



OHIO AUDITOR OF STATE
KEITH FABER



**VILLAGE OF GROVER HILL
PAULDING COUNTY
DECEMBER 31, 2019 AND 2018**

TABLE OF CONTENTS

TITLE	PAGE
Report on the Financial Statements, Internal Control, and Compliance.....	1
Prepared by Management:	
Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Cash Basis) All Governmental Fund Types For the Year Ended December 31, 2019	3
Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Cash Basis) All Proprietary and Fiduciary Fund Types For the Year Ended December 31, 2019	4
Notes to the Financial Statements For the Year Ended December 31, 2019	5
Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Cash Basis) All Governmental Fund Types For the Year Ended December 31, 2018	13
Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Cash Basis) All Proprietary and Fiduciary Fund Types For the Year Ended December 31, 2018	14
Notes to the Financial Statements For the Year Ended December 31, 2018	15
Schedule of Findings.....	22
Prepared by Management:	
Summary Schedule of Prior Audit Findings	37

This page intentionally left blank.



One Government Center, Suite 1420
Toledo, Ohio 43604-2246
(419) 245-2811 or (800) 443-9276
NorthwestRegion@ohioauditor.gov

REPORT ON THE FINANCIAL STATEMENTS, INTERNAL CONTROL, AND COMPLIANCE

Village of Grover Hill
Paulding County
301 West Walnut Street
Grover Hill, Ohio 45849-9559

To the Village Council:

We have selectively tested certain accounts, financial records, reports and other documentation of the Village of Grover Hill, Paulding County, Ohio (the Village), as of and for the years ended December 31, 2019 and 2018. These procedures were designed to satisfy the audit requirements of Section 117.11, Ohio Rev. Code, and Section 117-4-02, Ohio Admin. Code. Our engagement was not designed as a basis to opine on the accompanying financial statements, internal control over financial reporting, or compliance. We therefore express no opinions on these matters.

Internal Control Over Financial Reporting

Certain of the aforementioned tests relate to internal control over financial reporting. The results of those tests may allow us to identify internal control deficiencies. An internal control deficiency 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, whether caused by error or fraud.

Our internal control tests were not designed to identify all internal control deficiencies that might exist. Therefore, unidentified weaknesses may exist. However, we consider findings 2019-009, 2019-010, 2019-014, and 2019-017 through 2019-023 reported in the Schedule of Findings to be internal control deficiencies management and those charged with governance should address.

Compliance and Other Matters

We also tested compliance with certain provisions of laws, regulations, contracts, and grant agreements, applicable to the Village, noncompliance with which could directly and materially affect the determination of financial statement amounts. The results of our tests disclosed instances of noncompliance we believe could directly and materially affect the determination of financial statement amounts that we reported in the Schedule of Findings as items 2019-001 through 2019-016.



Keith Faber
Auditor of State
Columbus, Ohio

December 17, 2020

Village of Grover Hill
Paulding County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2019

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
Cash Receipts				
Property and Other Local Taxes	\$27,915	\$9,224		\$37,139
Intergovernmental	28,674	22,030		50,704
Charges for Services		50,983		50,983
Earnings on Investments	5	10		15
Miscellaneous	1,461	2,750		4,211
<i>Total Cash Receipts</i>	<u>58,055</u>	<u>84,997</u>		<u>143,052</u>
Cash Disbursements				
Current:				
Security of Persons and Property	6,511	37,786		44,297
Public Health Services	57			57
Transportation		3,294		3,294
General Government	30,876	449		31,325
Debt Service:				
Principal Retirement		29,955		29,955
Interest and Fiscal Charges		5,764		5,764
<i>Total Cash Disbursements</i>	<u>37,444</u>	<u>77,248</u>		<u>114,692</u>
<i>Net Change in Fund Cash Balances</i>	20,611	7,749		28,360
<i>Fund Cash Balances, January 1</i>	<u>49,114</u>	<u>221,499</u>	<u>\$11,050</u>	<u>281,663</u>
Fund Cash Balances, December 31				
Restricted		229,248	11,050	240,298
Assigned	31,540			31,540
Unassigned	38,185			38,185
<i>Fund Cash Balances, December 31</i>	<u>\$69,725</u>	<u>\$229,248</u>	<u>\$11,050</u>	<u>\$310,023</u>

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

Village of Grover Hill
Paulding County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Cash Basis)
All Proprietary and Fiduciary Fund Types
For the Year Ended December 31, 2019

	Proprietary Fund Type	Fiduciary Fund Type	Totals
	Enterprise	Custodial	(Memorandum Only)
Operating Cash Receipts			
Charges for Services	\$121,253		\$121,253
Operating Cash Disbursements			
Personal Services	11,589		11,589
Employee Fringe Benefits	2,043		2,043
Contractual Services	67,597		67,597
Supplies and Materials	5,403		5,403
<i>Total Operating Cash Disbursements</i>	86,632		86,632
<i>Operating Income</i>	34,621		34,621
Non-Operating Receipts (Disbursements)			
Loans Issued	7,414		7,414
Capital Outlay	(37,075)		(37,075)
Principal Retirement	(63,511)		(63,511)
Interest and Other Fiscal Charges	(7,550)		(7,550)
<i>Total Non-Operating Receipts (Disbursements)</i>	(100,722)		(100,722)
<i>Net Change in Fund Cash Balances</i>	(66,101)		(66,101)
<i>Fund Cash Balances, January 1</i>	(151,098)	\$312	(150,786)
<i>Fund Cash Balances, December 31</i>	(\$217,199)	\$312	(\$216,887)

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

Village of Grover Hill
Paulding County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 1 – Reporting Entity

The Village of Grover Hill, Paulding County, Ohio (the Village) is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly-elected six-member Council directs the Village. The Village provides general government operations, maintenance of streets, fire and emergency medical services, and sewer utilities.

Public Entity Risk Pool

The Village participates in a public entity risk pool, the Ohio Plan Risk Management, Inc. (OPRM). Note 7 to the financial statements provides additional information for this entity. The Village's management believes these financial statements present all activities for which the Village is financially accountable.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

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

Fund Accounting

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

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

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

Fire Levy Fund This fund receives property taxes for providing services to residents of the Village. This fund also receives contractual charges for services for providing fire protection services to area townships.

EMS Fund This fund receives property taxes, donations, and charges for services for providing emergency medical services to residents of the Village. This fund also receives contractual charges for services for providing emergency medical services to area townships.

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

EMS Capital Improvement Fund This fund received proceeds from the sale of emergency medical services capital assets.

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

Village of Grover Hill
Paulding County
Notes to the Financial Statements
For the Year Ended December 31, 2019
(Continued)

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

Sewer Debt Service Fund This fund receives charges for services from residents and commercial users within the Village for the purpose of making payments on Ohio Water Development Authority Loans.

Fiduciary Funds Fiduciary funds include private purpose trust funds and custodial funds. Trust funds account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Village's own programs. Custodial funds are purely custodial in nature and are used to report fiduciary activity that is not required to be reported in a trust fund. The Village had the following significant Custodial Fund:

Mayor's Court Fund This fund accounts for fees and fines imposed by the Mayor for traffic violations. Corresponding expenditures are to be made to the applicable government agencies.

Basis of Accounting

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

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

Budgetary Process

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

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

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

Encumbrances The Ohio Revised Code requires the Village to reserve (encumber) appropriations when individual commitments are made. The Village did not use the encumbrance method of accounting.

A summary of 2019 budgetary activity appears in Note 4.

Deposits and Investments

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

Village of Grover Hill
Paulding County
Notes to the Financial Statements
For the Year Ended December 31, 2019
(Continued)

Capital Assets

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

Fund Balance

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

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

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

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

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

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

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

Note 3 – Accountability and Compliance

Change in Accounting Principles

For 2019, the Village has implemented GASB Statement No. 84, "*Fiduciary Activities*". GASB Statement No. 84 establishes specific criteria for identifying activities that should be reported as fiduciary activities and clarifies whether and how business-type activities should report their fiduciary activities. Due to the implementation of GASB Statement No. 84, the Village will no longer be reporting agency funds. The Village reviewed its agency funds and determined that all will be reported in the new fiduciary classification of custodial funds.

The implementation of GASB Statement No. 84 did not have an effect on the fund balance of the governmental and proprietary funds as previously reported. Due to the implementation of GASB Statement No. 84, the new classification of custodial funds is reporting a beginning net position of \$312.

Village of Grover Hill
Paulding County
Notes to the Financial Statements
For the Year Ended December 31, 2019
(Continued)

Compliance

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the Fire Levy Fund by \$8,423.

