

Village of Oak Hill  
Jackson County  
Regular Audit  
For the Years Ended December 31, 2015 and 2014



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# Dave Yost • Auditor of State

Village Council  
Village of Oak Hill  
415 North Front Street  
Oak Hill, Ohio 45656

We have reviewed the *Independent Auditor's Report* of the Village of Oak Hill, Jackson County, prepared by Millhuff-Stang, CPA, Inc., for the audit period January 1, 2014 through December 31, 2015. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Village of Oak Hill is responsible for compliance with these laws and regulations.

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

Dave Yost  
Auditor of State

November 15, 2016

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**Village of Oak Hill**  
**Jackson County**  
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**Independent Auditor's Report**

Village Council  
Village of Oak Hill  
415 North Front Street  
Oak Hill, Ohio 45656

***Report on the Financial Statements***

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

***Management's Responsibility for the Financial Statements***

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

***Auditor's Responsibility***

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

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

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

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

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

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

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

***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

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

***Basis for Additional Opinion Qualification***

We were unable to obtain sufficient appropriate audit evidence to support the receipts and disbursements for the mayor's court fiduciary fund for the years ended December 31, 2015 and 2014 which make up 100 percent of the receipts and disbursements for the fiduciary fund type. Consequently, we were unable to determine whether any adjustments to these amounts were necessary.

***Additional Opinion Qualification***

In our opinion, except for the possible effects of the matter described in the *Basis for Additional Opinion Qualification* paragraph, the financial statements referred to above present fairly, in all material respects, the combined cash balances of the fiduciary fund type of the Village of Oak Hill, Jackson County, as of December 31, 2015 and 2014, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 1.

***Unmodified Opinion***

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

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated August 30, 2016, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.



Natalie Millhuff-Stang, CPA, CITP  
President/Owner  
Millhuff-Stang, CPA, Inc.  
Portsmouth, Ohio

August 30, 2016

**Village of Oak Hill**  
**Jackson County**  
*Combined Statement of Cash Receipts, Cash Disbursements and*  
*Changes in Fund Cash Balances*  
*All Governmental Fund Types*  
*For the Year Ended December 31, 2015*

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	General	Special Revenue	
<b>Cash Receipts:</b>			
Property and Other Local Taxes	\$107,832	\$143,942	\$251,774
Municipal Income Taxes	108,271	0	108,271
Intergovernmental	59,005	134,021	193,026
Charges for Services	4,734	7,475	12,209
Fines, Licenses and Permits	39,733	5,578	45,311
Earnings on Investments	3,363	558	3,921
Miscellaneous	2,891	10,774	13,665
<b>Total Cash Receipts</b>	<b>325,829</b>	<b>302,348</b>	<b>628,177</b>
<b>Cash Disbursements:</b>			
Security of Persons and Property	130,827	94,946	225,773
Public Health Services	12,786	57,491	70,277
Basic Utility Services	1,318	0	1,318
Transportation	0	85,302	85,302
General Government	49,941	3,536	53,477
Capital Outlay	0	174,569	174,569
<b>Total Cash Disbursements</b>	<b>194,872</b>	<b>415,844</b>	<b>610,716</b>
<b>Excess of Receipts Over (Under) Disbursements</b>	<b>130,957</b>	<b>(113,496)</b>	<b>17,461</b>
<b>Other Financing Sources (Uses):</b>			
Transfers Out	(10,125)	0	(10,125)
Other Financing Sources	0	1,727	1,727
<b>Total Other Financing Sources (Uses)</b>	<b>(10,125)</b>	<b>1,727</b>	<b>(8,398)</b>
<b>Net Change in Fund Cash Balances</b>	<b>120,832</b>	<b>(111,769)</b>	<b>9,063</b>
<b>Fund Cash Balances, January 1</b>	<b>(99,684)</b>	<b>446,377</b>	<b>346,693</b>
Nonspendable		1,600	1,600
Restricted			
Cemetery	0	98,164	98,164
Community Development	0	58,033	58,033
Drug and Alcohol Education and Enforcement	0	20,588	20,588
Economic Development	0	38,213	38,213
Police Operations	0	495	495
Road Maintenance and Improvements	0	120,201	120,201
Unassigned (Deficit)	21,148	(2,686)	18,462
<b>Fund Cash Balances, December 31</b>	<b>\$21,148</b>	<b>\$334,608</b>	<b>\$355,756</b>

