



**VILLAGE OF GROVER HILL
PAULDING COUNTY**

**NON-GAGAS ENGAGEMENT
OHIO REV. CODE 117 AUDITS IN THE PUBLIC INTEREST**

FOR THE YEAR ENDED DECEMBER 31, 2022

VILLAGE OF GROVER HILL
PAULDING COUNTY
DECEMBER 31, 2022

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OHIO AUDITOR OF STATE KEITH FABER



65 East State Street
Columbus, Ohio 43215
ContactUs@ohioauditor.gov
800-282-0370

Report on the Financial Statements, Internal Control, and Compliance

Village of Grover Hill
Paulding County
104 South Main Street
Grover Hill, Ohio 45849

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 year ended December 31, 2022. 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 2022-008 and 2022-012 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 no instances of noncompliance we believe could directly and materially affect the determination of financial statement amounts.



Keith Faber
Auditor of State
Columbus, Ohio

November 4, 2024

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, 2022

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
Cash Receipts				
Property and Other Local Taxes	\$32,620	\$10,958		\$43,578
Intergovernmental	28,845	48,917		77,762
Fines, Licenses and Permits		60,830		60,830
Earnings on Investments	11	22		33
Miscellaneous	481	400		881
<i>Total Cash Receipts</i>	<u>61,957</u>	<u>121,127</u>		<u>183,084</u>
Cash Disbursements				
Current:				
Security of Persons and Property	8,071	33,950		42,021
Public Health Services	59			59
Transportation		16,071		16,071
General Government	47,068	583		47,651
Debt Service:				
Principal Retirement		31,163		31,163
Interest and Fiscal Charges		2,258		2,258
<i>Total Cash Disbursements</i>	<u>55,198</u>	<u>84,025</u>		<u>139,223</u>
<i>Net Change in Fund Cash Balances</i>	6,759	37,102		43,861
<i>Fund Cash Balances, January 1</i>	<u>63,475</u>	<u>291,523</u>	<u>\$11,050</u>	<u>366,048</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$70,234</u></u>	<u><u>\$328,625</u></u>	<u><u>\$11,050</u></u>	<u><u>\$409,909</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, 2022

	Proprietary Fund Type
	Enterprise
Operating Cash Receipts	
Charges for Services	\$149,417
Miscellaneous	34,250
	183,667
Operating Cash Disbursements	
Contractual Services	48,029
Supplies and Materials	3,610
	51,639
<i>Operating Income</i>	132,028
Non-Operating Receipts (Disbursements)	
Intergovernmental Receipts	663,133
Sale of Fixes Assets	5,250
Capital Outlay	(661,532)
Principal Retirement	(107,097)
Interest and Other Fiscal Charges	(4,588)
	(104,834)
<i>Net Change in Fund Cash Balances</i>	27,194
<i>Fund Cash Balances, January 1</i>	(111,471)
<i>Fund Cash Balances, December 31</i>	(\$84,277)

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, 2022

	Fiduciary Fund Type
	Custodial
Deductions	
Distributions to Other Governments	\$312
<i>Net Change in Fund Cash Balance</i>	(312)
<i>Fund Cash Balance, January 1</i>	\$312
<i>Fund Cash Balance, December 31</i>	

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, 2022

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 the fire protection services to are 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 Gover Hill
Paulding County
Notes to the Financial Statements
For the Year Ended December 31, 2022
(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 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's Custodial Fund accounts for Mayor's Court activity.

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(C). 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(C) 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 2022 budgetary activity appears in Note 3.

Deposits and Investments

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

Village of Gover Hill
Paulding County
Notes to the Financial Statements
For the Year Ended December 31, 2022
(Continued)

Capital Assets

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

Fund Balance

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

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

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

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

Assigned Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. For regulatory purposes, assigned fund balance in the General Fund is limited to encumbrances outstanding at year end.

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 11.

