



**VILLAGE OF GROVER HILL
PAULDING COUNTY**

NON-GAGAS ENGAGEMENT

FOR THE YEARS ENDED DECEMBER 31, 2021-2020

**VILLAGE OF GROVER HILL
PAULDING COUNTY
DECEMBER 31, 2021 AND 2020**

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OHIO AUDITOR OF STATE KEITH FABER



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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, 2021 and 2020. These procedures were designed to satisfy the audit requirements of Ohio Rev. Code § 117.11, and Ohio Admin. Code 117-4-02. 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 2021-008, 2021-012, and 2021-016 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 2021-008 and 2021-010.



Keith Faber
Auditor of State
Columbus, Ohio

December 22, 2022

Village of Grover Hill
Paulding County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2021

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
Cash Receipts				
Property and Other Local Taxes	\$31,276	\$10,522		\$41,798
Intergovernmental	28,366	57,687		86,053
Charges for Services		40,538		40,538
Earnings on Investments	10	12		22
Miscellaneous	146			146
<i>Total Cash Receipts</i>	<u>59,798</u>	<u>108,759</u>		<u>168,557</u>
Cash Disbursements				
Current:				
Security of Persons and Property	6,268	41,082		47,350
Transportation		2,071		2,071
General Government	52,082	762		52,844
Debt Service:				
Principal Retirement		31,994		31,994
Interest and Fiscal Charges		3,417		3,417
<i>Total Cash Disbursements</i>	<u>58,350</u>	<u>79,326</u>		<u>137,676</u>
<i>Net Change in Fund Cash Balances</i>	1,448	29,433		30,881
<i>Fund Cash Balances, January 1</i>	<u>62,027</u>	<u>262,090</u>	<u>\$11,050</u>	<u>335,167</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$63,475</u></u>	<u><u>\$291,523</u></u>	<u><u>\$11,050</u></u>	<u><u>\$366,048</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 (Regulatory Cash Basis)
Proprietary Fund Type
For the Year Ended December 31, 2021

	Enterprise
Operating Cash Receipts	
Charges for Services	\$137,938
Operating Cash Disbursements	
Contractual Services	62,309
Supplies and Materials	2,562
<i>Total Operating Cash Disbursements</i>	64,871
<i>Operating Income</i>	73,067
Non-Operating Receipts (Disbursements)	
Intergovernmental Receipts	163,548
Loans Issued	11,964
Capital Outlay	(11,964)
Principal Retirement	(199,448)
Interest and Other Fiscal Charges	(5,789)
<i>Total Non-Operating Receipts (Disbursements)</i>	(41,689)
<i>Income Before Transfers</i>	31,378
Transfers In	124,125
Transfers Out	(124,125)
<i>Net Change in Fund Cash Balances</i>	31,378
<i>Fund Cash Balances, January 1</i>	(142,849)
<i>Fund Cash Balances, December 31</i>	(\$111,471)

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

Village of Grover Hill
Paulding County
Statement of Additions, Deductions and Change
in Fund Balance (Regulatory Cash Basis)
Fiduciary Fund Type
For the Year Ended December 31, 2021

	<u>Custodial</u>
<i>Fund Cash Balance, January 1</i>	<u>\$312</u>
<i>Fund Cash Balance, December 31</i>	<u><u>\$312</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, 2021

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, maintenance of Village 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 6 to the financial statements provides additional information for this entity. The Village's management believes these financial statements present all activities for which the Village is financially accountable.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

The Village's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types, and a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for the proprietary fund type and a statement of additions, deductions and change in fund balance (regulatory cash basis) for the fiduciary fund type which are all 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 The Fire Levy 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 The EMS Fund receives property taxes 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 The EMS Capital Improvement Fund received proceeds from the sale of emergency medical services capital assets.

Village of Grover Hill
Paulding County
Notes to the Financial Statements
For the Year Ended December 31, 2021
(Continued)

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

Enterprise Debt Service Fund The Enterprise Debt Service Fund receives charges for services from residents and commercial users within the Village for the purpose of making payments on the Ohio Water Development Authority loans.

Fiduciary Funds Fiduciary funds include private purpose trust funds, investment trust funds, and custodial funds. Trust funds account for assets held under a trust agreement meeting certain criteria.

