the years ending December 31, 2011 and 2010 follows:

2011 Budgeted vs. Actual Receipts			
	Budgeted	Actual	
Fund Type	Receipts	Receipts	Variance
General	\$691,755	\$729,371	\$37,616
Special Revenue	377,880	287,583	(90,297)
Debt Service	69,132	201,656	132,524
Capital Projects	415,000	552,713	137,713
Enterprise	6,389,439	2,777,588	(3,611,851)
Total	\$7,943,206	\$4,548,911	(\$3,394,295)

2011 Budgeted vs. Actual Budgetary Basis Expenditures			
	Appropriation	Budgetary	
Fund Type	Authority	Expenditures	Variance
General	\$714,984	\$658,725	\$56,259
Special Revenue	445,012	332,257	112,755
Debt Service	74,132	193,507	(119,375)
Capital Projects	550,000	499,411	50,589
Enterprise	6,798,131	2,901,169	3,896,962
Total	\$8,582,259	\$4,585,069	\$3,997,190

**VILLAGE OF COLUMBUS GROVE
PUTNAM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)**

3. Budgetary Activity (Continued)

2010 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$691,755	\$610,321	(\$81,434)
Special Revenue	221,730	259,073	37,343
Debt Service	46,688	47,044	356
Capital Projects	563,248	568,914	5,666
Enterprise	400,000	746,699	346,699
Total	<u>\$1,923,421</u>	<u>\$2,232,051</u>	<u>\$308,630</u>

2010 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$714,984	\$550,758	\$164,226
Special Revenue	255,690	204,441	51,249
Debt Service	51,012	43,893	7,119
Capital Projects	700,052	620,717	79,335
Enterprise	632,500	599,216	33,284
Total	<u>\$2,354,238</u>	<u>\$2,019,025</u>	<u>\$335,213</u>

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the Debt Service Fund by \$119,375 for the year ended December 31, 2011.

4. Property Tax

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

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

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

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

5. Local Income Tax

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

**VILLAGE OF COLUMBUS GROVE
PUTNAM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)**

5. Local Income Tax (Continued)

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

6. Debt

Debt outstanding at December 31, 2011, was as follows:

	Principal	Interest Rate
Ohio Public Works Commission Loans	\$123,342	0%
Ohio Water Development Authority Loans	2,376,033	0%
General Obligation Bonds	282,818	4.375%
General Obligation Loans	82,200	1.8%
Total	\$2,864,393	

In 2011 the Village refinanced \$390,000 in general obligation bonds (the Bonds) for the purpose of refunding at a lower interest cost the Village's outstanding (i) Real Estate Acquisition Bond, Series 2003, dated March 20, 2003, and (ii) Recreational Facilities Improvement Bonds, Series 2004, dated December 10, 2004. The replacement bond issue has a final maturity in 2017. Proceeds from land sales will be used to repay the Real Estate portion of this debt (\$71,168) and the voters of the Village approved an additional .25 percent income tax to retire the recreational facilities portion (211,650).

Outstanding General Obligation Loans consisted of the following issues: A \$58,478 loan at the Ft. Jennings State Bank was issued in 2008 at an interest rate of 1.8% with final maturity in 2013 to fund the purchase of a sewer jet truck. A \$23,722 loan at the Ft. Jennings State Bank was issued in 2008 at an interest rate of 1.8% with final maturity in 2013 to fund the purchase of a dura patch machine.

The Ohio Public Works Commission (OPWC) loans include a loan for water tower installation and improvements (\$103,042) and a loan for sewer lines (\$20,300) in the Village. The loans will be repaid in semiannual installments of \$8,587 and \$1,450, respectively, over 20 years. The loans are collateralized by water and sewer receipts.

The Ohio Water Development Authority (OWDA) loans include a loan for water tower (\$30,969), a loan for the waterline (\$184,025), a loan for CSO Sewer Separation Phase II-Design (\$380,071) and CSO Separation Phase I (\$1,780,968). The loans will be paid over 20 years for the water tower and waterline loan and is included in the accompanying amortization schedule. The Village does not yet have an amortization schedule for the Phase I and II Sewer separation phase projects and are not included in the below table.