Note 3 – Budgetary Activity

Budgetary activity for the year ending December 31, 2022 follows:

2022 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$58,645	\$61,957	\$3,312
Special Revenue	105,295	121,127	15,832
Enterprise	2,757,379	852,050	(1,905,329)
Total	\$2,921,319	\$1,035,134	(\$1,886,185)

Village of Gover Hill
Paulding County
Notes to the Financial Statements
For the Year Ended December 31, 2022
(Continued)

2022 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$63,990	\$55,198	\$8,792
Special Revenue	133,814	84,025	49,789
Enterprise	2,748,121	824,856	1,923,265
Total	<u>\$2,945,925</u>	<u>\$964,079</u>	<u>\$1,981,846</u>

Note 4 – Deposits and Investments

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:

	<u>2022</u>
Demand deposits	<u>\$325,632</u>

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

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 monies deposited in the financial institution.

Note 5 – Taxes

Property Taxes

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

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

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

Note 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.

Village of Gover Hill
Paulding County
Notes to the Financial Statements
For the Year Ended December 31, 2022
(Continued)

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio.

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 has remain unchanged. OPRM had 773 members as of December 31, 2022.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2022.

Assets	\$ 21,662,291
Liabilities	<u>(18,158,351)</u>
Members' Equity	<u>\$ 3,503,940</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 health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the Village contributed an amount equaling 14 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2022.

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, 2022.

Note 8 – Postemployment Benefits

OPERS offers a cost-sharing, multiple-employer defined benefit postemployment plan, that includes multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2022. The portion of employer contributions allocated to health care for members in the Member-Directed Plan was 4.0 percent during calendar year 2022.

Village of Gover Hill
Paulding County
Notes to the Financial Statements
For the Year Ended December 31, 2022
(Continued)

Effective January 1, 2022, OPERS discontinued the group plans currently offered to non-Medicare retirees and re-employed retirees. Instead, eligible non-Medicare retirees will select an individual medical plan. OPERS will provide a subsidy or allowance via an HRA allowance to those retirees who meet health care eligibility requirements. Retirees will be able to seek reimbursement for plan premiums and other qualified medical expenses.

Note 9 – Debt

Debt outstanding at December 31, 2022 was as follows:

	Principal	Interest Rate
Ohio Water Development Authority Loan 3668	\$252,858	1.50%
Ohio Water Development Authority Loan 4105	7,187	1.50%
Ohio Public Works Commission Loan CT12T	94,034	0.00%
Fire Truck Loan	51,655	3.62%
EMS Ambulance Loan	7,279	2.80%
Total	\$413,013	

Ohio Water Development Authority Loans

The Ohio Water Development Authority (OWDA) Loan #3668 was obtained for the construction of a wastewater facility. The amount financed in May 2002 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.

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 \$1,955 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.

Village of Gover Hill
Paulding County
Notes to the Financial Statements
For the Year Ended December 31, 2022
(Continued)

Amortization

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
2023	\$25,704	\$3,617	\$24,033	\$7,381
2024	25,704	3,617	24,034	
2025	25,704	3,617	5,937	
2026	25,704	3,617		
2027	25,705	3,617		
2028-2032	128,521	18,083		
2033-2037	26,046	18,083		
2038-2042		18,083		
2043-2047		18,083		
2048-2052		3,617		
Total	<u>\$283,088</u>	<u>\$94,034</u>	<u>\$54,004</u>	<u>\$7,381</u>

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, 2022, the Village remains in Fiscal Emergency.

Note 11 – Fund Balances

The fund balance of Special Revenue and Capital Projects Funds are restricted.

VILLAGE OF GROVER HILL
PAULDING COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2022

<i>Finding Number</i>	2022-001
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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.

The Village neither made its current employees aware of the new fraud reporting system nor made two new employees confirm receipt of this information, due to deficiencies in internal control policies and procedures over the fraud-reporting system. Failure to notify employees of the fraud reporting system could lead to instances of unreported fraud.

In order to help 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>	2022-002
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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 Treasurer of State or complete the annual exemption to the Auditor of State's office. Failing to complete the required training or exemption could result in improper investments.

