



Dave Yost • Auditor of State

VILLAGE OF GROVER HILL
PAULDING COUNTY

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

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

To the Village Council:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of the Village of Grover Hill, Paulding County, Ohio (the Village) as of and for the years ended December 31, 2015 and 2014.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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

As described in Note 1 of the financial statements, the Village prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are reasonably determinable, we presume they are material.

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2015 and 2014, or changes in financial position thereof or cash flows for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of the Village of Grover Hill, Paulding County, Ohio as of December 31, 2015 and 2014, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 1.

Emphasis of Matter

As described in Note 10, the Village has suffered recurring losses from operations and deficit fund balances in the Sewer Operating Fund. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. This matter does not affect our opinion on these financial statements.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 31, 2017, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.

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

Dave Yost
Auditor of State

Columbus, Ohio

January 31, 2017

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**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, 2015**

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Property and Other Local Taxes	\$14,214	\$12,540	\$26,754
Intergovernmental	24,857	31,209	56,066
Charges for Services		34,137	34,137
Earnings on Investments	9	12	21
Miscellaneous	354	7,141	7,495
<i>Total Cash Receipts</i>	<u>39,434</u>	<u>85,039</u>	<u>124,473</u>
Cash Disbursements			
Current:			
Security of Persons and Property	5,408	58,355	63,763
Transportation		14,125	14,125
General Government	34,773	340	35,113
Capital Outlay		243,000	243,000
Debt Service:			
Principal Retirement		13,943	13,943
Interest and Other Fiscal Charges		6,003	6,003
<i>Total Cash Disbursements</i>	<u>40,181</u>	<u>335,766</u>	<u>375,947</u>
<i>Excess of Cash Disbursements Over Cash Receipts</i>	<u>(747)</u>	<u>(250,727)</u>	<u>(251,474)</u>
Other Financing Receipts (Disbursements)			
Sale of Fixed Assets	3,100		3,100
Other Debt Proceeds		200,000	200,000
<i>Total Other Financing Receipts</i>	<u>3,100</u>	<u>200,000</u>	<u>203,100</u>
<i>Net Change in Fund Cash Balances</i>	2,353	(50,727)	(48,374)
<i>Fund Cash Balances, January 1</i>	<u>67,555</u>	<u>224,513</u>	<u>292,068</u>
Fund Cash Balances, December 31			
Restricted		173,786	173,786
Unassigned	69,908		69,908
<i>Fund Cash Balances, December 31</i>	<u>\$69,908</u>	<u>\$173,786</u>	<u>\$243,694</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, 2015**

	Proprietary Fund Type	Fiduciary Fund Type	Totals
	Enterprise	Agency	(Memorandum Only)
Operating Cash Receipts			
Charges for Services	\$97,067		\$97,067
Operating Cash Disbursements			
Personal Services	4,703		4,703
Contractual Services	77,874		77,874
Supplies and Materials	6,788		6,788
<i>Total Operating Cash Disbursements</i>	<u>89,365</u>		<u>89,365</u>
<i>Operating Income</i>	<u>7,702</u>		<u>7,702</u>
Non-Operating Receipts (Disbursements)			
Sale of Notes	5,871		5,871
Principal Retirement	(12,925)		(12,925)
Interest and Other Fiscal Charges	(18,650)		(18,650)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(25,704)</u>		<u>(25,704)</u>
<i>Net Change in Fund Cash Balances</i>	(18,002)		(18,002)
<i>Fund Cash Balances, January 1</i>	<u>(54,375)</u>	<u>\$1,092</u>	<u>(53,283)</u>
<i>Fund Cash Balances, December 31</i>	<u><u>(\$72,377)</u></u>	<u><u>\$1,092</u></u>	<u><u>(\$71,285)</u></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 GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2014**

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Property and Other Local Taxes	\$14,239	\$9,897	\$24,136
Intergovernmental	72,521	37,237	109,758
Charges for Services		34,137	34,137
Fines, Licenses, and Permits	382		382
Earnings on Investments		14	14
Miscellaneous	3,545	2,000	5,545
<i>Total Cash Receipts</i>	<u>90,687</u>	<u>83,285</u>	<u>173,972</u>
Cash Disbursements			
Current:			
Security of Persons and Property	4,948	35,500	40,448
Public Health Services	114		114
Transportation	7,338	33,588	40,926
General Government	35,905	593	36,498
Capital Outlay		24,750	24,750
<i>Total Cash Disbursements</i>	<u>48,305</u>	<u>94,431</u>	<u>142,736</u>
<i>Excess of Cash Receipts Over (Under) Cash Disbursements</i>	42,382	(11,146)	31,236
<i>Fund Cash Balances, January 1</i>	<u>25,173</u>	<u>235,659</u>	<u>260,832</u>
Fund Cash Balances, December 31			
Restricted		224,513	224,513
Unassigned	67,555		67,555
<i>Fund Cash Balances, December 31</i>	<u><u>\$67,555</u></u>	<u><u>\$224,513</u></u>	<u><u>\$292,068</u></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)
PROPRIETARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2014**