Ohio Water Development Agency (OWDA) Loan Agreement § 4.3(a), requires the Village to at all times prescribe and charge such rates for the services of the System as shall result in Pledged Revenues at least adequate to provide for the payments required by section 4.1 of the loan agreement. The Village did not meet this debt covenant.

Note 4 – Budgetary Activity

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

2019 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$58,480	\$58,055	(\$425)
Special Revenue	83,885	84,997	1,112
Enterprise	346,353	128,667	(217,686)
Total	\$488,718	\$271,719	(\$216,999)

2019 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$58,750	\$37,444	\$21,306
Special Revenue	77,370	77,248	122
Enterprise	2,545,430	194,768	2,350,662
Total	\$2,681,550	\$309,460	\$2,372,090

Note 5 – Deposits

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

	2019
Demand deposits	\$93,136

Deposits are insured by the Federal Deposit Insurance Corporation.

Village of Grover Hill
Paulding County
Notes to the Financial Statements
For the Year Ended December 31, 2019
(Continued)

Note 6 – Property Taxes

Property Taxes

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

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

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

Note 7 – Risk Management

The Village belongs to the Ohio Plan Risk Management, Inc. (OPRM) (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 is legally separate from its member governments.

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.

OPRM coverage programs 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. Effective November 1, 2017, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. The OPRM is also participated in a property primary excess of loss treaty. This treaty reimbursed the OPRM 30% for losses between \$200,000 and \$1,000,000. The reimbursement is based on the amount of loss between \$200,000 and \$1,000,000. Effective November 1, 2018, the OPRM the property retention remained unchanged, however, the Plan assumed 100% of the first \$250,000 casualty treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. Effective November 1, 2019, the OPRM's property retention increased from 30% to 33%, while the casualty treaty remains unchanged and still assumes 100% of the first \$250,000 casualty treaty. OPRM had 776 members as of December 31, 2019.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2019.

Assets	\$ 15,920,504
Liabilities	(11,329,011)
Members' Equity	<u>\$ 4,591,493</u>

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

Village of Grover Hill
Paulding County
Notes to the Financial Statements
For the Year Ended December 31, 2019
(Continued)

Note 8 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

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

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

Social Security

A Village employee contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

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

Note 9 – Postemployment Benefits

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

Note 10 – Debt

Debt outstanding at December 31, 2019, was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Ohio Water Development Authority Loan 2740	\$88,062	2.00%
Ohio Water Development Authority Loan 3668	304,757	1.50%
Ohio Water Development Authority Loan 4105	8,592	1.50%
Ohio Water Development Authority Loan 8255	7,414	3.64%
Ohio Public Works Commission Loan CT12T	103,076	0.00%
Fire Truck Loan	112,487	3.62%
EMS Loan	29,326	2.80%
	<u>\$653,714</u>	

Village of Grover Hill
Paulding County
Notes to the Financial Statements
For the Year Ended December 31, 2019
(Continued)

Ohio Water Development Authority Loans

The Ohio Water Development Authority (OWDA) Loans #2740 and #3668 were obtained for the construction of a wastewater facility. The amount financed by OWDA for Loan #2740 in October 1989 was \$1,015,810. Starting in 2013, the Village was not able to make payments on this loan due to insufficient funds in the Enterprise Sewer Debt Service Fund. In 2013, since the Village was not making its debt payments, OWDA refinanced this loan to convert it from a 25 year loan to a 30 year loan in order to reduce the annual debt payments. In addition, OWDA, did not require loan payments to be paid for five years, but increased the principal balance each year to include fees and interest incurred on the loan. In 2013, the outstanding principal amount of \$233,765 included \$31,934 in finance fees and \$3,702 in interest that was added to the principal due to nonpayment of the loan. In 2014, the principal amount of \$244,103 included \$3 in finance fees and \$10,347 in interest and in 2015, the principal amount of \$249,974, included \$5,871 in interest due to nonpayment of the loan. The amount financed in May 2002 for Loan #3668 was \$602,687. The Village is required to make semi-annual payments through July 2033.

The OWDA Loan #4105 was used for wastewater treatment plant improvements. The amount financed by OWDA for Loan #4105 in March 2004 was \$16,444. The Village is required to make semi-annual payments of \$683 through January 2034.

The OWDA Loan #8255 was obtained for the design of wastewater treatment plant improvements. The amount financed by OWDA for Loan #8255 in December 2018 was \$177,811. This project has not been completed as of December 31, 2019 and the Village has only drawn down \$7,414. An amortization schedule for this project is not available at this time; however, the outstanding principal balance is included in the total outstanding noted above.

Ohio Public Works Commission Loan

The Village entered into a loan agreement dated July 1, 2016 with the Ohio Public Works Commission (OPWC) (Project Number CT12T) for the State Route 637/Main Street Reconstruction Project. The total amount of proceeds the Village could draw for this loan is \$252,500. As of December 31, 2019, the Village received a total of \$108,501 in loan proceeds. The loan is to be repaid in semi-annual payments of 3,617 over a period of 30 years at 0% interest starting July 1, 2018.

Fire Truck Loan

The Village obtained a \$200,000 loan from State Bank and Trust in February 2015 for the purchase of a new fire truck. The Village is required to make monthly payments of \$1,995 until March of 2025.

EMS Ambulance Loan

The Village obtained a \$43,650 loan from State Bank and Trust in November 2017 for the purchase of a new EMS ambulance. The Village is required to make monthly payments of \$660 until November of 2023.

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

Village of Grover Hill
Paulding County
Notes to the Financial Statements
For the Year Ended December 31, 2019
(Continued)

Year ending December 31:	OWDA Loans	OPWC Loan	Fire Truck Loan	Ambulance Loan
2020	\$71,060	\$3,617	\$24,017	\$7,921
2021	71,060	3,617	24,034	7,921
2022	25,705	3,617	24,034	7,921
2023	25,705	3,617	24,034	7,260
2024	25,705	3,617	24,034	
2025-2029	128,881	18,083	4,006	
2030-2034	90,306	18,083		
2035-2039		18,083		
2040-2044		21,700		
2045-2048		9,042		
Total	<u>\$438,422</u>	<u>\$103,076</u>	<u>\$124,159</u>	<u>\$31,023</u>

Note 11 – Fiscal Emergency

The Village was placed in Fiscal Emergency on January 11, 2018 for deficit fund balances and treasury deficiency. As of December 31, 2019, the Village remains in Fiscal Emergency.

Note 12 – Subsequent Events

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

Village of Grover Hill
Paulding County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2018

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
Cash Receipts				
Property and Other Local Taxes	\$13,309	\$9,307		\$22,616
Intergovernmental	27,563	72,749		100,312
Charges for Services		58,579		58,579
Fines, Licenses and Permits	639			639
Earnings on Investments	7	10		17
Miscellaneous	755			755
<i>Total Cash Receipts</i>	<u>42,273</u>	<u>140,645</u>		<u>182,918</u>
Cash Disbursements				
Current:				
Security of Persons and Property	12,025	82,005		94,030
Transportation		818		818
General Government	34,170	405		34,575
Debt Service:				
Principal Retirement		27,256		27,256
Interest and Fiscal Charges		6,407		6,407
<i>Total Cash Disbursements</i>	<u>46,195</u>	<u>116,891</u>		<u>163,086</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(3,922)</u>	<u>23,754</u>		<u>19,832</u>
Other Financing Receipts				
Sale of Capital Assets			\$11,050	11,050
<i>Net Change in Fund Cash Balances</i>	<u>(3,922)</u>	<u>23,754</u>	<u>11,050</u>	<u>30,882</u>
<i>Fund Cash Balances, January 1</i>	<u>53,036</u>	<u>197,745</u>		<u>250,781</u>
Fund Cash Balances, December 31				
Restricted		221,499	11,050	232,549
Assigned	270			270
Unassigned	48,844			48,844
<i>Fund Cash Balances, December 31</i>	<u>\$49,114</u>	<u>\$221,499</u>	<u>\$11,050</u>	<u>\$281,663</u>

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

Village of Grover Hill
Paulding County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Cash Basis)
All Proprietary and Fiduciary Fund Types
For the Year Ended December 31, 2018

	Proprietary Fund Type	Fiduciary Fund Type	Totals
	Enterprise	Agency	(Memorandum Only)
Operating Cash Receipts			
Charges for Services	\$120,227		\$120,227
Operating Cash Disbursements			
Personal Services	12,168		12,168
Employee Fringe Benefits	1,889		1,889
Contractual Services	52,274		52,274
Supplies and Materials	6,676		6,676
<i>Total Operating Cash Disbursements</i>	<u>73,007</u>		<u>73,007</u>
<i>Operating Income</i>	<u>47,220</u>		<u>47,220</u>
Non-Operating Receipts (Disbursements)			
Other Financing Sources		\$156	156
Principal Retirement	(62,364)		(62,364)
Interest and Other Fiscal Charges	(8,833)		(8,833)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(71,197)</u>	<u>156</u>	<u>(71,041)</u>
<i>Net Change in Fund Cash Balances</i>	(23,977)	156	(23,821)
<i>Fund Cash Balances, January 1</i>	<u>(127,121)</u>	<u>156</u>	<u>(126,965)</u>
<i>Fund Cash Balances, December 31</i>	<u><u>(\$151,098)</u></u>	<u><u>\$312</u></u>	<u><u>(\$150,786)</u></u>

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

Village of Grover Hill
Paulding County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 1 – Reporting Entity

The Village of Grover Hill, Paulding County, Ohio (the Village) is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly-elected six-member Council directs the Village. The Village provides general government operations, maintenance of streets, fire and emergency medical services, and sewer utilities.