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

**Village of Oak Hill**  
**Jackson County**  
*Combined Statement of Cash Receipts, Cash Disbursements and Changes in Fund Cash Balances*  
*All Proprietary and Fiduciary Fund Types*  
*For the Year Ended December 31, 2015*

	Proprietary Fund Type	Fiduciary Fund Type	Totals (Memorandum Only)
	Enterprise	Agency	
Operating Cash Receipts:			
Charges for Services	\$776,436	\$0	\$776,436
Total Operating Cash Receipts	776,436	0	776,436
Operating Cash Disbursements:			
Personal Services	149,002	0	149,002
Employee Fringe Benefits	76,615	0	76,615
Contractual Services	1,126	0	1,126
Supplies and Materials	258,505	0	258,505
Other	155,133	0	155,133
Total Operating Cash Disbursements	640,381	0	640,381
Operating Income	136,055	0	136,055
Non-Operating Cash Receipts:			
Property and Other Local Taxes	22,530	0	22,530
Intergovernmental	33,137	0	33,137
Transfers In	146,916	0	146,916
Proceeds from Debt	40,269	0	40,269
Other Non-Operating Receipts	8,578	36,407	44,985
Total Non-Operating Cash Receipts	251,430	36,407	287,837
Non-Operating Cash Disbursements:			
Transfers Out	136,791	0	136,791
Principal	85,828	0	85,828
Interest and Other Fiscal Charges	26,962	0	26,962
Capital Outlay	43,697	0	43,697
Other Non-Operating Disbursements	631	42,248	42,879
Total Non-Operating Cash Disbursements	293,909	42,248	336,157
Change in Fund Cash Balances	93,576	(5,841)	87,735
Fund Cash Balances, January 1	395,705	9,257	404,962
Fund Cash Balances, December 31	\$489,281	\$3,416	\$492,697

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

**Village of Oak Hill**  
**Jackson County**  
*Combined Statement of Cash Receipts, Cash Disbursements and*  
*Changes in Fund Cash Balances*  
*All Governmental Fund Types*  
*For the Year Ended December 31, 2014*

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	General	Special Revenue	
<b>Cash Receipts:</b>			
Property and Other Local Taxes	\$107,787	\$140,365	\$248,152
Municipal Income Taxes	38,441	0	38,441
Intergovernmental	60,777	135,276	196,053
Charges for Services	431	13,788	14,219
Fines, Licenses and Permits	27,816	1,152	28,968
Earnings on Investments	3,383	491	3,874
Miscellaneous	1,470	473	1,943
<b>Total Cash Receipts</b>	<b>240,105</b>	<b>291,545</b>	<b>531,650</b>
<b>Cash Disbursements:</b>			
Security of Persons and Property	159,535	91,240	250,775
Public Health Services	9,624	52,750	62,374
Basic Utility Services	2,627	0	2,627
Transportation	0	86,022	86,022
General Government	53,946	3,543	57,489
Capital Outlay	0	87,786	87,786
<b>Debt Service:</b>			
Redemption of Principal	11,478	0	11,478
Interest and Other Fiscal Charges	118	0	118
<b>Total Cash Disbursements</b>	<b>237,328</b>	<b>321,341</b>	<b>558,669</b>
<b>Excess of Receipts Over (Under) Disbursements</b>	<b>2,777</b>	<b>(29,796)</b>	<b>(27,019)</b>
<b>Other Financing Sources:</b>			
Other Financing Sources	413	0	413
<b>Total Other Financing Sources</b>	<b>413</b>	<b>0</b>	<b>413</b>
<b>Net Change in Fund Cash Balances</b>	<b>3,190</b>	<b>(29,796)</b>	<b>(26,606)</b>
<b>Fund Cash Balances, January 1</b>	<b>(102,874)</b>	<b>476,173</b>	<b>373,299</b>
<b>Nonspendable</b>			
Restricted	0	1,600	1,600
Cemetery	0	104,191	104,191
Community Development	0	159,364	159,364
Drug and Alcohol Education and Enforcement	0	19,109	19,109
Economic Development	0	48,911	48,911
Police Operations	0	1,038	1,038
Road Maintenance and Improvements	0	113,358	113,358
<b>Unassigned (Deficit)</b>	<b>(99,684)</b>	<b>(1,194)</b>	<b>(100,878)</b>
<b>Fund Cash Balances, December 31</b>	<b>(\$99,684)</b>	<b>\$446,377</b>	<b>\$346,693</b>