	Proprietary Fund Type	Fiduciary Fund Type	Totals
	Enterprise	Agency	(Memorandum Only)
Operating Cash Receipts			
Charges for Services	\$95,030		\$95,030
Fines, Licenses and Permits		\$460	460
<i>Total Operating Cash Receipts</i>	<u>95,030</u>	<u>460</u>	<u>95,490</u>
Operating Cash Disbursements			
Personal Services	4,838		4,838
Contractual Services	66,833		66,833
Supplies and Materials	15,196		15,196
Other		382	382
<i>Total Operating Cash Disbursements</i>	<u>86,867</u>	<u>382</u>	<u>87,249</u>
<i>Operating Income</i>	<u>8,163</u>	<u>78</u>	<u>8,241</u>
Non-Operating Receipts (Disbursements)			
Sale of Notes	10,350		10,350
Finance Fee	(3)		(3)
Principal Retirement	(18,496)		(18,496)
Interest and Other Fiscal Charges	(30,446)		(30,446)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(38,595)</u>		<u>(38,595)</u>
<i>Net Change in Fund Cash Balances</i>	<u>(30,432)</u>	<u>78</u>	<u>(30,354)</u>
<i>Fund Cash Balances, January 1</i>	<u>(23,943)</u>	<u>1,014</u>	<u>(22,929)</u>
<i>Fund Cash Balances, December 31</i>	<u>(\$54,375)</u>	<u>\$1,092</u>	<u>(\$53,283)</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
DECEMBER 31, 2015 AND 2014**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of Grover Hill, Paulding County, Ohio (the Village) as a body corporate and politic. A publicly-elected six-member Village Council directs the Village. The Village provides sewer utilities, police, fire, and emergency medical services.

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

The Village's management believes these financial statements present all activities for which the Village is financially accountable.

B. Accounting Basis

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

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

C. Deposits and Investments

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

D. Fund Accounting

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

1. General Fund

The General Fund accounts for and reports all financial resources not accounted for and reported in another fund.

**VILLAGE OF GROVER HILL
PAULDING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

2. Special Revenue Funds

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

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

Fire Levy Fund – This fund receives property taxes, grants, and donations for providing fire services to residents of the Village.

Emergency Medical Services Fund – This fund receives property taxes for providing emergency medical services to residents of the Village.

3. 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 receives charges for services from residents to cover sewer service costs.

Sewer Debt Retirement Fund - This fund receives charges for services from residents for the purpose of making payments on Ohio Water Development Authority Loans.

4. Fiduciary Funds

Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Village disburses these funds as directed by the individual, organization or other government. The Village had the following significant Agency Fund:

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

E. Budgetary Process

The Ohio Revised Code requires that each fund be budgeted annually.

VILLAGE OF GROVER HILL
PAULDING COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014
(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

1. Appropriations

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

2. Estimated Resources

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

3. Encumbrances

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

A summary of 2015 and 2014 budgetary activity appears in Note 3.

F. 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:

1. Nonspendable

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

2. Restricted

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

3. Committed

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

VILLAGE OF GROVER HILL
PAULDING COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014
(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

4. Assigned

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

5. Unassigned

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

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

G. Property, Plant, and Equipment

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

2. EQUITY IN POOLED 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:

	2015	2014
Demand deposits	<u>\$172,409</u>	<u>\$238,785</u>

Deposits: Deposits are insured by the Federal Depository Insurance Corporation; or collateralized by the financial institution's public entity deposit pool.