Public Entity Risk Pool

The Village participates in a public entity risk pool, the Ohio Plan Risk Management, Inc. (OPRM). Note 7 to the financial statements provides additional information for this entity. The Village's management believes these financial statements present all activities for which the Village is financially accountable.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

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

Fund Accounting

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

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

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

Fire Levy Fund This fund receives property taxes for providing services to residents of the Village. This fund also receives contractual charges for services for providing fire protection services to area townships.

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

EMS Capital Improvement Fund This fund receives proceeds from the sale of emergency medical services capital assets.

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:

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

Village of Grover Hill
Paulding County
Notes to the Financial Statements
For the Year Ended December 31, 2018
(Continued)

Sewer Debt Service Fund This fund receives charges for services from residents and commercial users within the Village for the purpose of making payments on Ohio Water Development Authority Loans.

Fiduciary Funds Fiduciary funds include private purpose trust funds and agency funds. Trust funds account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Village's own programs. Agency funds are purely custodial in nature and are used to report fiduciary activity that is not required to be reported in a trust fund. The Village had the following significant Agency Fund:

Mayor's Court Fund This fund accounts for fees and fines imposed by the Mayor for traffic violations. Corresponding expenditures are to be made to the applicable government agencies.

Basis of Accounting

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

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

Budgetary Process

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

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

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

Encumbrances The Ohio Revised Code requires the Village to reserve (encumber) appropriations when individual commitments are made. The Village did not use the encumbrance method of accounting.

A summary of 2018 budgetary activity appears in Note 4.

Deposits and Investments

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

Capital Assets

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

Village of Grover Hill
Paulding County
Notes to the Financial Statements
For the Year Ended December 31, 2018
(Continued)

Fund Balance

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

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

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

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

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

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

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

Note 3 – Compliance

Contrary to Ohio Rev. Code § 5705.10(F), the Village recorded the sale of an emergency medical services vehicle in the wrong fund. Also, contrary to Ohio Rev. Code § 5705.10(D), the Village recorded motor vehicle registration fees, Mayor's Court costs due to the Village, and sewer utility receipts in the wrong fund.

Ohio Water Development Agency (OWDA) Loan Agreement § 4.3(a), requires the Village to at all times prescribe and charge such rates for the services of the System as shall result in Pledged Revenues at least adequate to provide for the payments required by section 4.1 of the loan agreement. The Village did not meet this debt covenant.

Note 4 – Budgetary Activity

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

Village of Grover Hill
Paulding County
Notes to the Financial Statements
For the Year Ended December 31, 2018
(Continued)

2018 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$42,130	\$42,273	\$143
Special Revenue	154,305	140,645	(13,660)
Capital Projects		11,050	11,050
Enterprise	139,900	120,227	(19,673)
Total	\$336,335	\$314,195	(\$22,140)

2018 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$58,260	\$46,195	\$12,065
Special Revenue	147,500	116,891	30,609
Enterprise	178,480	144,204	34,276
Total	\$384,240	\$307,290	\$76,950

Note 5 – Deposits

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

	2018
Demand deposits	\$130,877

Deposits are insured by the Federal Deposit Insurance Corporation.

Note 6 – Property Taxes

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

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

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

Note 7 – Risk Management

The Village belongs to the Ohio Plan Risk Management, Inc. (OPRM) (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 is legally separate from its member governments.

Village of Grover Hill
Paulding County
Notes to the Financial Statements
For the Year Ended December 31, 2018
(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.

OPRM coverage programs 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. Effective November 1, 2016, the OPRM retained 50% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. Effective November 1, 2017, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. Effective November 1, 2018, the OPRM the property retention remained unchanged, however, the Plan assumed 100% of the first \$250,000 casualty treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 774 members as of December 31, 2018.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2018.

Assets	\$ 15,065,412
Liabilities	<u>(10,734,623)</u>
Members' Equity	<u>\$ 4,330,789</u>

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

Note 8 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

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

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

Social Security

A Village employee contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

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

Note 9 – Postemployment Benefits

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

Village of Grover Hill
Paulding County
Notes to the Financial Statements
For the Year Ended December 31, 2018
(Continued)

Note 10 – Debt

Debt outstanding at December 31, 2018, was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Ohio Water Development Authority Loan 2740	\$130,802	2.00%
Ohio Water Development Authority Loan 3668	324,979	1.50%
Ohio Water Development Authority Loan 4105	9,140	1.50%
Ohio Public Works Commission Loan CT12T	106,692	0.00%
Fire Truck Loan	131,907	3.62%
EMS Loan	36,306	2.80%
	<u>\$739,826</u>	

Ohio Water Development Authority Loans

The Ohio Water Development Authority (OWDA) Loans #2740 and #3668 were obtained for the construction of a wastewater facility. The amount financed by OWDA for Loan #2740 in October 1989 was \$1,015,810. Starting in 2013, the Village was not able to make payments on this loan due to insufficient funds in the Enterprise Sewer Debt Service Fund. In 2013, since the Village was not making its debt payments, OWDA refinanced this loan to convert it from a 25 year loan to a 30 year loan in order to reduce the annual debt payments. In addition, OWDA, did not require loan payments to be paid for five years, but increased the principal balance each year to include fees and interest incurred on the loan. In 2013, the outstanding principal amount of \$233,765 included \$31,934 in finance fees and \$3,702 in interest that was added to the principal due to nonpayment of the loan. In 2014, the principal amount of \$244,103 included \$3 in finance fees and \$10,347 in interest and in 2015, the principal amount of \$249,974, included \$5,871 in interest due to nonpayment of the loan. The amount financed in May 2002 for Loan #3668 was \$602,687. The Village is required to make semi-annual payments through July 2033.

OWDA Loan #4105 was used for wastewater treatment plant improvements. The amount financed by OWDA for Loan #4105 in March 2004 was \$16,444. The Village is required to make semi-annual payments of \$683 through January 2034.

Ohio Public Works Commission Loan

The Village entered into a loan agreement dated July 1, 2016 with the Ohio Public Works Commission (OPWC) (Project Number CT12T) for the State Route 637/Main Street Reconstruction Project. The total amount of proceeds the Village could draw for this loan is \$252,500. As of December 31, 2018, the Village received a total of \$108,501 in loan proceeds. The loan is to be repaid in semi-annual payments of \$3,617 over a period of 30 years at 0% interest starting July 1, 2018.

Fire Truck Loan

The Village obtained a \$200,000 loan from State Bank and Trust in February 2015 for the purchase of a new fire truck. The Village is required to make monthly payments of \$1,995 until March of 2025.

EMS Ambulance Loan

The Village obtained a \$43,650 loan from State Bank and Trust in November 2017 for the purchase of a new EMS ambulance. The Village is required to make monthly payments of \$660 until November of 2023.

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

Village of Grover Hill
Paulding County
Notes to the Financial Statements
For the Year Ended December 31, 2018
(Continued)

Year ending December 31:	OWDA Loans	OPWC Loan	Fire Truck Loan	Ambulance Loan
2019	\$71,060	\$3,617	\$23,935	\$7,921
2020	71,060	3,617	24,017	7,921
2021	71,060	3,617	24,034	7,921
2022	25,705	3,617	24,034	7,921
2023	25,705	3,617	24,034	7,259
2024-2028	128,881	18,083	28,040	
2029-2033	116,011	18,083		
2034-2038		18,083		
2039-2043		18,083		
2044-2048		16,275		
Total	<u>\$509,482</u>	<u>\$106,692</u>	<u>\$148,094</u>	<u>\$38,943</u>

Note 11 – Fiscal Emergency

The Village was placed in Fiscal Emergency on January 11, 2018 for deficit fund balances and treasury deficiency. As of December 31, 2018, the Village remains in Fiscal Emergency.