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 The Mayor's Court Fund reflects the residual balance remaining that still needs remitted from the former Mayor's court.

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. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year.

A summary of 2021 budgetary activity appears in Note 3.

Village of Grover Hill
Paulding County
Notes to the Financial Statements
For the Year Ended December 31, 2021
(Continued)

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.

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*.

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.

For regulatory purposes, limited disclosure related to fund balance is included in Note 13.

Note 3 – Budgetary Activity

Budgetary activity for the year ending December 31, 2021 follows:

Village of Grover Hill
Paulding County
Notes to the Financial Statements
For the Year Ended December 31, 2021
(Continued)

2021 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$53,965	\$59,798	\$5,833
Special Revenue	84,540	108,759	24,219
Enterprise	2,548,918	437,575	(2,111,343)
Total	\$2,687,423	\$606,132	(\$2,081,291)

2021 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$73,940	\$58,350	\$15,590
Special Revenue	71,784	79,326	(7,542)
Enterprise	2,619,448	406,197	2,213,251
Total	\$2,765,172	\$543,873	\$2,221,299

Note 4 – Deposits

To improve cash management, cash received by the Village is pooled. Monies for all funds are maintained in this pool. The Ohio Revised Code prescribes allowable deposits and investments. A summary of the Village's deposit accounts are as follows:

Demand deposits	<u>2021</u> <u>\$254,889</u>
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The Village does not have a separate payroll clearing account. The expenditures included in the accompanying financial statements reflect net payroll plus all remitted payroll withholdings.

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

Note 5 – 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.

Village of Grover Hill
Paulding County
Notes to the Financial Statements
For the Year Ended December 31, 2021
(Continued)

Note 6 – 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.

Effective November 1, 2010 (through October 31, 2017), the corridor is for losses paid is between 60 percent and 70 percent of casualty premiums in the first \$250,000. Effective November 1, 2016, the OPRM elected to participate in a property loss corridor deductible. The property corridor includes losses paid between 70 percent and 75 percent. In 2018, the casualty loss corridor was eliminated and the property corridor was adjusted to losses paid between 65 percent and 70 percent. Effective November 1, 2019, the property loss corridor was adjusted to losses between 60 percent and 67.5 percent and remain unchanged November 1, 2021 and November 1, 2020. OPRM had 769 members as of December 31, 2021.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2021.

Assets	\$21,777,439
Liabilities	<u>(15,037,383)</u>
Members' Equity	<u>\$6,740,056</u>

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

Note 7 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

The majority of Village employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare 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, 2021.

Social Security

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

Employees contributed 6.2 percent of their gross salaries. The Village contributed an amount equal to 6.2 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2021.

Village of Grover Hill
Paulding County
Notes to the Financial Statements
For the Year Ended December 31, 2021
(Continued)

Note 8 – Postemployment Benefits

OPERS offers a cost-sharing, multiple-employer defined benefit postemployment plan, which include multiple health care plans which include 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 2021. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4 percent during calendar year 2021.

Note 9 – Debt

Debt outstanding at December 31, 2021 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Ohio Water Development Authority Loan 2740	\$22,233	2.00%
Ohio Water Development Authority Loan 3668	273,850	1.50%
Ohio Water Development Authority Loan 4105	7,755	1.50%
Ohio Water Development Authority Loan 8255	63,303	2.43%-3.64%
Ohio Public Works Commission Loan CT12T	97,651	0.00%
Fire Truck Loan	71,597	3.62%
EMS Ambulance Loan	14,884	2.80%
Total	<u>\$551,273</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 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 of \$12,511 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 \$341 through January 2034.

The OWDA Loan #8255 was used for design of wastewater treatment plant improvements. The amount financed and drawn for Loan #8255 is \$197,479. This project has not been completed as of December 31, 2021. 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.

Village of Grover Hill
Paulding County
Notes to the Financial Statements
For the Year Ended December 31, 2021
(Continued)

Ohio Public Works Commission Loan

In 2018, the Village entered into a loan agreement with the Ohio Public Works Commission (OPWC) (Project Number CT12T) for assistance with the State Route 637/Main Street reconstruction project. The loan amount was \$108,501 with an interest rate of 0 percent and will be repaid in semiannual installments of \$1,808 over 30 years.