**VILLAGE OF GROVER HILL
PAULDING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014
(Continued)**

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2015 and 2014 follows:

2015 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$50,000	\$42,534	(\$7,466)
Special Revenue	81,500	285,039	203,539
Enterprise	97,000	102,938	5,938
Total	\$228,500	\$430,511	\$202,011

2015 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$47,150	\$40,181	\$6,969
Special Revenue	116,275	335,766	(219,491)
Enterprise	104,500	120,940	(16,440)
Total	\$267,925	\$496,887	(\$228,962)

2014 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$30,000	\$90,687	\$60,687
Special Revenue	56,000	83,285	27,285
Enterprise	85,000	105,380	20,380
Total	\$171,000	\$279,352	\$108,352

2014 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$39,250	\$48,305	(\$9,055)
Special Revenue	152,200	94,431	57,769
Enterprise	74,500	135,812	(61,312)
Total	\$265,950	\$278,548	(\$12,598)

Contrary to Ohio law, budgetary expenditures exceeded appropriations in five out the eight funds in both 2015 and 2014. Also, contrary to Ohio law, appropriations exceeded estimated resources in one out of eight funds in both 2015 and 2014.

**VILLAGE OF GROVER HILL
PAULDING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014
(Continued)**

4. PROPERTY TAX

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

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

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

5. DEBT

Debt outstanding at December 31, 2015 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Ohio Water Development Authority Loan 2740	\$249,974	2.00%
Ohio Water Development Authority Loan 3668	388,865	1.50%
Ohio Water Development Authority Loan 4105	10,734	1.50%
Fire Truck Loan	<u>187,467</u>	1.50%
Total	<u><u>\$837,040</u></u>	

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. No amortization schedule is currently available as of December 31, 2015 for Loan #2740. 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 Ohio Water Development Authority (OWDA) Loan #4105 was used for the wastewater treatment plant improvements. The amount financed by OWDA for Loan #4105 in March of 2004 was \$16,444. The Village is required to make semi-annual payments through January 2034.

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.

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

**VILLAGE OF GROVER HILL
PAULDING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014
(Continued)**

5. DEBT – (Continued)

<u>Year ending December 31:</u>	<u>OWDA Loans</u>	<u>Fire Truck Loan</u>	<u>Total</u>
2016	\$25,704	\$23,935	\$49,639
2017	25,704	23,935	49,639
2018	25,704	23,935	49,639
2019	25,704	23,935	49,639
2020	25,704	24,018	49,722
2021-2025	128,522	100,142	228,664
2026-2031	128,882		128,882
2032-2033	64,602		64,602
Total	<u>\$450,526</u>	<u>\$219,900</u>	<u>\$670,426</u>

6. RETIREMENT SYSTEMS

OPERS

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

The Ohio Revised Code also prescribes contribution rates. For 2015 and 2014, OPERS members contributed 10% of their gross salaries and the Village contributed an amount equaling 14% of participants' gross salaries. The Village has paid all contributions required through December 31, 2015.

Social Security

Effective July 1, 1991 all officials and employees not otherwise covered by OPERS have an option to become members of the Social Security system. As of December 31, 2015, the Mayor, Fire Chief, Assistant Fire Chief, EMS Coordinator, and the Village Council members have elected social security. Village Council's liability is 6.2 percent of gross wages.

7. RISK MANAGEMENT

The Village belongs to the Ohio Plan Risk Management, Inc. (OPRM) - formerly known as the Ohio Government Risk Management Plan, (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments ("Members"). The Plan 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.

**VILLAGE OF GROVER HILL
PAULDING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014
(Continued)**

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, 2012 (and through October 2014) the plan increased its retention to 50% of the first \$250,000 casualty treaty. Effective November 1, 2014, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 10% of the first \$1,000,000 property treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 772 and 783 members as of December 31, 2015 and 2014 respectively.

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

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

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2015 and 2014:

	<u>2015</u>	<u>2014</u>
Assets	\$14,643,667	\$14,830,185
Liabilities	(9,112,030)	(8,942,504)
Members' Equity	<u>\$5,531,637</u>	<u>\$5,887,681</u>

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

8. MISCELLANEOUS REVENUES

During 2014, Miscellaneous Revenues in the General Fund primarily consisted of various donations/contributions and refunds from the Ohio Public Employees Retirement System (OPERS), Ohio Bureau of Workers Compensation (OBWC), and Paulding County Auditor for fire services.

9. COMPLIANCE

Contrary to Ohio law, the Village had negative fund balances in the Sewer Operating Enterprise Fund in both 2015 and 2014. In addition, \$2,432 was mis-posted to the Sewer Operating Fund instead of the Sewer Debt Retirement Fund in 2014.

Contrary to Ohio law, Mayor Court receipts and fund balance were not properly classified in an Agency Fund in 2014 and 2015.