VILLAGE OF GROVER HILL
PAULDING COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2019 AND 2018

<i>Finding Number</i>	2019-001
------------------------------	-----------------

Noncompliance – Public Records Training

Ohio Rev. Code §§ 109.43(B) and 149.43(E)(1) require all state and local elected officials, or their appropriate designees, to attend 3 hours of training on Ohio's Public Records Laws during each term of office. The training received must be certified by the Ohio Attorney General. Proof of completion of training must include documentation either from the Attorney General's Office or from another entity certified by the Attorney General to provide the training to the elected official or his/her designee. Attendees who successfully complete the training will receive a certificate to serve as proof of training.

Three of six (50%) of the Village's elected officials with terms ending in 2019, did not, during their term of office, attend a required Certified Public Records Training or have an appropriate designee attend a training, due to deficiencies in internal controls over public record laws training procedures and monitoring. This could result in improper education of public offices regarding the offices' duties related to public records requests as well as improper withholding of information from stakeholders.

The elected officials, or their appropriate designee(s), should, during their term of office, attend public records training and maintain proof of completion of the training.

<i>Finding Number</i>	2019-002
------------------------------	-----------------

Noncompliance – Fraud Reporting System

Ohio Rev. Code § 117.103 (B)(1) states that a public office shall provide information about the Ohio fraud-reporting system and the means of reporting fraud to each new employee upon employment with the public office. Each new employee shall confirm receipt of this information within thirty days after beginning employment. Furthermore, Ohio Rev. Code § 117.103 (B)(2) states that on the effective date of this section (May 4, 2012), each public office shall make all its employees aware of the fraud-reporting system.

For 2019 and 2018, the Village did not make its current employees aware of the new fraud reporting system, due to deficiencies in internal control policies and procedures over the fraud-reporting system. Failure to notify employees of the fraud reporting system could lead to instances of unreported fraud.

In order to prevent unreported instances of fraud, the Village should communicate the fraud reporting system to its current employees and implement a process for informing new employees.

<i>Finding Number</i>	2019-003
------------------------------	-----------------

Noncompliance – Executive Sessions

Ohio Rev. Code § 121.22(G) provides that the members of a public body may hold an executive session only after a majority of a quorum of the public body determines, by a roll call vote, to hold such a session and only at a regular or special meeting for the sole purpose of the consideration of any of the following matters:

- (1) The appointment, employment, dismissal, discipline, promotion, demotion, or compensation of a public employee or officials, or the investigation of charges or complaints against a public employee, official, licensee, or regulated individual, unless the public employee, official licensee, or regulated individual requests a public hearing;
- (2) The purchase of property for public purposes, or for the sale of property at competitive bidding, if premature disclosure of information would give an unfair competitive or bargaining advantage to a person whose personal private interest is adverse to the general public interest.
- (3) Conducting conferences with an attorney for the public body, concerning disputes involving the public body that are the subject of pending or imminent court action.
- (4) Preparing for, conducting, or reviewing negotiations or bargaining sessions with public employees concerning their compensation or other terms and conditions of their employment.
- (5) Matters required to be kept confidential by federal laws or rules or state statutes.
- (6) Specialized details of security arrangements and emergency response protocols where disclosure of the matters discussed could reasonably be expected to jeopardize the security of -the public body or public office.

Due to a lack of adequate policies and procedures over documenting the minutes, executive sessions held at the January 15, 2018, April 23, 2018, and May 20, 2019 Council meetings did not specifically identify the purpose of the executive sessions. Lack of documenting the purpose of the executive sessions could result in matters being discussed that are not allowable by the Ohio Rev. Code.

Village Council should only hold executive sessions for those allowable purposes identified in the Ohio Rev. Code and ensure any executive sessions are specifically identified for such matters in the Village minutes.

<i>Finding Number</i>	2019-004
------------------------------	-----------------

Noncompliance – Records Retention Policy and Schedules

Ohio Rev. Code § 149.43(B)(2) provides that a public office shall have available a copy of its current records retention schedule at a location readily available to the public. Also, per **Ohio Rev. Code § 149.381**, any application or schedule for the destruction of records must be sent to the Ohio History Connection for review to determine whether any of the records are of historical value. Once reviewed by the Ohio History Connection, the applications are then forwarded to the Ohio Auditor of State's Office for final approval.

Due to deficiencies in policies and procedures over records retention, the Village does not have a formal records retention policy, including schedules of record retention and disposition of obsolete records. Failing to adopt a formal policy could result in records being improperly maintained or disposed of.

The Village should adopt a formal records retention policy, which includes provisions for the application or schedule for destruction of public records, including transmission to the Ohio History Connection and approval by the Auditor of State's Office pursuant to Ohio Rev. Code § 149.381.

<i>Finding Number</i>	2019-005
------------------------------	-----------------

Noncompliance – Public Records Policy

Ohio Rev. Code § 149.43(E)(2) provides that every public office must have a policy in place for responding to public records requests. Generally, a public records policy cannot: (1) limit the number of public records the office will make available to a single person; (2) limit the number of public records the office will make available during a fixed period of time; and (3) establish a fixed period of time before the office will respond to a request for inspection/copying of public records unless that period is less than eight hours. However, pursuant to **Ohio Rev. Code § 149.43(B)(7)(c)**, the policy may limit the number of public records the public office will physically deliver by U.S. Mail or other delivery service to ten per month unless the person certifies to the office in writing that the person does not intend to use or forward the requested records, or the information contained in them, for commercial purposes. “Commercial” is narrowly construed and does not include reporting or gathering news, reporting or gathering information to assist citizen oversight or understanding of the operation or activities of government, or nonprofit educational research.

Ohio Rev. Code § 149.43(E)(2) further requires all public offices take certain actions with regard to their public record policy. Public offices must distribute their Public Records Policy to the employee who is the records custodian/manager or otherwise has custody of the records of that office and have that employee acknowledge receipt of the Public Records Policy; create and display in a conspicuous place in all locations where the public office has branch offices a poster describing the public records policy; and, if the public office has a manual or handbook of its general policies and procedures for all employees, include the public records policy in that manual or handbook.

Due to inadequate policies and procedures over public records, the Village has no formal written policy that would demonstrate compliance with the Ohio Rev. Code. This could result in records requests not being fulfilled in accordance with Ohio law.

The Village shall establish a public records policy. The policy shall be distributed to the records custodian/manager and the Village should have a written acknowledgement of receipt from the records custodian/manager. In addition, a poster describing the public records policy must be conspicuously displayed in all of the Village’s branch offices and the public records policy must be included in policy manuals or handbooks if any exist.

Pursuant to **Ohio Rev. Code § 109.43(E)(2)**, the Ohio Attorney General has developed and provided to all public offices a model public records policy for responding to public records requests. The policy, which is available at <https://www.ohioattorneygeneral.gov/Files/Government-Entities/Model-Public-Records-Policy.aspx>, provides guidance to public offices in developing their own policies for responding to public records requests in compliance with the Public Records Act.

<i>Finding Number</i>	2019-006
------------------------------	-----------------

Noncompliance – Annual Auditor of State Training for Continuing Fiscal Officers

Ohio Rev. Code § 733.27(B) requires that village fiscal officers attend training programs for new fiscal officers and annual training programs of continuing education for continuing village fiscal officers that are provided by the Auditor of State pursuant to Ohio Rev. Code § 117.44.

Due to deficiencies in policies and procedures over monitoring compliance with attending required trainings, the Fiscal Officer attended no continuing education programs provided by the Auditor of State during 2019 or 2018. The lack of continuing education may have contributed to the numerous posting errors that occurred.

The Fiscal Officer should attend annual continuing education training programs provided by the Auditor of State's Office.

<i>Finding Number</i>	2019-007
------------------------------	-----------------

Noncompliance – Mayor's Court Records

Ohio Rev. Code § 1905.21 provides that the mayor of a municipal corporation and a mayor's court magistrate shall keep a docket. The mayor shall account for and dispose of all such fines, forfeitures, fees, and costs he collects, including all such fines, forfeitures, fees, and costs that are transferred to him by a mayor's court magistrate, as provided in section 733.40 of the Revised Code. Furthermore, **Ohio Rev. Code § 733.40** requires the mayor of a village, at the first regular meeting of the Village Council each month, to submit a full statement of all money received, from whom and for what purposes received, and when paid into the treasury.