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

**Village of Oak Hill**  
**Jackson County**

*Combined Statement of Cash Receipts, Cash Disbursements and Changes in Fund Cash Balances*  
*All Proprietary and Fiduciary Fund Types*  
*For the Year Ended December 31, 2014*

	Proprietary Fund Type	Fiduciary Fund Type	Totals (Memorandum Only)
	Enterprise	Agency	
Operating Cash Receipts:			
Charges for Services	\$777,171	\$0	\$777,171
Miscellaneous	253	0	253
Total Operating Cash Receipts	777,424	0	777,424
Operating Cash Disbursements:			
Personal Services	166,314	0	166,314
Employee Fringe Benefits	74,789	0	74,789
Contractual Services	962	0	962
Supplies and Materials	310,021	0	310,021
Other	131,947	0	131,947
Total Operating Cash Disbursements	684,033	0	684,033
Operating Income	93,391	0	93,391
Non-Operating Cash Receipts:			
Property and Other Local Taxes	22,738	0	22,738
Intergovernmental	177,541	0	177,541
Proceeds from Debt	84,161	0	84,161
Miscellaneous	27	0	27
Other Non-Operating Receipts	0	28,123	28,123
Total Non-Operating Cash Receipts	284,467	28,123	312,590
Non-Operating Cash Disbursements:			
Interest and Other Fiscal Charges	29,247	0	29,247
Principal	130,221	0	130,221
Capital Outlay	283,597	0	283,597
Other Non-Operating Disbursements	13,089	24,720	37,809
Total Non-Operating Cash Disbursements	456,154	24,720	480,874
Change in Fund Cash Balances	(78,296)	3,403	(74,893)
Fund Cash Balances, January 1	474,001	5,854	479,855
Fund Cash Balances, December 31	<u>\$395,705</u>	<u>\$9,257</u>	<u>\$404,962</u>

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

**Village of Oak Hill**  
**Jackson County**  
*Notes to the Financial Statements*  
*For the Years Ended December 31, 2015 and 2014*

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**Note 1 – Summary of Significant Accounting Policies**

**Description of the Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of Oak Hill, Jackson County, Ohio (the Village) as a body corporate and politic. A publicly-elected six-member Council directs the Village. The Village provides water, sewer and trash utilities; park operations; maintenance of roads; and police services. The Village contracts with the Madison-Jefferson Joint Fire District to receive fire protection services.

The Village participates in the Public Entities Pool of Ohio which is a public entity risk pool. Note 7 to the financial statements provides additional information for this entity.

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

**Basis of Accounting**

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

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

**Deposits and Investments**

The Village's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively. The Village values certificates of deposit at cost and U.S. Series EE Paper Savings Bonds at face/denomination amount.

**Fund Accounting**

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

*General Fund*

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

*Special Revenue Funds*

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

*Street Construction, Maintenance, and Repair Fund* – This fund receives gasoline tax and motor vehicle license tax monies for constructing, maintaining, and repairing Village streets.