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:

Year Ending December 31:	OWDA Loans	OPWC Loan	Fire Truck Loan	EMS Ambulance Loan
2022	\$48,382	\$3,617	\$24,034	\$7,921
2023	25,704	3,617	24,034	7,261
2024	25,704	3,617	24,034	
2025	25,704	3,617	3,909	
2026	25,704	3,617		
2027-2031	128,520	18,083		
2032-2036	51,750	18,083		
2037-2041		18,083		
2042-2046		18,083		
2047-2048		7,234		
Total	\$331,468	\$97,651	\$76,011	\$15,182

Note 10 – Fiscal Emergency

The Village was placed in Fiscal Emergency on January 11, 2018 for deficit fund balances and treasury deficiency. As of December 31, 2021, the Village remains in Fiscal Emergency.

Note 11 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June, 2021 while the national state of emergency continues. During 2021, the Village received COVID-19 funding. The financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Village. The impact on the Village's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

Village of Grover Hill
Paulding County
Notes to the Financial Statements
For the Year Ended December 31, 2021
(Continued)

Note 12 – Interfund Transfer

During 2021, the Village transferred \$124,125 from the Enterprise Sewer Operating Fund to the Enterprise Debt Service Fund.

Note 13 – Fund Balances

The fund balance of Special Revenue Funds is restricted. The fund balance of Capital Projects Funds is restricted.

Note 14 – Compliance

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the Fire Levy and EMS Funds in the amounts of \$13,005 and \$322, respectively.

Village of Grover Hill
Paulding County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2020

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
Cash Receipts				
Property and Other Local Taxes	\$28,521	\$9,433		\$37,954
Intergovernmental	28,503	113,995	\$34,998	177,496
Charges for Services		52,488		52,488
Earnings on Investments	7	11		18
Miscellaneous	2,365	100		2,465
<i>Total Cash Receipts</i>	<u>59,396</u>	<u>176,027</u>	<u>34,998</u>	<u>270,421</u>
Cash Disbursements				
Current:				
Security of Persons and Property	6,687	54,909		61,596
Transportation		4,625		4,625
General Government	31,412	50,033		81,445
Capital Outlay	28,995		34,998	63,993
Debt Service:				
Principal Retirement		29,156		29,156
Interest and Fiscal Charges		4,462		4,462
<i>Total Cash Disbursements</i>	<u>67,094</u>	<u>143,185</u>	<u>34,998</u>	<u>245,277</u>
<i>Net Change in Fund Cash Balances</i>	(7,698)	32,842		25,144
<i>Fund Cash Balances, January 1</i>	<u>69,725</u>	<u>229,248</u>	<u>11,050</u>	<u>310,023</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$62,027</u></u>	<u><u>\$262,090</u></u>	<u><u>\$11,050</u></u>	<u><u>\$335,167</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 (Regulatory Cash Basis)
Proprietary Fund Type
For the Year Ended December 31, 2020

	Enterprise
Operating Cash Receipts	
Charges for Services	\$125,964
Operating Cash Disbursements	
Personal Services	125
Employee Fringe Benefits	99
Contractual Services	53,950
Supplies and Materials	1,617
<i>Total Operating Cash Disbursements</i>	55,791
<i>Operating Income</i>	70,173
Non-Operating Receipts (Disbursements)	
Loans Issued	177,508
Capital Outlay	(137,800)
Principal Retirement	(32,300)
Interest and Other Fiscal Charges	(3,231)
<i>Total Non-Operating Receipts (Disbursements)</i>	4,177
<i>Net Change in Fund Cash Balances</i>	74,350
<i>Fund Cash Balances, January 1</i>	(217,199)
<i>Fund Cash Balances, December 31</i>	(\$142,849)

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Village of Grover Hill
Paulding County
Statement of Additions, Deductions and Change
in Fund Balance (Regulatory Cash Basis)
Fiduciary Fund Type
For the Year Ended December 31, 2020

	<u>Custodial</u>
<i>Fund Cash Balance, January 1</i>	<u>\$312</u>
<i>Fund Cash Balance, December 31</i>	<u><u>\$312</u></u>

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Village of Grover Hill
Paulding County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 1 – Reporting Entity

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Public Entity Risk Pool

The Village participates in a public entity risk pool, the Ohio Plan Risk Management, Inc. (OPRM). Note 6 to the financial statements provides additional information for this entity. The Village's management believes these financial statements present all activities for which the Village is financially accountable.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

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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 The Fire Levy 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.