Due to deficiencies in internal policies and procedures in the Mayor's Court, the Mayor did not maintain a cashbook and docket of the Mayor's Court activity and did not provide any statements to the Village Council for 2018. In addition, one Mayor's Court ticket payment posted to the Village's cashbook ledgers and receipts was for a partial payment. The payment did not include the ticket number, the total court fine assessed to the defendant, and the balance of the court fine due from the defendant. Also a copy of the traffic citation could not be located. Failing to maintain the required documentation could result in improper collection and distribution of fines.

In order to provide a more accurate accounting of the revenue, disbursements, and balances of the Mayor's Court and to properly account for the tickets and distributions, the Mayor should record all transactions in a cashbook and a docket to record the financial transactions of the Mayor's Court. The Mayor should also submit a written statement at the first Village Council meeting each month listing the total amount of money that Mayor's Court received, the date the money was deposited into the Village depository, and the date the money was distributed.

<i>Finding Number</i>	2019-008
------------------------------	-----------------

Noncompliance – Remittance of Mayors Court Cost

Ohio Rev. Code § 2949.091(A)(1) requires a court in which any person is convicted of or pleads guilty to any offense to impose one of the following sums as costs in the case in addition to any other court costs that the court is required by law to impose upon the offender:

- Thirty dollars if the offense is a felony;
- Twenty dollars if the offense is a misdemeanor other than a traffic offense that is not a moving violation; or
- Ten dollars if the offense is a traffic offense that is not a moving violation, excluding parking violations.

All such moneys collected during a month shall be transmitted on or before the twentieth day of the following month by the clerk of the court to the treasurer of state and deposited by the treasurer of state into the indigent defense support fund established under § 120.08 of the Revised Code. The court shall not waive the payment of the additional thirty, twenty, or ten dollar court costs, unless the court determines that the offender is indigent and waives the payment of all court costs imposed upon the indigent offender.

In addition, **Ohio Rev. Code § 2743.70(A)(1)** requires a court in which any person is convicted of or pleads guilty to any offense other than a traffic offense that is not a moving violation to impose the following sum as costs in the case in addition to any other court costs that the court is required by law to impose upon the offender:

- Thirty dollars, if the offense is a felony; or
- Nine dollars, if the offense is a misdemeanor.

The court shall not waive the payment of the thirty or nine dollars court costs, unless the court determines that the offender is indigent and waives the payment of all court costs imposed upon the indigent offender. All such moneys shall be transmitted to the treasurer of state and deposited by the treasurer in the reparations fund.

Ohio Rev. Code § 2949.094(A) further requires the court, in which any person is convicted of or pleads guilty to any moving violation, to impose an additional court cost of ten dollars upon the offender. The court shall not waive the payment of the ten dollars unless the court determines that the offender is indigent and waives the payment of all court costs imposed upon the indigent offender.

These costs are to be transmitted as follows:

- Thirty-five per cent to the state treasury of which ninety-seven per cent shall be credited to the drug law enforcement fund created under § 5502.68 of the Revised Code and the remaining three per cent shall be credited to the justice program services fund created under § 5502.67 of the Revised Code;
- Fifteen per cent to the county or municipal indigent drivers alcohol treatment fund under the control of that court, as created by the county or municipal corporation under division (H) of § 4511.191 of the Revised Code; and
- Fifty per cent to the state treasury to be credited to the indigent defense support fund created pursuant to § 120.08 of the Revised Code.

In accordance with Ohio Rev. Code § 2949.091(A)(1), the Mayor's Court had four cases in 2018 where the \$20 court cost was collected from defendants for a total amount of \$80, none of which was remitted by the Mayor's Court Clerk to the Treasurer of State for purposes of the Indigent Defense Support Fund established under § 120.08 of the Revised Code.

Pursuant to Ohio Rev. Code § 2743.70(A)(1), the Mayor's Court had four cases in 2018 involving misdemeanor offenses in which the \$9 cost was collected from defendants for a total amount of \$36, none of which was remitted by the Mayor's Court Clerk to the Treasurer of State for purposes of the Reparations Fund.

Pursuant to Ohio Rev. Code § 2949.094(A), the Mayor's Court had four cases in 2018 involving misdemeanor offenses in which the defendant was either convicted or pled guilty to moving traffic violations, for a total amount of \$40, of which \$0.40 should have been credited to the Justice Program Services Fund created under § 5502.67 of the Revised Code, \$20 to the Indigent Defense Support Fund created under § 120.08 of the Revised Code, \$6 to the Paulding County Courts' Indigent Drivers Alcohol Treatment Fund created under division (H) of § 4511.191 of the Revised Code, and \$13.60 to the Drug Law Enforcement Fund created under § 5502.68 of the Revised Code. None of the \$40 in court costs were remitted to their proper funds.

For 2018, the Village owes \$150 to the State of Ohio Treasury, (\$100 to the Indigent Defense Support Fund, \$36 to the Reparations Fund, \$0.40 to the Justice Program Service Fund, \$13.60 to the Drug Law Enforcement Fund) and \$6 to the Paulding County Courts' Indigent Drivers Alcohol Treatment Fund.

These errors were the result of inadequate policies and procedures in reviewing Mayor’s Court activity. The lack of controls over the calculation of remittances for Mayor’s Court costs increases the risk of undetected errors or irregularities.

The Village should implement controls to help ensure all Mayor’s Court transactions are reviewed to help ensure calculation and remittance of Mayor’s Court collections. Additionally, the Fiscal Officer should disburse from the Agency Mayor’s Court Fund totaling \$150 to the State of Ohio Treasurer (\$100 to the Indigent Defense Support Fund, \$36 to the Reparations Fund, \$0.40 to the Justice Program Service Fund, and \$13.60 to the Drug Law Enforcement Fund) and \$6 to the Paulding County Courts’ Indigent Drivers Alcohol Treatment Fund.

Finding Number	2019-009
-----------------------	-----------------

Noncompliance and Internal Control Deficiency – Monies Recorded in the Improper Fund

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

- In 2018, the Village inappropriately recorded \$397 of motor vehicle registration fees in the General Fund. Given the source of the revenue, \$367 and \$30 should have been recorded in the Street Construction Maintenance and Repair and State Highway Funds, respectively.
- In 2018, the Village inappropriately recorded \$374 of Mayor's Court costs due to the Village in the Mayor's Court Fund. Given the source of the revenue, this should have been recorded in the General Fund.
- In 2018, the Village inappropriately recorded \$177 of sewer utility receipts in the Sewer Debt Service Fund. Given the source of the revenue, this should have been recorded in the Sewer Operating Fund.

Audit adjustments are reflected in the financial statements and in the accounting records correcting these misstatements.

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

Finding Number	2019-010
-----------------------	-----------------

Noncompliance and Internal Control Deficiency – Misposting of Sale of Capital Assets

Ohio Rev. Code § 5705.10(F) requires revenue received from the sale of a permanent improvement to be paid into the sinking fund, the bond retirement fund, or a special fund for the construction or acquisition of permanent improvements. **Ohio Rev. Code § 5705.01(E)** defines “permanent improvement” to mean “any property, asset, or improvement with an estimated life or usefulness of five years or more, including land and interests therein, and reconstructions, enlargements, and extensions thereof having an estimated life or usefulness of five years or more.”

Due to a deficiency in the implementation of controls over the sale of assets and recording of assets, in 2018, the Village inappropriately recorded \$11,050 from the sale of an emergency medical services (EMS) vehicle (a permanent improvement) in the EMS Fund. Given the source of the revenue, this should have been recorded in the EMS Capital Improvement Fund or another fund authorized by **Ohio Rev. Code § 5705.10(F)**. Audit adjustments are reflected in the financial statements and in the accounting records correcting the misstatement.

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

<i>Finding Number</i>	2019-011
------------------------------	-----------------

Noncompliance – Certification of Available Balances

Ohio Rev. Code § 5705.36(A)(1) provides, in part, on or about the first day of each fiscal year, the fiscal officer of each subdivision and other taxing unit shall certify to the county auditor the total amount from all sources available for expenditures from each fund set up in the tax budget or, if adoption of a tax budget was waived under section 5705.281 of the Revised Code, from each fund created by or on behalf of the taxing authority.

The budget commission, taking into consideration the balances and revenues to be derived from taxation and other sources, shall revise its estimate of the amounts that will be credited to each fund from such sources, and shall certify to the taxing authority of each subdivision an amended official certificate of estimated resources.