In order to maintain and 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>	2022-003
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Noncompliance – Records Retention 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 schedule. This could result in the unallowable disposal of records.

The Village should adopt a formal records retention 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>	2022-004
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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 should establish a public records policy. The policy should 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 should be conspicuously displayed in all of the Village's branch offices and the public records policy should 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>	2022-005
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Noncompliance – Auditor of State Training for New Fiscal Officers

Ohio Rev. Code § 733.81(C) requires a newly elected or appointed fiscal officer shall complete at least six hours of initial education programs before commencing, or during the first year of office.

Due to deficiencies in policies and procedures over monitoring compliance with attending required trainings, the newly appointed Fiscal Officer as of January 2022, did not attend new fiscal officer training or any continuing education programs provided by the Auditor of State during the first year of office. 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>	2022-006
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Noncompliance and Internal Control Deficiency – Monies Recorded in Improper Fund

Ohio Rev. Code § 5705.10(D) provides 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.

Due to a lack of controls over receipt posting, the Village inappropriately recorded \$4,207 of fire contract receipts in the EMS Special Revenue Fund. Given the source of the revenue, this should have been recorded in the Fire Levy Special Revenue Fund. Audit adjustments are reflected in the financial statements and in the accounting records correcting the misstatement.

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

<i>Finding Number</i>	2022-007
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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 EMS Fund had expenditures in excess of appropriations in the amount of \$739 as of December 31, 2022.

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

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

<i>Finding Number</i>	2022-008
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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 financial statements and notes to the financial statements:

- 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 \$3,500 and \$15,000, respectively.
- Principal retirement was incorrectly classified as interest and other fiscal charges in the Enterprise Debt Service Fund in the amount of \$8,739.

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 errors. In addition to the adjustments noted above, we also identified an additional misstatement in the amounts of \$368 to \$1,524, which we have brought to the Village's attention.

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>	2022-009
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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:

- Village Council's review and approval of the monthly financial reports was not sufficiently documented.
- Village Council's approval of December 2022 supplemental appropriations was not documented in the minutes, even though the appropriation document was retained and signed by Council.
- Village Council's approval of posting annual notification of monthly charge due in lieu of sending a monthly bill to Customer Group 1 was not sufficiently documented.

- Village Council's approval of not billing Customer Group 2 and instead just sending customers' entire year sewer charge totals to the County Auditor to be collected on their tax bill was not sufficiently documented.
- Village Council meeting minute records were not signed by the Village Council President or Mayor and Fiscal Officer.

Lack of documentation of all activities of Village Council could result in transactions and actions being performed that are not Village Council's intentions and a lack of signed minutes makes it unclear whether the minutes are the official records of the Village Council.

To help ensure the minutes are complete and accurate and to help clarify the intent of Village 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 supplemental appropriations being approved, and the resolution of the matter. The minutes should also indicate the reports provided by the Fiscal Officer were officially reviewed and approved by the Village Council. In addition, records of official Village Council minutes should be approved by Village Council and should be signed by the Village Council President or Mayor and the Fiscal Officer to indicate they are an accurate and official record of the Village Council meetings.

<i>Finding Number</i>	2022-010
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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, two out of thirty-nine sewer receipts tested (5 percent), totaling \$7,825, were not deposited to the designated depository for a period ranging from 11 to 18 days after initial receipt of the monies. Delays of this nature resulting from deficiencies in internal control procedures could cause receipts to be lost, misplaced, or stolen without being detected in a timely manner.

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

<i>Finding Number</i>	2022-011
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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 Village 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 Village Council are precisely stated and accurately posted to the appropriation ledger.

Appropriations posted to the accounting system did not agree to what was approved by Village Council in the General and EMS Funds in the amounts of \$3,500 and \$5,000, respectively.

The Village did not have procedures in place to accurately post authorized budgetary measures to the accounting system. The appropriations (and/or amendments thereof) approved by Village 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 Village 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>	2022-012
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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 emergency medical services (EMS) runs. However, the following deficient policies and procedures were identified related to 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 not 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.
- 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.
- Village Council did not periodically review EMS collection reports and delinquent reports to ensure collections were being made.