Coronavirus Relief Fund The Coronavirus Relief Fund receives federal grant funds for costs associated with the COVID-19 pandemic.

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:

CDBG Capital Projects Fund The CDBG Capital Projects Fund receives grant proceeds that were used on manhole repairs as part of a flood and drainage project in the Village.

Village of Grover Hill
Paulding County
Notes to the Financial Statements
For the Year Ended December 31, 2020
(Continued)

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

Enterprise Debt Service Fund The Enterprise Debt Service Fund receives charges for services from residents and commercial users within the Village for the purpose of making payments on the Ohio Water Development Authority loans.

Fiduciary Funds Fiduciary funds include private purpose trust funds, investment trust funds, and custodial funds. Trust funds account for assets held under a trust agreement meeting certain criteria.

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 The Mayor's Court Fund reflects the residual balance remaining that still needs remitted from the former Mayor's court.

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. Unencumbered appropriations lapse at year end.

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.

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

A summary of 2020 budgetary activity appears in Note 3.

Village of Grover Hill
Paulding County
Notes to the Financial Statements
For the Year Ended December 31, 2020
(Continued)

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.

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*.

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.

For regulatory purposes, limited disclosure related to fund balance is included in Note 10.

Note 3 – Budgetary Activity

Budgetary activity for the year ending December 31, 2020 follows:

Village of Grover Hill
Paulding County
Notes to the Financial Statements
For the Year Ended December 31, 2020
(Continued)

2020 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$78,670	\$59,396	(\$19,274)
Special Revenue	173,780	176,027	2,247
Capital Projects	11,100	34,998	23,898
Enterprise	2,602,895	303,472	(2,299,423)
Total	\$2,866,445	\$573,893	(\$2,292,552)

2020 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$110,212	\$67,094	\$43,118
Special Revenue	160,900	145,649	15,251
Capital Projects	34,998	34,998	
Enterprise	2,479,935	276,422	2,203,513
Total	\$2,786,045	\$524,163	\$2,261,882

Note 4 – Deposits

To improve cash management, cash received by the Village is pooled. Monies for all funds are maintained in this pool. The Ohio Revised Code prescribes allowable deposits and investments. A summary of the Village's deposit accounts are as follows:

	2020
Demand deposits	\$192,630

The Village does not have a separate payroll clearing account. The expenditures included in the accompanying financial statements reflect net payroll plus all remitted payroll withholdings.

Deposits are insured by the Federal Deposit Insurance Corporation.

Note 5 – 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.

Village of Grover Hill
Paulding County
Notes to the Financial Statements
For the Year Ended December 31, 2020
(Continued)

Note 6 – 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 percent of the premium and losses on the first \$250,000 casualty and 30 percent 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 percent 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’s property retention remained unchanged, however, the Plan assumed 100 percent 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 percent to 33 percent, while the casualty treaty remains unchanged and still assumes 100 percent of the first \$250,000 casualty treaty. Effective November 1, 2020, the OPRM’s property retention increased from 33 percent to 55 percent, while the casualty treaty remains unchanged and still assumes 100 percent of the first \$250,000 casualty treaty. OPRM had 771 members as of December 31, 2020.

The Pool’s audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2020.

Assets	\$18,826,974
Liabilities	<u>(13,530,267)</u>
Members' Equity	<u><u>\$5,296,707</u></u>

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

Note 7 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

The majority of Village employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan’s benefits, which include postretirement healthcare 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, 2020.

Village of Grover Hill
Paulding County
Notes to the Financial Statements
For the Year Ended December 31, 2020
(Continued)

Social Security

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

Employees contributed 6.2 percent of their gross salaries. The Village contributed an amount equal to 6.2 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2020.