The Fiscal Officer did not certify to the County Auditor the total amount from all sources available for expenditures from each fund until January 24, 2019 and March 30, 2018. This was not detected by the Village due to deficiencies in the budgetary compliance and monitoring control policies and procedures. Failure to certify balances by the required date could result in appropriations exceeding estimated resources.

The Fiscal Officer should, on or about the first day of each fiscal year, certify to the county auditor the total amount from all sources available for expenditures from each fund.

<i>Finding Number</i>	2019-012
------------------------------	-----------------

Noncompliance – Approval of Appropriations

Ohio Rev. Code § 5705.38(A) requires that on or about the first day of each fiscal year, the taxing authority of each subdivision or other taxing unit shall pass an appropriation measure. If it desires to postpone the passage of the annual appropriation measure until an amended certificate is received based on the actual balances, it may pass a temporary appropriation measure for meeting the ordinary expenses of the taxing unit until no later than the first day of April.

The Village approved the 2018 appropriation measure March 19, 2018, which is after the required due date. This error was the result of inadequate policies and procedures regarding timely approval of appropriations. As a result, expenditures made prior to this point were not legally expended.

The Village should adopt permanent appropriations on or about the first day of each year. If the Village wants to postpone passage of the annual appropriations, the Village should adopt temporary appropriations to cover ordinary expenses until such time as the permanent appropriations are adopted.

<i>Finding Number</i>	2019-013
------------------------------	-----------------

Noncompliance – Expenditure in Excess of Appropriations

Ohio Rev. Code § 5705.41(B) prohibits a subdivision or taxing authority unit from making any expenditure of money unless it has been appropriated in accordance with the Ohio Revised Code.

Due to inadequate policies and procedures in approving and reviewing budget versus actual information, the Village's Fire Levy Fund had expenditures in excess of appropriations of \$8,423 as of December 31, 2019.

Failure to have adequate appropriations in place at the time expenditures are made could cause expenditures to exceed available resources, further resulting in deficit spending practices.

The Village Council should closely monitor expenditures and appropriations and make the necessary appropriation amendments, if possible, to reduce the likelihood of expenditures exceeding appropriations. Additionally, the Fiscal Officer should deny payment requests exceeding appropriations when appropriations are inadequate to cover the expenditures.

<i>Finding Number</i>	2019-014
------------------------------	-----------------

Noncompliance and Internal Control Deficiency – Improper Certification of Expenditures

Ohio Rev. Code § 5705.41(D)(1) provides that no orders or contracts involving the expenditure of money are to be made unless there is attached thereto a certificate of the fiscal officer certifying that 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 standard requirement stated above that treasurer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are: "then and now" certificates, blanket certificates, and super blanket certificates, which are provided for in sections 5705.41(D)(1) and 5705.41(D)(3), respectively, of the Ohio Rev. 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"), that sufficient funds were available or in the process of collections, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the Village Council can authorize the drawing of a warrant for the payment of the amount due. The Village Council has thirty days from the receipt of the "then and now" certificate to approve payment by ordinance or resolution.

Amounts less than \$100 in counties and less than \$3,000 in all other subdivisions may be paid by the fiscal officer without a resolution or ordinance upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the Village.

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

3. Super Blanket Certificate – The Village 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, gasoline, food items, roadway materials, utilities, and any other specific recurring and reasonably predictable operating expense. This certification may, but need not, be limited to a specific vendor. This certification is not to extend beyond the current fiscal year. More than one super blanket certificate may be outstanding at a particular time for any line item appropriation.

Due to deficiencies in internal controls, none of the transactions tested at 2019 and 2018 year-end were certified by the Fiscal Officer at the time the commitment was incurred, and there was no evidence the Village followed the aforementioned exceptions. Failure to properly certify the availability of funds can result in overspending funds and negative cash fund balances.

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

<i>Finding Number</i>	2019-015
------------------------------	-----------------

Noncompliance – Overpayment of Compensation

Village of Grover Hill Ordinance 08-12-09 provides that the Mayor is to be compensated \$450 a month or \$5,400 a year for his duties as Village Mayor.

Due to deficiencies in policies and procedures over payroll deductions, the Village withheld 4 percent from the Mayor’s January through July 2018 wages for his contribution to Social Security of the required 6.2 percent. The total amount of Social Security withheld from the Mayor’s wages were \$126. The Village should have withheld \$195 in 2018.

There was no evidence Council elected to compensate the Mayor 2.2 percent of his employee portion of Social Security. As such, the Mayor was over compensated \$69 in 2018. Failure to compensate the Mayor at his Council approved amount could lead to future findings for recovery.

The Village should withhold the correct Social Security employee contribution amount of 6.2 percent from the gross wages of the Mayor. The Village should also request repayment for the amount overpaid.

<i>Finding Number</i>	2019-016
------------------------------	-----------------

Noncompliance – OWDA Loan Agreement Debt Covenants

Ohio Water Development Authority (OWDA) Loan Agreements § 4.3(a) provides that the Village, from and after the completion and placement into operation of the Project Facilities, will at all times prescribe and charge such rates for the services of the System as shall result in Pledged Revenues at least adequate to provide for the payments required by section 4.1 of the loan agreement.

Due to deficiencies in internal policies and procedures in reviewing the financial operations of the sewer system, the Village did not charge sufficient rates to generate adequate revenues to provide for the debt payments and operating costs of the sewer system. In 2019 and 2018, the Village had a loss of \$43,542 and \$14,181, respectively, in the Sewer Operating Fund. Also in 2019 and 2018, the Village had a loss of \$22,559 and \$9,796, respectively in the Sewer Debt Service Fund.

Losses in the Sewer Operating and Sewer Debt Service Funds occurred because sewer rates were not sufficient to cover debt payments and sewer operating expenses. Failing to generate enough revenue to pay debt could result in a default on the debt.

The Village should review the OWDA agreements and comply with the loan covenant of charging adequate rates. In addition, the Village Council should either develop a plan to either lower sewer operating costs or increase sewer rates in order to have adequate funds to pay the amounts per the OWDA agreements.

<i>Finding Number</i>	2019-017
------------------------------	-----------------

Internal Control Deficiency – Audit Committee

The Village should establish an audit committee to serve as liaison between management and its auditors and to follow up on citations and recommendations from the previous audit. The Village has established an audit committee; however, due to deficiencies in internal control policies and procedures, they failed to document when the committee met or what the committee reviewed.

The audit committee should be actively involved in:

- Meeting with the Village’s independent auditors before and after each audit;
- Monitoring the progress of the financial and compliance audit;
- Evaluating the results of the financial and compliance; and
- Ensuring internal control and legal compliance issues identified in the audit are promptly and effectively remedied.

Failing to meet as a committee and follow up on audit results could result in issues identified in previous engagements not being corrected timely.

In order to help ensure the audit committee monitoring controls have been implemented and that citations and recommendations have been corrected and implemented, the audit committee should meet at least on a quarterly basis. Minutes should be taken as to when the committee meets, what financial documents have been reviewed, and any actions taken.

<i>Finding Number</i>	2019-018
------------------------------	-----------------

Internal Control Deficiency – Computer System Backups

In order to prevent losing all financial data in a disaster, all the computer systems should be backed up often with a second backup being maintained offsite in a secure location.

The Fiscal Officer consistently backs up financial data. However, due to deficiencies in policies and procedures over safeguarding Village information, all backups were stored at the Fiscal Officer's home. Failure to sufficiently safeguard the Village's information could result in backup data not being retained.

The Village's backup disks should be kept in a secure offsite location, away from the Village computer.

<i>Finding Number</i>	2019-019
------------------------------	-----------------

Internal Control Deficiency – Monitoring Financial Statements

In our audit engagement letter, as required by AU-C Section 210, *Terms of Engagement*, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error as discussed in AU-C Section 210 paragraphs .A14 & .A16.

There was no evidence of the extent to which Council (or the Finance Committee) reviewed financial information to monitor financial activity, including review of the monthly bank statements and reconciliations, detail receipts or appropriations ledgers, fund balance ledgers, and budgetary reports provide budget to actual comparisons for either receipts or disbursements. The lack of financial monitoring by the Village officials contributed to errors occurring without detection in the accompanying 2019 and 2018 financial statements as follows:

- In 2019, Budgeted Receipts in the Budgetary Activity note to the financial statements did not agree to amounts certified by the County Budget Commission in the General Fund in the amount of \$3,630.
- In 2018, Budgeted Receipts in the Budgetary Activity note to the financial statements did not agree to amounts certified by the County Budget Commission in the Special Revenue Fund in the amount of \$21,015.
- In 2019, Appropriation Authority in the Budgetary Activity note to the financial statements did not agree to amounts approved by Village Council in the Special Revenue and Enterprise Funds in the amounts of \$12,020 and \$2,285,000, respectively.
- In 2018, Appropriation Authority in the Budgetary Activity note to the financial statements did not agree to amounts approved by Village Council in the General and Special Revenue Funds in the amounts of \$8,010 and \$6,610, respectively.