**VILLAGE OF COLUMBUS GROVE
PUTNAM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)**

6. Debt (Continued)

The following is a summary of the Village's future annual debt service requirements:

Year	General Obligation Bonds		OPWC Loan	General Obligation Loans		OWDA Loan
	Principal	Interest	Principal	Principal	Interest	Principal
2012	\$54,000	\$12,373	\$20,073	\$54,520	\$2,557	\$12,285
2013	55,000	10,011	20,074	27,680	1,079	12,285
2014	57,000	7,605	20,073			12,285
2015	58,000	5,110	20,074			12,285
2016	58,818	2,574	20,074			12,285
2017-2021			22,974			61,427
2022-2026						61,427
2027						30,715
Totals	<u>\$282,818</u>	<u>\$37,673</u>	<u>\$123,342</u>	<u>\$82,200</u>	<u>\$3,636</u>	<u>\$214,994</u>

7. Retirement Systems

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

The Ohio Revised Code also prescribes contribution rates. For 2011 and 2010, OP&F participants contributed 10% of their wages. For 2011 and 2010, the Village contributed to OP&F an amount equal to 19.5% of full-time police members' wages. For 2011 and 2010, OPERS members contributed 10%, of their gross salaries and the Village contributed an amount equaling 14%, respectively, of participants' gross salaries. The Village has paid all contributions required through December 31, 2011.

8. Risk Pool Membership

Prior to 2009, the Village belonged to the Ohio Government Risk Management Plan (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments ("Members"). The Plan was legally separate from its member governments.

On January 1, 2009, through an internal reorganization, the Plan created three separate non-profit corporations including:

- Ohio Plan Risk Management, Inc. (OPRM) - formerly known as the Ohio Risk Management Plan;
- Ohio Plan Healthcare Consortium, Inc. (OPHC) - formerly known as the Ohio Healthcare Consortium; and
- Ohio Plan, Inc. - mirrors the oversight function previously performed by the Board of Directors. The Board of Trustees consists of eleven (11) members that include appointed and elected officials from member organizations.

**VILLAGE OF COLUMBUS GROVE
PUTNAM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)**

8. Risk Pool Membership (Continued)

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio. These coverage programs, referred to as Ohio Plan Risk management (“OPRM”), are developed specific to each member’s risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member’s exposure to loss, except OPRM retains 40% (17.5% through October 31, 2010 and 15% through October 31, 2009) of the premium and losses on the first \$250,000 casualty treaty and 10% of the first \$1,000,000 property treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 761 and 725 members as of December 31, 2010 and 2009 respectively. The Village participates in this coverage.

The Plan formed the Ohio Plan Healthcare Consortium (“OPHC”), as authorized by Section 9.833 of the Ohio Revised Code. The OPHC was established to provide cost effective employee benefit programs for Ohio political sub-divisions and is a self-funded, group purchasing consortium that offers medical, dental, vision and prescription drug coverage as well as life insurance for its members. The OPHC is sold through seventeen appointed independent agents in the State of Ohio. Coverage programs are developed specific to each member’s healthcare needs and the related premiums for coverage are determined through the application of uniform underwriting criteria. Variable plan options are available to members. These plans vary primarily by deductibles, coinsurance levels, office visit co-pays and out-of pocket maximums. OPHC had 65 and 60 members as of December 31, 2010 and 2009 respectively. The Village does not participate in this coverage.

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

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

The Pool’s audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31: 2010 and 2009 the latest information available, and include amounts for both OPRM and OPHC.

	2010		2009	
	OPRM	OPHC	OPRM	OPHC
Assets	\$12,036,541	\$1,355,131	\$11,176,186	\$1,358,802
Liabilities	(4,845,056)	(1,055,096)	(4,852,485)	(1,253,617)
Members’ Equity	<u>\$7,191,485</u>	<u>\$300,035</u>	<u>\$6,323,701</u>	<u>\$105,185</u>

You can read the complete audited financial statements for OPRM and OPHC at the Plan’s website, www.ohioplan.org.

**VILLAGE OF COLUMBUS GROVE
PUTNAM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)**

9. Contracts Outstanding

At December 31, 2011 the Village had the following outstanding contracts:

Sewer separation and Waste Water Treatment Plant Improvements. The total outstanding amount of the contract with Stillion Brothers was \$1,561,900 and Peterson Contracting was \$49,970 to be paid with Ohio Water Development Authority, with zero percent interest and Ohio Public Works Commission monies.

Phase II Wastewater Treatment Plant project with Peterson Construction. The total amount of the contract was \$1,280,000 being paid by with the following funds: \$690,608 Ohio Public Works Loan, \$339,026 Ohio Public Works Grant and the remaining portion of \$250,366 paid with Division of Environmental and Financial Assistance 0% interest loan.



Dave Yost • Auditor of State

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

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

To the Village Council:

We have audited the financial statements of the Village of Columbus Grove, Putnam County, Ohio (the Village), as of and for the years ended December 31, 2011 and 2010 and have issued our report thereon dated May 23, 2012 wherein we noted the Village followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America and that the Village adopted GASB statement 54. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

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

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 deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and timely corrected. We consider finding 2011-003 described in the accompanying schedule of findings to be a material weakness.

Compliance and Other Matters

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2011-001 and 2011-002.

We also noted certain matters not requiring inclusion in this report that we reported to the Village's management in a separate letter dated May 23, 2012.