Note 8 – Postemployment Benefits

OPERS offers a cost-sharing, multiple-employer defined benefit postemployment plan, which include multiple health care plans which include 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 2020. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4 percent during calendar year 2020.

Note 9 – Debt

Debt outstanding at December 31, 2020 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Ohio Water Development Authority Loan 2740	\$66,264	2.00%
Ohio Water Development Authority Loan 3668	294,532	1.50%
Ohio Water Development Authority Loan 4105	8,315	1.50%
Ohio Water Development Authority Loan 8255	185,514	2.43%-3.64%
Ohio Public Works Commission Loan CT12T	101,267	0.00%
Fire Truck Loan	92,664	3.62%
EMS Ambulance Loan	<u>22,282</u>	2.80%
Total	<u><u>\$770,838</u></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 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 of \$12,511 through July 2033.

Village of Grover Hill
Paulding County
Notes to the Financial Statements
For the Year Ended December 31, 2020
(Continued)

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 \$341 through January 2034.

The OWDA Loan #8255 was used for design of wastewater treatment plant improvements. The amount financed by OWDA for Loan #8255 is \$197,479. This project has not been completed as of December 31, 2020 and the Village has only drawn down \$185,515. 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

In 2018, the Village entered into a loan agreement with the Ohio Public Works Commission (OPWC) (Project Number CT12T) for assistance with the State Route 637/Main Street reconstruction project. The loan amount was \$108,501 with an interest rate of 0 percent and will be repaid in semiannual installments of \$1,808 over thirty years.

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:

Year Ending December 31:	OWDA Loans	OPWC Loan	Fire Truck Loan	EMS Ambulance Loan
2021	\$71,061	\$3,617	\$23,874	\$7,921
2022	48,382	3,617	24,034	7,921
2023	25,705	3,617	24,034	7,261
2024	25,704	3,617	24,034	
2025	25,705	3,617	3,909	
2026-2030	128,520	18,083		
2031-2035	77,454	18,083		
2036-2040		18,083		
2041-2045		18,083		
2046-2048		10,850		
Total	\$402,531	\$101,267	\$99,885	\$23,103

Village of Grover Hill
Paulding County
Notes to the Financial Statements
For the Year Ended December 31, 2020
(Continued)

Note 10 – Fund Balances

Included in fund balance are amounts the Village cannot spend. Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end the cash balances of these amounts were as follows:

Fund Balances	Special Revenue
Outstanding Encumbrances	\$2,464

The fund balance of Special Revenue Funds is restricted. The fund balance of Capital Projects Funds is restricted. This restricted amounts in the Special Revenue Fund would include the outstanding encumbrances.

Note 11 – Change in Accounting Principles

For 2020, the Village has made changes to their cash basis reporting model. These changes include modifications to the definition of fiduciary funds, adding a separate Statement of Additions, Deductions and Change in Fund Balance (Regulatory Cash Basis) – Fiduciary Fund Type, and removing the fund balance classifications from the Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis) – All Governmental Fund Types.

Note 12 – Fiscal Emergency

The Village was placed in Fiscal Emergency on January 11, 2018 for deficit fund balances and treasury deficiency. As of December 31, 2020, the Village remains in Fiscal Emergency.

Note 13 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 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 additional recovery from emergency funding, either federal or state, cannot be estimated.

During 2020, the Village received CARES Act funding. The 2020 activity includes \$35,368 which was spent on-behalf of other governments. These amounts are reflected as general government and security of persons and property expenditures in the applicable Coronavirus Relief Special Revenue Fund on the accompanying financial statements.

Note 14 – Compliance

Contrary to Ohio Rev. Code § 5705.10(D), the Village inappropriately recorded Community Development Block Grant receipts and disbursements in the wrong fund.

**VILLAGE OF GROVER HILL
PAULDING COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2021 AND 2020**

<i>Finding Number</i>	2021-001
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Noncompliance – Public Records Training

Ohio Rev. Code §§ 109.43(B) and 149.43(E)(1) require all state and local elected officials, or their 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.

Four of seven (57%) of the Village's elected officials with terms ending in 2021, 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 designee(s), should, during their term of office, attend public records training and maintain proof of completion of the training.