These errors were the result of inadequate policies and procedures in reviewing the financial statements. Failure to complete accurate financial statements could lead to the Village Council making misinformed decisions. The accompanying financial statements and notes to the financial statements have been adjusted to correct these and other errors. In addition to the adjustments noted above, we also identified additional misstatements ranging from \$155 to \$156 that we have brought to the Village's attention.

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

<i>Finding Number</i>	2019-020
------------------------------	-----------------

Internal Control Deficiency – Timely Deposits

Public money should be deposited with the treasurer of the public office or to a designated depository on the business day following the date of receipt.

In addition, if the amount of daily receipts does not exceed \$1,000 and the receipts can be safeguarded, public offices can adopt a policy permitting their officials who receive this money to hold it past the next business day, but the deposit should be made no later than 3 business days after receiving it. Only the legislative authority (Council) may adopt the policy. The policy must include provisions and procedures to safeguard the money during the intervening period. If the amount exceeds \$1,000 or a lesser amount cannot be safeguarded, the public official should then deposit the money on the first business day following the date of receipt.

Depositing and receipting public monies timely, is necessary to safeguard the public monies, and to accurately reflect the financial position of the Village.

The following exceptions were noted regarding the deposit of Village receipts:

- In 2019 and 2018, 100% of the fire and emergency medical services (EMS) contract payments tested in the Fire Levy and EMS Funds were not deposited timely.
- In 2019 and 2018, 64% and 89%, respectively, in Special Revenue charges for services (EMS runs) transactions tested were not deposited timely.
- In 2018, 100% of the Mayor's Court receipts tested in the Mayor's Court Fund were not deposited timely.
- In 2019 and 2018, 100% of the sewer utility receipts tested in the Sewer Operating and Enterprise Debt Service Funds were not deposited timely.

These errors were due to inadequate policies and procedures over the monitoring and depositing of receipts. Failing to deposit public funds timely could lead to funds being lost, stolen, or unaccounted for.

The Fiscal Officer should deposit receipts by the next business day following collection or the Village Council should establish a depositing policy meeting the three day requirement.

<i>Finding Number</i>	2019-021
------------------------------	-----------------

Internal Control Deficiency – Policy Manual

The Village does not have a policy manual addressing various issues. A comprehensive policy manual would provide guidance to management in handling day to day activities. Such policies should, at minimum, address employment; mileage and travel expense reimbursements; ethics; prohibited political activity; public records; and use of Village-owned vehicles and equipment.

Due to deficiencies in internal policies and procedures, the Village does not have written policies. Failing to adopt written policies could result in the unallowable use of Village property or funds.

The Village should consider developing policies covering, but not limited to the following areas:

- A travel policy which should indicate the persons authorized to travel for the Village, the types and maximum amounts (e.g. per diem) of reimbursements that will be allowed, the effective mileage reimbursement rate, non-reimbursable expenditures (such as alcoholic beverages, gratuities, personal expenses (e.g. laundry, entertainment), and expenses related to spouses or family members), and the process of reimbursement (e.g. requiring original receipts for all expenses submitted for reimbursement).
- An ethics policy which describes the ethical behavior expected of employees. This would also include disciplinary procedures.
- A prohibited political activity policy which includes applicable requirements as established by the Ohio Revised Code.
- A public records policy which includes applicable requirements as established by the Ohio Revised Code.
- A vehicle and equipment policy which indicates the persons authorized to use the Village's vehicles and/or equipment and maintain the vehicles and/or equipment at their personal residence. The policy should also include that vehicles and equipment should be used for Village related purposes only.

<i>Finding Number</i>	2019-022
------------------------------	-----------------

Internal Control Deficiency – Budgetary Amounts not Recorded Correctly in Accounting System

Sound accounting practices require accurately posting appropriations to the ledgers to provide information for budget versus actual comparison and to allow Council to make informed decisions regarding budgetary matters.

The Appropriation resolution and subsequent amendments establish the legal spending authority of the Village and the appropriation ledger provides the process by which the Village controls spending, it is therefore necessary the amounts appropriated by Council are precisely stated and accurately posted to the appropriation ledger.

The following budgetary amounts were not properly recorded in the accounting system:

- In 2019, appropriation posted to the system did not agree to what was approved by Council in the General, Fire Levy, EMS Levy, and Sewer Operating Funds in the amounts of \$1,540, \$8,020, \$4,000, and \$2,285,000, respectively.
- In 2018, appropriations posted to the system did not agree to what was approved by Council in the General, Street Construction Maintenance and Repair, and Sewer Operating Funds in the amounts of \$8,010, \$6,610, and \$1,000, respectively.

The Village did not have procedures in place to accurately post authorized budgetary measures to the accounting system. The appropriations (and/or amendments thereof) approved by Council were not properly posted to the accounting system.

Failure to accurately post the appropriations to the ledgers could result in overspending and negative cash balances.

To effectively control the budgetary cycle and to maintain accountability over receipts and expenditures, the Village should post to the ledgers, on a timely basis, appropriations approved by Council. The Village should then monitor budget versus actual reports to help ensure appropriations have been properly posted to the ledgers.

<i>Finding Number</i>	2019-023
------------------------------	-----------------

Internal Control Deficiency – Emergency Medical Services (EMS) Billings and Delinquencies

Sound accounting practices require that when designing the public office's system of internal control and the specific control activities, management should ensure adequate security of assets and records, and verify the existence and valuation of assets and liabilities and periodically reconcile them to the accounting records.

The Village entered into a billing service agreement in 2016 with The AccuMed Group, a service organization (SO), who handles the billings of the Village's EMS runs. However, the following deficient policies and procedures were identified related to emergency medical services (EMS) run billings and delinquencies:

- There was no evidence of formal approval establishing the rates to be charged by the SO.
- There was no formal approval of billing and collection procedures for EMS runs, via ordinance, including the following:
 - i. Instances when an EMS run would not be billed (e.g. no support documentation on the EMS Run sheet noting the insurance information could be obtained from the patient for billing purposes, the patient refused transportation etc.).
 - ii. Procedures for following up on delinquent payments (e.g. use of a collection agency).
 - iii. Procedures for writing off uncollectible accounts (e.g. amounts not covered by Medicare, Medicaid, or the insurance company, amounts not paid by the patient, or nonpayment).
- The Village did not receive billing reports from the SO; therefore, EMS runs were not being properly monitored. There was no comparison being performed to determine that all the appropriate EMS run sheets had been submitted to the SO and that the SO was properly billing and collecting for EMS services. As such, there were 4 EMS runs in 2019 and 4 EMS runs in 2018 which do not appear to have been billed by the SO.
- The Village did not receive payment "status" reports from the SO that indicated the patient's account had an outstanding balance so the Village could not readily determine when patient accounts should have been considered delinquent and/or uncollectible.
- Council did not periodically review EMS collection reports and delinquent reports to ensure collections were being made.

By not properly monitoring the billing and collections of EMS runs, this could result in a loss of revenue to the Village.

In order to help ensure the Village is properly billing and collecting for its EMS services and to provide better accountability of EMS charges owed by patients, the following procedures should be implemented:

- Village Council should adopt an ordinance establishing the rates and procedures for collecting EMS billings, which should include, at a minimum, the following:
 - i. Rates for each type of EMS service provided.
 - ii. Procedures for billing, including instances when an EMS run will not be billed (e.g. no insurance information available from the patient for billing purposes, patient refused transportation) and a system to document such instances and the criteria where payments remitted by Medicare, Medicaid, or the health insurance company would constitute a payment in full on a patient account.
 - iii. Procedures for following up on delinquent payments (e.g. use of a collection agency).
 - iv. Procedures for writing off uncollectible accounts (e.g. amounts not covered by Medicare, Medicaid, or the insurance company, amounts not paid by the patient, or nonpayment).
- The Village should request the SO to provide billing reports to the Village to periodically monitor EMS runs. The billing reports should be compared to the EMS run sheets to verify that all the appropriate EMS run sheets have been submitted to the SO and that the SO is properly billing and collecting for EMS services to help ensure completeness of EMS billings.
- The Village should also request the SO provide payment "status" reports that indicate the patient's account has an outstanding balance to periodically determine if the patient account should be considered a delinquent account or written off as uncollectible.
- Council should periodically review EMS collection reports and delinquent reports to ensure collections are being made. Any delinquencies written off should be approved in the minutes

Officials' Response:

We did not receive a response from Officials to the findings reported above.