Ohio Water Development Agency (OWDA) Loan Agreements § 4.3(b), provides the local government will furnish to the OWDA annual reports of the operation and income of the system and 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 perform these debt covenants.

**VILLAGE OF GROVER HILL
PAULDING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014
(Continued)**

Contrary to Ohio law, court moneys collected for moving violations were not remitted to the Treasurer of State and Paulding County Court for court cases in 2012 through 2014.

Contrary to Ohio law, estimated receipts and appropriations were not properly posted to the Village's fiscal ledgers.

10. SIGNIFICANT DEFICIT FUND BALANCES

The Village continues to pay its Sewer Operating Fund obligations to vendors and employees despite a deficit fund balance of \$133,401 and \$83,136 as of December 31, 2015 and 2014, respectively. As of December 31, 2015 and 2014, the Village's overall fund cash balances were \$172,409 and \$238,785 of which the General Fund balance was \$69,908 and \$67,555, respectively. The Village has contacted the Ohio Water Development Authority (OWDA) to renegotiate the terms of its three loans.

11. SUBSEQUENT EVENTS

In 2016, the Village approved a State Route 637 Street Funding Project totaling \$1,020,500. This project will be funded with grants from the Ohio Department of Transportation of \$120,000; Ohio Public Works Commission of \$500,000; and Community Development Block Grant of \$300,000. In addition, the Ohio Public Works Commission will provide a \$100,500 zero interest loan payable by the Village.

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Dave Yost • Auditor of State

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

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

To the Village Council:

We have audited in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the Village of Grover Hill, Paulding County, Ohio (the Village) as of and for the years ended December 31, 2015 and 2014, and the related notes to the financial statements, and have issued our report thereon dated January 31, 2017, wherein we noted the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit and wherein we noted the recurring losses from operations and deficit fund balances in the Sewer Operating Fund.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Village's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings that we consider material weaknesses. We consider findings 2015-001 through 2015-003, 2015-005, and 2015-2006 to be material weaknesses.

Compliance and Other Matters

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2015-002, 2015-004 through 2015-009.

Purpose of this Report

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



Dave Yost
Auditor of State

Columbus, Ohio

January 31, 2017

VILLAGE OF GROVER HILL
PAULDING COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2015 AND 2014

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

FINDING NUMBER 2015-001

Material Weakness – Emergency Management Services (EMS) Billing

The Village ended its EMS billing contract with a private billing company in May of 2012. Since that time, no billings or collections have been made for EMS runs performed by the Village EMS service even though an EMS Coordinator has been employed and the Village continues to provide EMS services. The minutes did not indicate any intent by Council to require or not require billing and collecting for EMS services during 2014 and 2015. At this time, we were unable to estimate the amount of lost income for 2014 or 2015.

This situation was caused by a lack of action by the Council to formally decide whether EMS would be billed to the patients.

In order to help ensure the Village is properly billing and collecting for its EMS services, we recommend Council pass a motion in the minutes to show intent or no intent to collect for EMS Services. If there is intent, we recommend the following procedures:

- Council pass an ordinance establishing the rates and procedures for collecting EMS billings which should include (1) rates for each type of EMS services provided; (2) procedures for billing and whether it be in house or with a service organization; (3) procedures for following up on delinquent payments; and (4) procedures for writing off uncollectible accounts.
- If the Village contracts with a service organization, it should be approved in the minutes and a copy of the billing ordinance should be provided to the service organization. A copy of the service organization contract should be reviewed to ensure the service organization is meeting the requirements established by Council.
- EMS run sheets should be monitored to ensure they have been submitted to the service organization and that the service organization is properly billing and collecting for EMS services. Billing reports submitted should be compared to EMS run sheets on a periodic basis to ensure completeness of billing.
- 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.

FINDING NUMBER 2015-002

Noncompliance and Material Weakness

Ohio Rev. Code § 5705.10(D) provides that all revenue derived from a source other than the general property tax and for which the law prescribes shall be used for a particular purpose, shall be paid into a special fund for such purpose. Additionally, subsection (l) of that provision states that money paid into any fund shall be used only for the purposes for which such fund is established. The existence of a deficit balance in any fund indicates that money from another fund or funds have been used to pay the obligations of the fund or funds carrying the deficit balance.

In 2014, Sewer utility receipts totaling \$2,432 were misposted to the Sewer Operating Fund instead of the Sewer Debt Retirement Fund. This misposting was adjusted to the Village's financial statements and accounting records.