<i>Finding Number</i>	2021-002
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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. Since May 4, 2012, Ohio Rev. Code § 117.103(B)(2), has also required each public office to make all its employees aware of the fraud-reporting system. Ohio Rev. Code § 117.103(B)(3) provides that a public office satisfies these notification requirements by providing information about the fraud-reporting system and means of reporting fraud in the employee handbook or manual. Employees must sign and verify receipt of the handbook or manual.

For 2021 and 2020, the Village neither made its current employees aware of the new fraud reporting system nor made new employees confirm receipt of this information. 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>	2021-003
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Noncompliance – Stated Purpose of 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, the sale of property at competitive bidding, or the sale or other disposition of unneeded, obsolete, or unfit-for-use property in accordance with section 505.10 of the Revised Code, 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 September 28, 2020, April 19, 2021, and September 20, 2021, Council meetings did not specifically identify the purpose of the executive session. Lack of documenting the purpose of the executive session could result in matters being discussed that are not allowable by the Ohio Rev. Code.

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>	2021-004
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Noncompliance – Annual Continuing Education

Ohio Rev. Code § 135.22(B) states that to enhance the background and working knowledge of treasurers in investments, cash management, ethics, and in any other subject area that the treasurer of state determines is reasonably related to the duties of a treasurer, the treasurer of state shall provide annual continuing education programs for treasurers. A treasurer annually shall complete the continuing education programs described, unless the treasurer annually provides a notice of exemption.

Due to deficiencies in policies and procedures over monitoring compliance with continuing education requirements, the Fiscal Officer did not attend the annual continuing education programs provided by the Auditor of State or complete the annual exemption to the Auditor of State’s office in fiscal years 2021 and 2020. Failing to complete the required training or exemption could result in improper investments.

In order to maintain and/or enhance the working knowledge and prevent future occurrences of noncompliance, the Fiscal Officer shall attend the annual training or complete an annual exemption and submit to the Auditor of State's office.

<i>Finding Number</i>	2021-005
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Noncompliance – Public Retention Policy and Schedule

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.

Due to deficiencies in policies and procedures over records retention, the Village does not have a formal records retention policy and schedule.

The Village shall adopt a formal records retention policy and schedule, 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>	2021-006
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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 Revised 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>	2021-007
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Noncompliance – Auditor of State Training for Continuing Fiscal Officers

Ohio Rev. Code § 733.81(D)(2) requires an elected or appointed fiscal officer who retains office for a subsequent term shall complete twelve hours of continuing education courses in each subsequent term of office.

Due to deficiencies in policies and procedures over monitoring compliance with attending required trainings, the Fiscal Officer did not attend continuing education programs provided by the Auditor of State during her recent term of office ending March 31, 2020. The lack of continuing education may have contributed to the 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>	2021-008
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Noncompliance and Internal Control Deficiency – Monies Recorded in 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.

The Village inappropriately recorded \$34,998 of Community Development Block Grant receipts and disbursements in the General Fund in 2020. Given the source of the revenue and the purpose of the disbursement, this should have been recorded in a separate Capital Projects Fund. Audit adjustments are reflected in the financial statements and in the accounting records correcting this 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>	2021-009
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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 28, 2021 and September 17, 2020. This was not detected by the Village due to deficiencies in the budgetary compliance and monitoring control policies and procedures. Failure to certify available balances by the required date could result in appropriations exceeding estimated resources and also lead to improper budgeting and limits the effectiveness of management monitoring.

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>	2021-010
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Noncompliance – Expenditures 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 and EMS Funds had expenditures in excess of appropriations in the amounts of \$13,005 and \$322, respectively, as of December 31, 2021.

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.

Finding Number	2021-011
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Noncompliance and Internal Control Deficiency – Sewer Receipts Recorded in Improper Fund

Village of Grover Hill Ordinance No. O-91-11-25 indicates that the funds received from the collection of the rates and charges established by this ordinance shall include 40% of monies collected to be used for operation and maintenance, including replacement, and 60% of monies for the retirement of debts incurred. Furthermore, at their April 23, 2018 meeting, the Village Council passed a motion to reverse the sewer collections distribution, effective July 1, 2018.