VILLAGE OF GROVER HILL
PAULDING COUNTY
301 West Walnut Street
Grover Hill, Ohio 45849-9559

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

Finding Number	Finding Summary	Fully Corrected?	Not Corrected; Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2017-001	This finding was first reported in 2016. Internal control deficiency and noncompliance with Ohio Rev. § Code 5705.10(D) for posting revenue in the wrong fund.	No	Not corrected and reissued as Finding 2019-009 in this report. The Village doesn't have an explanation as to why the finding reoccurred. The Village officials are aware of these issues and are taking steps to correct them.
2017-002	This finding was first reported in 2016. Ohio Rev. Code § 5705.36(A) for not filing the required certificate in 2017 and 2016 with the County Auditor.	No	Not corrected and reissued as Finding 2019-011 in this report. The Village doesn't have an explanation as to why the finding reoccurred. The Village officials are aware of these issues and are taking steps to correct them.
2017-003	This finding was first reported in 2016. Ohio Rev. Code § 5705.38(A) for not approving annual appropriations on or about the first day of each fiscal year or passing temporary appropriations.	No	Not corrected and reissued as Finding 2019-012 in this report. The Village doesn't have an explanation as to why the finding reoccurred. The Village officials are aware of these issues and are taking steps to correct them.
2017-004	This finding was first reported in 2011. Ohio Rev. Code § 5705.41(B) for expenditures in excess of appropriations.	No	Not corrected and reissued as Finding 2019-013 in this report. The Village doesn't have an explanation as to why the finding reoccurred. The Village officials are aware of these issues and are taking steps to correct them.
2017-005	This finding was first reported in 1999. Internal control deficiency and noncompliance with Ohio Rev. Code § 5705.41(D)(1) for not properly certifying disbursements.	No	Not corrected and reissued as Finding 2019-014 in this report. The Village doesn't have an explanation as to why the finding reoccurred. The Village officials are aware of these issues and are taking steps to correct them.

Finding Number	Finding Summary	Fully Corrected?	Not Corrected; Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2017-006	This finding was first reported in 2016. Ohio Rev. Code § 5705.42 for not recording on behalf of grants and loan proceeds.	Yes	
2017-007	This finding was first reported in 2016. Ohio Rev. Code § 117.103(B)(1) for not informing current employees of the new fraud reporting system.	No	Not corrected and reissued as Finding 2019-002 in this report. The Village doesn't have an explanation as to why the finding reoccurred. The Village officials are aware of these issues and are taking steps to correct them.
2017-008	This finding was first reported in 2016. Ohio Rev. Code § 121.22(C) for Council minutes not including approval of pertinent fiscal information.	Yes	
2017-009	This finding was first reported in 2016. Ohio Rev. Code § 121.22(G) for not specifying the purpose of executive sessions.	No	Not corrected and reissued as Finding 2019-003 in this report. The Village doesn't have an explanation as to why the finding reoccurred. The Village officials are aware of these issues and are taking steps to correct them.
2017-010	This finding was first reported in 2016. Ohio Rev. Code § 135.22 for Fiscal Officer not attending investment training or filing a certificate of exemption with the Treasurer of State.	No	Partially corrected and reissued as a verbal comment. The Village doesn't have an explanation as to why the finding reoccurred. The Village officials are aware of these issues and are taking steps to correct them.
2017-011	This finding was first reported in 2016. Ohio Rev. Code § 145.47 for not remitting the proper amount of Ohio Public Employee Retirement System (OPERS) withholdings.	Yes	
2017-012	This finding was first reported in 2016. Ohio Rev. Code §§ 149.39 and 149.43(B)(2) for not establishing a records retention policy.	No	Not corrected and reissued as Finding 2019-004 in this report. The Village doesn't have an explanation as to why the finding reoccurred. The Village officials are aware of these issues and are taking steps to correct them.

Finding Number	Finding Summary	Fully Corrected?	Not Corrected; Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2017-013	This finding was first reported in 2016. Ohio Rev. Code §§ 109.43(B) and 149.43(E)(2) for not attending public records training and establishing a public records policy.	No	Not corrected and reissued as Findings 2019-001 and 2019-005 in this report. The Village doesn't have an explanation as to why the finding reoccurred. The Village officials are aware of these issues and are taking steps to correct them.
2017-014	This finding was first reported in 2016. Ohio Rev. Code § 733.27(B) for Fiscal Officer not attending continuing education training.	No	Not corrected and reissued as Finding 2019-006 in this report. The Village doesn't have an explanation as to why the finding reoccurred. The Village officials are aware of these issues and are taking steps to correct them.
2017-015	This finding was first reported in 2016. Ohio Rev. Code § 149.351(A) for lack of maintaining documentation of an invoice and donation.	Yes	
2017-016	This finding was first reported in 2012. Internal control deficiency for not posting estimated amounts in the Village's financial ledgers.	No	Not corrected and reissued as Finding 2019-022 in this report. The Village doesn't have an explanation as to why the finding reoccurred. The Village officials are aware of these issues and are taking steps to correct them.
2017-017	This finding was first reported in 2012. Ohio Water Development Authority (OWDA) Loan Agreements § 4.3(a) for not charging sufficient rates to generate adequate revenues to cover debt payments and sewer operating costs.	No	Not corrected and reissued as Finding 2019-016 in this report. The Village doesn't have an explanation as to why the finding reoccurred. The Village officials are aware of these issues and are taking steps to correct them.
2017-018	This finding was first reported in 2009. Ohio Rev. Code §§§ 2949.091(A)(1)(a), 2743.70(A)(1), and 2949.094(A) for not remitting costs to the Treasurer of State or Paulding County for traffic tickets.	No	Not corrected and reissued as Finding 2019-008 in this report. The Village doesn't have an explanation as to why the finding reoccurred. The Village officials are aware of these issues and are taking steps to correct them.

Finding Number	Finding Summary	Fully Corrected?	Not Corrected; Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2017-019	This finding was first reported in 2016. Ohio Rev. Code § 1905.21 for not maintaining a Mayor's Court cashbook and docket.	No	Not corrected and reissued as Finding 2019-007 in this report. The Village doesn't have an explanation as to why the finding reoccurred. The Village officials are aware of these issues and are taking steps to correct them.
2017-020	This finding was first reported in 2016. Village of Grover Hill Ordinance 08-12-09 for inappropriately paying for a portion of the Mayor's social security.	No	Not corrected and reissued as Finding 2019-015 in this report. The Village doesn't have an explanation as to why the finding reoccurred. The Village officials are aware of these issues and are taking steps to correct them.
2017-021	This finding was first reported in 2006. Internal control deficiency for lack of monitoring of financial transactions resulting in errors in the financial statements.	No	Not corrected and reissued as Finding 2019-019 in this report. The Village doesn't have an explanation as to why the finding reoccurred. The Village officials are aware of these issues and are taking steps to correct them.
2017-022	This finding was first reported in 2016. Internal control deficiency for timely deposits.	No	Not corrected and reissued as Finding 2019-020 in this report. The Village doesn't have an explanation as to why the finding reoccurred. The Village officials are aware of these issues and are taking steps to correct them.
2017-023	This finding was first reported in 2016. Internal control deficiency for lack of establishing an audit/finance committee.	No	Not corrected and reissued as Finding 2019-017 in this report. The Village doesn't have an explanation as to why the finding reoccurred. The Village officials are aware of these issues and are taking steps to correct them.
2017-024	This finding was first reported in 2016. Internal control deficiency for not adopting a policy manual.	No	Not corrected and reissued as Finding 2019-021 in this report. The Village doesn't have an explanation as to why the finding reoccurred. The Village officials are aware of these issues and are taking steps to correct them.

Finding Number	Finding Summary	Fully Corrected?	Not Corrected; Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2017-025	This finding was first reported in 2008. Internal control deficiency for lack of monitoring emergency medical service (EMS) run billings.	No	Not corrected and reissued as Finding 2019-023 in this report. The Village doesn't have an explanation as to why the finding reoccurred. The Village officials are aware of these issues and are taking steps to correct them.

OHIO AUDITOR OF STATE KEITH FABER



VILLAGE OF GROVER HILL

PAULDING COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 1/5/2021

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

This report is a matter of public record and is available online at
www.ohioauditor.gov