The Village's response to finding 2011-003 identified in our audit is described in the accompanying schedule of findings. We did not audit the Village's response and, accordingly, we express no opinion on it.

We intend this report solely for the information and use of management, Village Council, finance committee, and others within the Village. We intend it for no one other than these specified parties.



Dave Yost
Auditor of State

May 23, 2012

VILLAGE OF COLUMBUS GROVE
PUTNAM COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2011 AND 2010

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

FINDING NUMBER 2011-01

Noncompliance Citation

Ohio Revised Code, § 5705.41(D)(1), states no orders or contracts involving the expenditure of money are to be made unless there is attached thereto a certificate of the fiscal officer of the subdivision. The fiscal officer must certify the amount required for the order or contract has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. Every such contract made without such a certificate shall be void and no warrant shall be issued in payment of any amount due thereon.

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

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

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

2. **Blanket Certificate** – Fiscal officers may prepare "blanket" certificates for a certain sum of money not in excess of an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority against any specific line item account over a period not running beyond the end of the current fiscal year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.
3. **Super Blanket Certificate** – The Council may also make expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification is not to extend beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any line item appropriation.

Sixty-five percent of the expenditures tested were not certified by the Fiscal Officer at the time the commitments were incurred, and there was no evidence the Village followed the aforementioned exceptions. Failure to properly certify the availability of funds can result in overspending funds and negative cash fund balances.

**FINDING NUMBER 2011-01
 (Continued)**

Certification is not only required by Ohio law but is a key control in the disbursements process to help assure purchase commitments receive prior approval, and to help reduce the possibility of Village funds being over expended or exceeding budgetary spending limitations as set by the Council. To improve controls over disbursements, we recommend all Village disbursements receive prior certification of the Fiscal Officer. We also recommend the Council periodically review the expenditures made to ensure they are within the appropriations adopted by the Council, certified by the Fiscal Officer, and recorded against appropriations.

Officials' Response:

We did not receive a response from Officials to this finding.

FINDING NUMBER 2011-002

Noncompliance Citation

Ohio Revised Code, § 5705.41 (B), states no subdivision or taxing unit is to expend money unless it has been appropriated.

Expenditures exceeded appropriations in the Wastewater Treatment Plant, Debt Service Fund at December 31, 2011 by the following amount.

Fund	Appropriation Authority	Actual Expenditures	Difference
Waste Water Treatment Plant	\$74,132	\$193,507	(\$119,375)

Allowing expenditures to exceed appropriations could result in deficit spending. The Village Officials should regularly monitor budgets to make sure there are sufficient appropriations to fund anticipated expenditures.

The Fiscal Officer should not certify the availability of funds and should deny payment requests exceeding appropriations. The Fiscal Officer may request Council to approve increased expenditure levels by increasing appropriations and amending estimated resources, if necessary.

Officials' Response:

We did not receive a response from Officials to this finding.

FINDING NUMBER 2011-003

Material Weakness

Monitoring Financial Statements

Accurate financial reporting is the responsibility of the Fiscal Officer and is essential to ensure the information provided to the readers of the financial statements accurately reflects the Village's activity.

The 2011 and 2010 financial statements contained material errors, such as the following:

- Farm lease revenues in the amount of \$14,839 were recorded as Miscellaneous Revenue in the Debt Service Fund in 2010 and 2011.

**FINDING NUMBER 2011-003
(Continued)**

- OWDA loan proceeds of \$1,630,942 were recorded as Miscellaneous Receipts in the Enterprise fund in 2011.
- OWDA loan proceeds and corresponding contractual services expense in the amount of \$363,998 were not booked.
- OWDA loan proceeds of \$281,842 were recorded as Miscellaneous Receipts in the Enterprise fund in 2010.
- \$330,279 in outstanding encumbrances at 12/31/11 were unrecorded on the budgetary note to the financial statements.

Twenty adjusting entries were posted to the financial statements and notes to financial statements to correct these and other errors.

To ensure the Village's financial statements and notes to the statements are complete and accurate, the Village Council should adopt policies and procedures, including a final review of the financial statements, management discussion and analysis, and notes to the financial statements to identify and correct errors and omissions.

Officials' Response:

I do not find posting to Miscellaneous Revenue to be a problem, but will change it in the future.

This page intentionally left blank.

**VILLAGE OF COLUMBUS GROVE
PUTNAM COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2011 AND 2010**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2009-001	ORC § 5705.41(D), certification of disbursements.	No	Repeated as Finding 2011-001 in this report.
2009-002	Material weakness do to financial statement errors.	No	Repeated as Finding 2011-003 in this report.

This page intentionally left blank.



Dave Yost • Auditor of State

VILLAGE OF COLUMBUS GROVE

PUTNAM COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
JUNE 19, 2012