- In 2021, the Village inappropriately recorded \$2,344 of sewer charges for services receipts in the Enterprise Debt Service Fund. Given the source of the revenue, it should have been recorded in the Sewer Operating Fund.
- In 2020, the Village inappropriately recorded \$2,102 of sewer charges for services receipts in the Sewer Operating Fund. Given the source of the revenue, it should have been recorded in the Enterprise Debt Service 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	2021-012
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Internal Control Deficiency – Financial Reporting

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

The following errors were identified in the accompanying notes to the financial statements:

- In 2021, appropriation authority in the budgetary activity note to the financial statements did not agree to amounts approved by Village Council. Appropriation authority was overstated in the General and Special Revenue Funds in the amounts of \$5,000 and \$22,101, respectively.
- In 2020, budgetary expenditures in the budgetary activity note to the financial statements were overstated in the Enterprise Fund in the amount of \$47,299.

These errors were the result of inadequate policies and procedures in reviewing the financial statements and notes to the financial statements. Failure to complete accurate financial statements and notes to the financial statements could lead to Village Council making misinformed decisions. The accompanying financial statements and notes to the financial statements have been adjusted to correct these and other immaterial errors ranging from \$1,210 to \$2,464. In addition to the adjustments noted above, we also identified an additional insignificant misstatement in the amount of \$2,528 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 the finance committee, to help identify and correct errors and omissions.

<i>Finding Number</i>	2021-013
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Internal Control Deficiency – Council Meeting Minutes

Sound accounting practices provide that the minutes of a regular or special meeting of any public body shall be promptly prepared, filed, and maintained and shall be open to public inspection. A public body must keep full and accurate minutes of its meetings. Those minutes do not have to be a verbatim transcript of proceedings, but they must include enough facts and information to permit the public to understand and appreciate the rationale behind the public body's decisions.

Due to deficiencies in the Village's policies and procedures for the recording of the minutes, the following deficiencies were noted:

- Council's review and approval of the monthly financial reports during 2021 and 2020 were not sufficiently documented.
- Council's approval of two appropriation amendments done for 2020 were not documented in the minutes, even though amendment documentation was filed with the County Auditor's office on November 19, 2020 and December 7, 2020.
- Council's approval of the 2021 annual appropriation resolution was not documented in the minutes, even though the appropriation document was filed with the County Auditor's office on February 1, 2021.
- Council's approval of a transfer in the amount of \$124,125 in 2021 was not documented in the minutes. Council's approval was only indicated when approving appropriations for the transfer.

Lack of documentation of all activities of Council could result in transactions and actions being performed that are not Council's intentions.

To help ensure the minutes are complete and accurate and to help clarify the intent of Council, the minutes should include enough information to determine the general topic discussed, the individuals involved in the discussion or being discussed, the procedures being followed to pass an ordinance or resolution, the dollar amounts being approved, any individual transfers being approved, and the resolution of the matter. The minutes should also indicate the reports provided by the Fiscal Officer were reviewed and approved.

<i>Finding Number</i>	2021-014
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Internal Control Deficiency – Timely Deposits

In order to safeguard the Village's money, public money should be deposited to a designated depository on a timely basis.

Due to inadequate policies and procedures over the monitoring and depositing of receipts, the following exceptions were noted regarding the deposit of Village receipts:

- In 2021 and 2020, 60% and 33%, respectively, of the fire and emergency medical services (EMS) contract payments tested in the Fire Levy and EMS Funds were not deposited timely. Funds were held without being deposited for 5 to 28 days.
- In 2021 and 2020, 100% of the sewer utility receipts tested in the Sewer Operating and Enterprise Debt Service Funds were not deposited timely. Funds were held without being deposited for 7 to 45 days.
- In 2020, 100% of EMS run receipts tested in the EMS Fund were not deposited timely. Funds were held without being deposited for 6 to 32 days.

Failing to deposit public funds timely could lead to funds being lost, stolen, or unaccounted for.

The Fiscal Officer should implement procedures to help ensure receipts are deposited timely.

<i>Finding Number</i>	2021-015
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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 2021, appropriations posted to the accounting system did not agree to what was approved by Council in the General, Fire Levy, and EMS Funds in the amounts of \$5,000, \$14,100, and \$8,000, respectively.
- In 2020, appropriations posted to the accounting system did not agree to what was approved by Council in the General and EMS Funds in the amounts of \$2,200 and \$1,010, 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. In addition, this could lead to inaccurate reporting of the budgetary information in the financial statements.