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

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

- Village Council should adopt an ordinance establishing the rates and procedures for collecting EMS billings, which should include, at a minimum, the following:
 - i. Rates for each type of EMS service provided.
 - ii. Procedures for billing, including instances when an EMS run will not be billed (e.g. no insurance information available from the patient for billing purposes, patient refused transportation) and a system to document such instances and the criteria where payments remitted by Medicare, Medicaid, or the health insurance company would constitute a payment in full on a patient account.
 - iii. Procedures for following up on delinquent payments (e.g. use of a collection agency).
 - iv. Procedures for writing off uncollectible accounts (e.g. amounts not covered by Medicare, Medicaid, or the insurance company, amounts not paid by the patient, or nonpayment).
- The Village should request the SO to provide billing reports to the Village to periodically monitor EMS runs. The billing reports should be compared to the EMS run sheets to verify that all the appropriate EMS run sheets have been submitted to the SO and that the SO is properly billing and collecting for EMS services to help ensure completeness of EMS billings.
- The Village should also request the SO provide payment "status" reports that indicate the patient's account has an outstanding balance to periodically determine if the patient account should be considered a delinquent account or written off as uncollectible.
- Village 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	2022-013
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Internal Control Deficiency – Finance Committee

The Village has established a finance committee to serve as liaison between management and its auditors and to follow up on citations and recommendations from the previous audit; 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>	2022-014
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Internal Control Deficiency – Policy Manual

A comprehensive policy manual provides guidance to management and employees 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 documentation of 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 Village 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>	2022-015
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Internal Control Deficiency – Computer System Backups

Storing all financial data in safe, secure, off-site location allows for the maintenance of information and operations in case of a disaster or other loss of data.

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 and a loss or delay of operations.

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

<i>Finding Number</i>	2022-016
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Internal Control Deficiency – Sewer Revenue Record Keeping and Collection Process

Sound accounting practices require sewer receipt transactions be promptly and accurately recorded and records be filed in an orderly manner. However, due to deficiencies in policies and procedures over sewer receipts, the following weaknesses were noted in the sewer receipt records:

- Manual sewer ledger did not contain customer numbers.
- Manual sewer ledger did not contain payment dates.
- Manual sewer ledger did not contain batch customer deposit totals.
- Manual sewer ledger contained mathematical errors and did not always show accurate totals.

These weaknesses increase the possibility of loss or diversion of cash assets, do not allow for tracking of customer payments to the customer accounts, Village receipt posting, or bank deposit, and also hinders the reconciliation process.

Therefore, the Village should perform the following to increase accountability and control over sewer receipts:

- Customer number should be included with customer name on the manual sewer ledger.
- Customer payment date should be included with payment amount on the manual sewer ledger.
- Customer payment batch totals should be included which match deposit and receipt amounts on the manual sewer ledger.
- Manual sewer ledger should be mathematically correct.

<i>Finding Number</i>	2022-017
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Internal Control Deficiency – Reconciliation of the Sewer System

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.

Due to deficiencies in internal control procedures over sewer collections, there is no evidence a reconciliation was performed of cash receipts received per the sewer manual spreadsheet to the sewer receipts posted in the Village's revenue ledger. Lack of performing a monthly reconciliation could result in errors and irregularities in sewer collections to occur and not be detected by management in a timely manner.

The Fiscal Officer should reconcile monthly collections per the sewer manual spreadsheet to amounts posted in the Village's revenue ledger. Reconciling items or differences should be documented, investigated, and resolved.

<i>Finding Number</i>	2022-018
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Internal Control Deficiency – Records Retention

Maintaining organized documentation and support for financial transactions is essential in assuring the Village's financial statements are not materially misstated. Additionally, Ohio Rev. Code § 149.351 requires all records that are the property of the public office shall not be removed, destroyed, mutilated, transferred, or otherwise damaged or disposed of, in whole or in part, except as provided by law or under the rules adopted by the records commission provided for under Ohio Rev. Code §§ 149.38 through 149.42.