As of December 31, 2015, the Mayor's Court fund balance of \$1,474 was classified in the General Fund instead of an Agency Fund. As of December 31, 2014, the Mayor's Court fund balance of \$1,474 and receipts of \$460 were classified in the General Fund instead of an Agency Fund. These mispostings were adjusted to the Village's financial statements and accounting records.

Permissive tax monies totaling \$17,389 and corresponding project disbursements posted to the transportation disbursements were posted to the Street Construction, Maintenance, and Repair Fund instead of the Permissive Tax Fund in 2014. This misposting was adjusted to the Village's financial statements and accounting records.

As of December 31, 2015 and 2014, the Village had a deficit cash balance of \$133,401 and \$83,136, respectively, in the Enterprise Sewer Operating Fund. This is an indication that other funds are being used to cover the expenses of the Enterprise Sewer Operating Fund.

Deficit fund balances occurred since sewer rates were not enough to cover debt payments and daily operational expenses, and the Fiscal Officer did not use purchase orders or post encumbrances to help prevent the purchases of goods and services for which there is no available funds to pay for the items. The posting errors occurred without detection, since there is a lack of financial monitoring by Village Council

We recommend Village Council review fund balances on a monthly basis and take corrective actions, such as increasing sewer rates or lowering expenditures, in order to prevent deficit spending. In addition, financial activity should be properly reported in the accounting ledgers, so management can better assess whether or not financial goals are being met on an ongoing basis.

FINDING NUMBER 2015-003

Material Weakness – Monitoring of Financial Statements

The small size of the Village's fiscal operations does not allow for an adequate segregation of duties. The Fiscal Officer performs most accounting functions. It is therefore important the Village Council monitor financial activity closely. While the Village Council does review all expenditures, there was no evidence of the extent to which the Village Council reviewed other financial information to monitor financial activity, including review of monthly bank reconciliations, detailed revenue or disbursement ledgers, budgetary reports which compare the budgeted revenues and appropriations to actual revenue and actual disbursements, and fund balance reports on a regular basis. This information provides important data necessary to manage Village operations.

The lack of monitoring by the Village Council contributed to the inaccurate posting of transactions to the financial statements. We noted posting errors, including the following:

- In 2014, General Fund local government monies totaling \$19,821 was posted as municipal income tax receipts instead of intergovernmental receipts.
- In 2014, gas and motor vehicle license tax monies in the Street Construction, Maintenance and Repair Fund and State Highway Fund totaling \$11,792 and \$956, respectively, were posted as property and other local taxes instead of intergovernmental receipts.

- In 2015, the loan proceeds for the purchase of a new fire truck totaling \$200,000 was not reported on the financial statements as Other Debt Proceeds in the Fire Fund. In addition, the corresponding capital outlay disbursement was not reported.
- In 2015, principal and interest payments of \$13,943 and \$6,003, respectively, were posted to capital outlay instead of debt service principal retirement and debt service interest and other fiscal charges in the Fire Fund.

The Village's financial statements and accounting records have been adjusted to reflect these and other discrepancies.

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

FINDING NUMBER 2015-004

Noncompliance

Ohio Water Development Agency (OWDA) Loan Agreements § 4.3(b), provides the local government will furnish to the OWDA annual reports of the operation and income of the system. § 4.3 (a) of this agreement provides the Village, from and after the completion and placement into operation of the Project Facilities, it 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.

The Fiscal Officer did not file annual reports with OWDA for three loans in 2014 and 2015. The Village Council also did not charge sufficient rates to generate adequate revenues to provide for the debt payments. In 2015 and 2014, the Village had a loss of \$50,265 and \$48,705, respectively in the Sewer Operating Fund

Losses in the Sewer Operating Fund and Sewer Debt Retirement Fund occurred since sewer rates were not sufficient to cover debt payments and sewer operating expenses.

We recommend the Village Council review the OWDA agreement and comply with the loan covenants of providing annual statements and charging adequate rates. We further recommend Village Council 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.

FINDING NUMBER 2015-005

Noncompliance and Material Weakness

Ohio Rev. Code § 5705.41(D)(1) provides that no subdivision or taxing unit shall make any contract or give any order involving the expenditure of money unless there is attached thereto a certificate of the fiscal officer of the subdivision that the amount required for the order or contract has been lawfully appropriated for such purpose and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. Every such contract made without such a certificate shall be void, and no warrant shall be issued in payment of any amount due thereon.