To effectively control the budgetary cycle and to maintain accountability over 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>	2021-016
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Internal Control Deficiency – Emergency Medical Services 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, 100% of the EMS runs in 2021 and 71 EMS runs in 2020 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 has resulted in a loss of revenue to the Village in both 2021 and 2020.

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.

<i>Finding Number</i>	2021-017
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Internal Control Deficiency – Finance Committee

The Village should establish a finance 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 a finance 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 finance 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 audit; 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 finance committee monitoring controls have been implemented and that citations and recommendations have been corrected and implemented, the finance 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>	2021-018
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Internal Control Deficiency – Policy Manual

The Village should have 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. This could also result in miscommunicated expectations between Council and Village employees.

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

- An employment policy which addresses hiring, firing, evaluations, employee benefits, fraud reporting, disciplinary procedures, etc.
- 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 conflicts of interest.
- 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>	2021-019
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Internal Control Deficiency – Computer System Backups

In order to prevent losing all financial data in a disaster, the computer system 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 onsite. 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.

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, 2021 AND 2020

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2019-001	This finding was first reported in 2016. Ohio Rev. Code §§ 109.43(B) and 149.43(E)(1) for not attending public records training.	No	Not corrected and reissued as Finding 2021-001 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.
2019-002	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 2021-002 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.
2019-003	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 2021-003 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.
2019-004	This finding was first reported in 2016. Ohio Rev. Code § 149.43(B)(2) for not establishing a records retention policy and schedule.	No	Not corrected and reissued as Finding 2021-005 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.
2019-005	This finding was first reported in 2016. Ohio Rev. Code § 149.43(E)(2) for not establishing a public records policy.	No	Not corrected and reissued as Finding 2021-006 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.
2019-006	This finding was first reported in 2016. Ohio Rev. Code § 733.27(B) for Fiscal Officer not attending continuing education training.	Yes	

Village of Grover Hill
Paulding County
Summary Schedule of Prior Audit Findings
Page 2

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain
2019-007	This finding was first reported in 2016. Ohio Rev. Code § 1905.21 for not maintaining a Mayor's Court cashbook and docket.	Yes	
2019-008	This finding was first reported in 2009. Ohio Rev. Code §§§ 2949.091(A)(1), 2743.70(A)(1), and 2949.094(A) for not remitting costs to the Treasurer of State or Paulding County for traffic tickets.	Yes	
2019-009	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 2021-008 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.
2019-010	This finding was first reported in 2018. Internal control deficiency and noncompliance with Ohio Rev. Code § 5705.10(F) for posting proceeds from the sale of a capital asset in the wrong fund.	Yes	
2019-011	This finding was first reported in 2016. Ohio Rev. Code § 5705.36(A)(1) for not filing the required certificate for 2019 and 2018 with the County Auditor by the required date.	No	Not corrected and reissued as Finding 2021-009 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.
2019-012	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.	Yes	

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain
2019-013	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 2021-010 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.
2019-014	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.	Yes	
2019-015	This finding was first reported in 2016. Village of Grover Hill Ordinance 08-12-09 for not withholding the proper amount of social security from the Mayor's wages in 2018.	Yes	
2019-016	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.	Yes	
2019-017	This finding was first reported in 2016. Internal control deficiency for lack of an active finance committee.	No	Not corrected and reissued as Finding 2021-017 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.
2019-018	This finding was first reported in 2018. Internal control deficiency for lack of maintaining computer backup disks in a secure offsite location, away from the Village computer.	No	Not corrected and reissued as Finding 2021-019 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.

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain
2019-019	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 2021-012 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.
2019-020	This finding was first reported in 2016. Internal control deficiency for timely deposits.	No	Not corrected and reissued as Finding 2021-014 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.
2019-021	This finding was first reported in 2016. Internal control deficiency for not adopting a policy manual.	No	Not corrected and reissued as Finding 2021-018 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.
2019-022	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 2021-015 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.
2019-023	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 2021-016 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.

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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 1/5/2023

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