Due to a lack of internal polices and control procedures over maintaining records the Village did not maintain underlying documentation and support for the August 2022 supplemental appropriations and the sewer rate ordinances for 2022.

Failure to maintain underlying documentation and support of financial transactions can increase the risk of fraud and result in financial statement misstatements.

The Village should maintain all budgetary records and sewer rate approvals in an orderly manner to support all transactions.

Officials' Response:

The Village of Grover Hill officials recognize the new findings found in the 2022 report and take ownership of those findings. The findings will be corrected.

VILLAGE OF GROVER HILL
PAULDING COUNTY
104 South Main Street
Grover Hill, Ohio 45849

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2022

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain
2021-001	This finding was first reported in 2016. Ohio Rev. Code §§ 109.43(B) and 149.43(E)(1) for not attending public records training.	Yes	
2021-002	This finding was first reported in 2016. Ohio Rev. Code § 117.103(B)(1) for not informing current employees of the fraud reporting system.	No	Not corrected and reissued as Finding 2022-001 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.
2021-003	This finding was first reported in 2016. Ohio Rev. Code § 121.22(G) for not specifying the purpose of executive sessions.	Yes	
2021-004	This finding was first reported in 2020. Ohio Rev. Code § 135.22(B) for the Fiscal Officer not attending the annual continuing education programs or completing the annual exemption.	No	Not corrected and reissued as Finding 2022-002 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.
2021-005	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 2022-003 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.
2021-006	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 2022-004 in this report. The Village doesn't have an explanation as to why the finding reoccurred. The Village officials are aware of these issues and are taking steps to correct them.

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
2021-007	This finding was first reported in 2020. Ohio Rev. Code § 733.81(D)(2) for Fiscal Officer not attending continuing education training.	Yes	
2021-008	This finding was first reported in 2016. Internal control deficiency and noncompliance with Ohio Rev. Code § 5705.10(D) for posting revenue to the wrong fund.	No	Not corrected and reissued as Finding 2022-006 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.
2021-009	This finding was first reported in 2016. Ohio Rev. Code § 5705.36(A)(1) for not filing the required certificate for 2021 and 2020 with the County Auditor by the required date.	Yes	
2021-010	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 2022-007 in this report. The Village doesn't have an explanation as to why the finding reoccurred. The Village officials are aware of these issues and are taking steps to correct them.
2021-011	This finding was first reported in 2020. Village of Grover Hill Ordinance No. O-91-11-25 for posting sewer revenue to the wrong fund.	Yes	
2021-012	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 2022-008 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.
2021-013	The finding was first reported in 2020. Internal control deficiency for lack of Village Council's approval of monthly financial statements, appropriations, and transfers.	No	Not corrected and reissued as Finding 2022-009 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.

Village of Grover Hill
Paulding County
Summary Schedule of Prior Audit Findings
Page 3

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain
2021-014	This finding was first reported in 2016. Internal control deficiency for timely deposits.	No	Not corrected and reissued as Finding 2022-010 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.
2021-015	This finding was first reported in 2012. Internal control deficiency for not posting estimated amounts correctly in the Village's financial ledgers.	No	Finding 2022-011 in this report. The Village doesn't have an explanation as to why the finding reoccurred. The Village officials are aware of these issues and are taking steps to correct them.
2021-016	This finding was first reported in 2008. Internal control deficiency for lack of monitoring emergency medical service (EMS) run billings.	No	Finding 2022-012 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.
2021-017	This finding was first reported in 2016. Internal control deficiency for lack of an active finance committee.	No	Finding 2022-013 in this report. The Village doesn't have an explanation as to why the finding reoccurred. The Village officials are aware of these issues and are taking steps to correct them.
2021-018	This finding was first reported in 2016. Internal control deficiency for not adopting a policy manual.	No	Finding 2022-014 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.
2021-019	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	Finding 2022-015 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.

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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 11/19/2024

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

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www.ohioauditor.gov