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

1. "Then and Now" Certificate – If the fiscal officer can certify that both at the time that 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 collection, to the credit of an appropriate fund free from any previous encumbrances, 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 of less than \$3,000 may be paid by the fiscal officer without a resolution or ordinance upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the Village Council.

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

3. Super Blanket Certificate – The 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, food items, 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 year. More than one super blanket certificate may be outstanding at a particular time for any line item appropriation.

None of the transactions tested in 2015 and 2014 were certified by the Fiscal Officer at the time the commitments were incurred, and there was no evidence the Village followed the aforementioned exceptions. This was caused by Council's failure to adopt a policy regarding the use of purchase orders, blanket certificates, super blanket certificates, or then and now certificates.

Failure to properly certify the availability of funds resulted in overspending funds and a negative cash fund balance in the Sewer Operating Fund for 2015 and 2014.

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 assure 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, we recommend the Fiscal Officer 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.

We recommend the Village Council certify purchases to which Ohio Revised Code § 5705.41(D) applies. The most convenient certification method is to use purchase orders that include the certification language that Ohio Revised Code § 5705.41(D) requires to authorize disbursements.

The Fiscal Officer should sign the certification at the time the Village incurs a commitment, and only when the requirements of Ohio Revised Code § 5705.41(D) are satisfied. The Fiscal Officer should post approved purchase commitments to the proper appropriation code, to reduce the available appropriation.

FINDING NUMBER 2015-006

Noncompliance and Material Weakness

Ohio Admin. Code § 117-2-02(C)(1) provides that all local public offices should integrate the budgetary accounts, at the legal level of control or lower, into the financial accounting system in order to effectively maintain the accounting and budgetary records.

The Fiscal Officer did not post any estimated receipts to the receipt ledger in 2014 or 2015, nor did she post appropriations to the appropriation ledger in 2014. In 2015, appropriations were posted to the appropriation ledgers; however, General Fund appropriations posted to the appropriation ledger totaled \$35,550 and approved appropriations were \$47,150 which amounted to a (\$11,600) variance. Furthermore, the Fiscal Officer did not prepare reports for Council showing a comparison of approved budget commission estimated revenue to actual revenue received and Council approved appropriations to actual expenditures and encumbrances for any of the Village funds in 2014 and 2015.

These errors occurred in the posting of estimated receipts and appropriations since the Fiscal Officer did not compare the total posted to the certificate of estimated resources and the appropriation measures. Also, there was not an adequate review by the Council Members.

Failure to monitor the budgetary amounts in comparison to the actual revenue and disbursement could result in spending that exceeds what the Council has authorized and could lead to deficit spending. The failure of the Council to review budget versus actual financial reports impacts the Board's ability to identify negative budgetary variances and/or noncompliance with budgetary laws which could be material to the financial statements.

Budgeted receipts, as shown on the certificate of estimated resources, should be posted to the receipt ledger with a running "balance" derived from budgeted receipts less actual receipts. Appropriations, as approved by Council, should be posted to the appropriation ledger with a running "balance" derived from appropriations less actual expenditures or encumbrances. These "balance" totals provide a comparison of anticipated receipts to actual receipts, and appropriation amounts still available to be expended. In addition, budget versus actual receipt and appropriation reports should be prepared monthly and reviewed by Council and approved in the minutes of the Council meeting.

FINDING NUMBER 2015-007

Noncompliance

Ohio Rev. Code § 5705.39 provides appropriations from each fund should not exceed the estimated revenue available for expenditure from that fund as certified by the budget commission in the certificate of estimated resources. Furthermore, no appropriation measure is to become effective until the County Auditor files a certificate with the subdivision that the total appropriations from each fund do not exceed the total official estimate or amended official estimate.

Appropriations exceeded estimated resources in the following funds at December 31:

Fund	Legally Adopted Appropriations	Approved Estimated Resources	Variance
2015			
Sewer Operating Fund	\$78,500	\$(38,704)	(\$117,204)
2014			
Sewer Operating Fund	52,500	18,693	(33,807)

These errors occurred since the Fiscal Officer did not compare Council approved appropriations to the certificate of estimated resources submitted and approved by the County Auditor and there was not an adequate review by the Council Members.

Total appropriations in excess of total available resources resulted in deficit spending in the Sewer Operating Fund. The Fiscal Officer should regularly compare appropriations to the total available resources for expenditure from each fund and submit the necessary modifications to the Village Council for approval. In addition, the Fiscal Officer should make sure annual appropriations and all subsequent modifications have been certified by the County Auditor by the end of each fiscal year, so each respective measure has been made effective.