**Village of Oak Hill**  
**Jackson County**  
*Notes to the Financial Statements*  
*For the Years Ended December 31, 2015 and 2014*

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**Note 1 – Summary of Significant Accounting Policies (Continued)**

*Cemetery Fund* – This fund receives property tax monies to maintain the Village’s cemetery.

*Permissive Sales Tax Fund* – This fund receives permissive sales tax monies to be used for road and community improvements.

*Enterprise Funds*

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

*Water Operating Fund* – This fund receives charges for services from residents and businesses to cover water service costs.

*Sewer Operating Fund* – This fund receives charges for services from residents and businesses to cover sewer service costs.

*Trash Fund* – This fund receives charges for services from residents and businesses to cover trash service costs.

**Budgetary Process**

The Ohio Revised Code requires that each fund 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. The County Budget Commission must also approve the annual appropriation measure. 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 also 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 re-appropriated.

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

**Village of Oak Hill**  
**Jackson County**  
*Notes to the Financial Statements*  
*For the Years Ended December 31, 2015 and 2014*

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**Note 1 – Summary of Significant Accounting Policies (Continued)**

**Fund Balance**

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

*Nonspendable*

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

*Restricted*

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

*Committed*

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

*Assigned*

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

*Unassigned*

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

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

**Property, Plant, and Equipment**

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

**Village of Oak Hill**  
**Jackson County**  
*Notes to the Financial Statements*  
*For the Years Ended December 31, 2015 and 2014*

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**Note 1 – Summary of Significant Accounting Policies (Continued)**

**Accumulated Leave**

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

**Note 2 – Equity in Pooled Deposits and Investments**

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

	2015	2014
Demand deposits	\$722,429	\$625,769
Certificates of deposit	124,424	124,286
Total deposits	846,853	750,055
U.S. Savings Bonds	1,600	1,600
Total deposits and investments	\$848,453	\$751,655

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

*Investments:* U.S. Savings Bonds are evidenced by Series EE bonds that exist in physical form.

**Note 3 – Budgetary Activity**

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

2015 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$316,950	\$325,829	\$8,879
Special Revenue	274,990	304,075	29,085
Enterprise	779,301	1,027,866	248,565
Total	\$1,371,241	\$1,657,770	\$286,529

2015 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$278,781	\$204,997	\$73,784
Special Revenue	715,753	415,844	299,909
Enterprise	1,147,147	934,290	212,857
Total	\$2,141,681	\$1,555,131	\$586,550

**Village of Oak Hill**  
**Jackson County**  
*Notes to the Financial Statements*  
For the Years Ended December 31, 2015 and 2014

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**Note 3 – Budgetary Activity (Continued)**

2014 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$274,950	\$240,518	(\$34,432)
Special Revenue	248,900	291,545	42,645
Enterprise	793,001	1,061,891	268,890
Total	\$1,316,851	\$1,593,954	\$277,103

2014 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$257,891	\$237,328	\$20,563
Special Revenue	673,417	321,341	352,076
Enterprise	1,263,500	1,140,187	123,313
Total	\$2,194,808	\$1,698,856	\$495,952

**Note 4 – Property Taxes**

Real property taxes become a lien on January 1 preceding the October 1 date for which the Village Council adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions.

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 5 – Debt**

Debt outstanding at December 31, 2015 was as follows:

	Principal	Interest Rate
Ohio Water Development Authority Loan (5340)	\$125,025	5.28%
Ohio Water Development Authority Loan (5884)	552,898	3.79%-3.35%
Ohio Water Development Authority Loan (6768)	120,401	2.00%
Ohio Public Works Commission (CO08N)	151,667	0.00%
Ohio Public Works Commission (CO36F)	22,106	0.00%
Ohio Public Works Commission (CO05H)	29,703	0.00%
Ohio Public Works Commission (CT78M)	65,023	0.00%
Wesbanco Loan (122226)	98,589	2.75%
Total	\$1,165,412	