FINDING NUMBER 2015-008

Noncompliance

Ohio Rev. Code § 5705.41(B) prohibits a subdivision from making an expenditure unless it has been properly appropriated.

The following funds had disbursements in excess of appropriations at December 31:

Fund	Total Appropriations	Total Disbursements	Variance
2015:			
Fire Fund	\$83,250	\$296,919	(\$213,669)
Emergency Management Services Fund	11,025	17,816	(6,791)
Permissive Motor Vehicle License Tax Fund		5,502	(5,502)
Sewer Operating Fund	78,500	89,365	(10,865)
Sewer Debt Retirement Fund	26,000	31,575	(5,575)
2014:			
General Fund	39,250	48,305	(9,055)
Street Construction, Maintenance, and Repair Fund	18,000	47,791	(29,791)
Permissive Motor Vehicle License Tax Fund		17,389	(17,389)
Sewer Operating Fund	52,500	86,867	(34,367)
Sewer Debt Retirement Fund	22,000	48,945	(26,945)

These errors occurred since the Village did not use purchase orders or encumbrances to help prevent the Village from spending more funds than had been appropriated. In addition, there was not an adequate review by the Council Members.

Expenditures in excess of appropriations resulted in deficit spending in the Sewer Operating Fund.

We recommend expenditures and appropriations be reviewed frequently by the Council and the necessary appropriation amendments be made, if possible, to reduce the possibility of expenditures exceeding appropriations.

FINDING NUMBER 2015-009

Finding For Recovery – Repaid Under Audit

Ohio Rev. Code § 2949.091(A)(1)(a), 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;
- 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.

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

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;
- 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)(a), the Mayor's Court had two cases in 2014 where the \$20 court cost was collected from defendants' for a total amount of \$40, 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. In addition, we noted collections totaling \$520 which had not been remitted to the Treasurer of State for 2012 and 2013 cases.

Pursuant to Ohio Rev. Code § 2743.70(A)(1), the Mayor's Court had two cases in 2014 involving misdemeanor offenses in which the \$9 cost was collected from defendants for a total amount of \$18, none of which was remitted by the Mayor's Court Clerk to the Treasurer of State for purposes of the reparations fund. In addition, we noted collections totaling \$234 which had not been remitted to the Treasurer of State for 2012 and 2013 cases.

Pursuant to Ohio Rev. Code § 2949.094(A), the Mayor's Court had two court cases involving misdemeanor offenses in which the defendant was either convicted or pled guilty to moving traffic violations during 2014, for a total amount of \$20, of which \$20 should have been credited to the justice program services fund created under § 5502.67 of the Revised Code, \$10 to the indigent defense support fund created under § 120.08 of the Revised Code, \$3 to the Paulding County Court's Indigent Drivers Alcohol Treatment fund created under division (H) of § 4511.191 of the Revised Code, and \$6.80 to the drug law enforcement fund created under § 5502.68 of the Revised Code. None of the \$20 in court costs were remitted to their proper funds. In addition, we noted remittances totaling \$260 have not been remitted to the Treasurer of State and the Paulding County Courts (\$2.60 for the justice program services fund, \$130 to the indigent defense support fund, \$39 to the Paulding County Court's Indigent Drivers Alcohol Treatment fund, and \$88.40 to the drug law enforcement fund) for the 2012 and 2013 court cases.

The above errors occurred since the Fiscal Officer and Mayor did not monitor the court receipts and ensure the proper remittances were made to the Treasurer of State and Paulding County Courts.

The Village owes \$1,050 to the State of Ohio Treasury, (\$700 to the indigent defense support fund, \$252 to the reparations fund, \$2.80 to the justice program service fund, \$95.20 to the drug law enforcement fund) and \$42 to the Paulding County Court's Indigent Drivers Alcohol Treatment fund.

In accordance with the foregoing facts and pursuant to Ohio Revised Code Section 117.28, a Finding for Recovery for public money that has been misappropriated is hereby issued against the Village of Grover Hill's Mayor's Court Agency Fund in the amount of \$1,050 and in favor of the State of Ohio Treasury's Indigent Defense Support Fund, Reparations Fund, Justice Program Service Fund, and the Drug Law Enforcement Fund in the amounts of \$700, \$252, \$3, and \$95, respectively, and to the Paulding County Court's Indigent Drivers Alcohol Treatment Fund in the amount of \$42.

On January 31, 2017, the Village issued check number 1364 to the State of Ohio Treasurer in the amount of \$1,050 and check number 1365 to Paulding County in the amount of \$42.

Officials' Response:

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

**VILLAGE OF GROVER HILL
PAULDING COUNTY**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2015 AND 2014**

Finding Number	Finding Summary	Status	Additional Information
2013-001	Material weakness over financial reporting.	Not corrected. Reissued as finding 2015-003 in this report.	The client declined to offer an explanation why the finding reoccurred. The Fiscal Officer will review prior audit report, adjustments, reclassifications, and Village Handbook to ensure proper postings in future.
2013-002	Material weakness over adoption of GASB 54 fund balance classifications.	Corrective action taken and finding is fully corrected.	
2013-003	Material weakness over emergency management services (EMS) billing.	Not corrected. Reissued as finding 2015-001 in this report.	The client declined to offer an explanation why the finding reoccurred. The Fiscal Officer and Council will determine if EMS services should be billed and if the Village will enter into a contract with a private billing company.
2013-004	Material weakness over budgeted receipts and disbursements.	Not corrected. Reissued as finding 2015-006 in this report.	The client declined to offer an explanation why the finding reoccurred. The Fiscal Officer will review the certificate of estimated resources and appropriations and post budgetary information accordingly.
2013-005	Material noncompliance on Ohio Rev. Code § 5705.10 for deficit fund balance in the Sewer Operating Fund.	Not corrected. Reissued as finding 2015-002 in this report.	The client declined to offer an explanation why the finding reoccurred. Council will review sewer rates to determine if rates should be increased and/or operating costs decreased.

**VILLAGE OF GROVER HILL
PAULDING COUNTY**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2015 AND 2014
(Continued)**

2013-006	Material weakness and noncompliance on Ohio Rev. Code § 1905.21 for not maintaining a Mayor's court cashbook and docket.	Partially corrected. Reported in management letter.	The client declined to offer an explanation why the finding reoccurred. Mayor and Fiscal Officer will review Mayor's Court requirements for maintaining supporting documentation regarding tickets filed and fines collected and deposited.
2013-007	Material noncompliance on Ohio Rev. Code § 5705.41(D)(1) for not properly certifying disbursements.	Not corrected. Reissued as finding 2015-005 in this report.	The client declined to offer an explanation why the finding reoccurred. The Fiscal Officer does not plan to utilize purchase orders while on a manual basis.
2013-008	Material noncompliance on Ohio Rev. Code § 2949.091(A)(1)(a), Ohio Rev. Code § 2743.70(A)(1), and § 2949.094(A) for not remitting costs to the Treasurer of State or Paulding County for traffic tickets.	Not corrected. Reissued as finding 2015-009 in this report.	The client declined to offer an explanation why the finding reoccurred. The Fiscal Officer will review the calculation of court costs and will remit current and prior audit costs accordingly. In addition, she will remit the Village's portion of audit costs to the General fund.
2013-009	Material noncompliance on Ohio Rev. Code § 5709.39 for appropriations exceeding estimated resources.	Not corrected. Reissued as finding 2015-007 in this report.	The client declined to offer an explanation why the finding reoccurred. The Fiscal Officer will review the certificate of estimated resources and appropriations and post budgetary information accordingly. She will compare estimated resources to appropriations to ensure compliance.

**VILLAGE OF GROVER HILL
PAULDING COUNTY**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2015 AND 2014
(Continued)**

2013-010	Material noncompliance on Ohio Rev. Code § 5705.41(B) for disbursements exceeding appropriations.	Not corrected. Reissued as finding 2015-008 in this report.	The client declined to offer an explanation why the finding reoccurred. The Fiscal Officer will review appropriations and post budgetary information accordingly. She will compare budget information to actual disbursements to ensure compliance.
2013-011	Material noncompliance on Ohio Water Development Agency (OWDA) Loan Agreements § 4.3(b), § 4.3(a), and § 4.2 for not meeting timely debt payments, operating a loss before transfers, and not filing financial statements with OWDA.	Partially corrected. Reissued as finding 2015-004 in this report.	The client declined to offer an explanation why the finding reoccurred. Fiscal Officer will ensure annual financial statements are submitted to OWDA.

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Dave Yost • Auditor of State

VILLAGE OF GROVER HILL

PAULDING COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
FEBRUARY 23, 2017