**Village of Oak Hill**  
**Jackson County**  
*Notes to the Financial Statements*  
*For the Years Ended December 31, 2015 and 2014*

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**Note 5 – Debt (Continued)**

The Ohio Water Development Authority (OWDA) loan #2441 originated in July 1994 and relates to a water and sewer plant expansion project the Ohio Environmental Protection Agency mandated. The OWDA approved up to \$1,332,278 in loans to the Village for this project. As of December 31, 2015, only \$962,432 was drawn and the loan status indicates this loan as closed. The Village will repay the loans in semiannual installments of \$29,871, including interest, over 20 years. Water and sewer receipts collateralize the loan. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements. This loan was paid in full prior December 31, 2014.

The Ohio Water Development Authority (OWDA) loan #5340 originated in October 2009 to fund planning and design costs on a sewer collections improvement project, including the pay-off of OWDA loan #4905. The loan was approved in the amount of \$185,645. As of December 31, 2015, only \$178,606 has been drawn and the loan status indicates this loan is closed. Water and sewer receipts collateralize the loan. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

The Ohio Water Development Authority (OWDA) loan #5884 originated in June 2011 to fund a waterline replacement project. The loan was approved in the amount of \$599,437. As of December 31, 2015, the full amount has been drawn. Water and sewer receipts collateralize the loan. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

The Ohio Water Development Authority (OWDA) loan #6768 originated in June 2014 to fund a water meter replacement project. The loan was approved in the amount of \$138,794. As of December 31, 2015, \$124,430 had been drawn. Water and sewer receipts collateralize the loan. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

The Ohio Public Works Commission loan CO08N is an interest-free loan that was obtained for a water line replacement project. The loan originated in 2012 in the amount of \$175,000. Water and sewer receipts collateralized this loan. The Village will repay the loan in semiannual installments of \$2,917 over 30 years.

The Ohio Public Works Commission loan CO36F is an interest-free loan that was obtained for a sewer system rehabilitation project. The loan originated in 2004 in the amount of \$52,014. Water and sewer receipts collateralized this loan. The Village will repay the loan in semiannual installments of \$1,300 over 20 years.

The Ohio Public Works Commission loan CO05H is an interest-free loan that was obtained for a sewer system rehabilitation project. The loan originated in 2005 in the amount of \$59,407. Water and sewer receipts collateralized this loan. The Village will repay the loan in semiannual installments of \$1,485 over 20 years.

The Ohio Public Works Commission loan CT78M is an interest-free loan that was obtained for a sewer collection repairs and water system telemetry project. The loan originated in 2009 in the amount of \$125,000. However, only \$76,498 has been drawn and the project has been identified as closed. Water and sewer receipts collateralized this loan. The Village will repay the loan in semiannual installments of \$2,083 over 30 years.

The Wesbanco loan #122226 was obtained in 2013 in the amount of \$197,963 at 2.75% interest. The loan was for the purpose of paying the remaining principal and interest balances on outstanding WesBanco Loan #1725201. Water and sewer receipts collateralized this loan. The Village will repay the loan in monthly installments of \$3,539 over 5 years.

**Village of Oak Hill**  
**Jackson County**  
*Notes to the Financial Statements*  
*For the Years Ended December 31, 2015 and 2014*

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**Note 5 – Debt (Continued)**

The Milton Banking Company loan #7790083 was obtained in December 2011 in the amount of \$33,563 at 2.60% interest. The loan was for the purpose of purchasing a garbage bed. The loan is collateralized by the equipment. The Village will repay the loan in monthly installments of \$970 over 3 years. This loan was paid in full prior to December 31, 2014.

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

Year ending December 31:	OWDA	OPWC	Wesbanco
2016	\$42,858	\$6,979	\$42,464
2017	42,858	13,954	42,464
2018	42,858	13,954	17,693
2019	42,858	13,954	0
2020	42,858	13,954	0
2021-2025	214,291	67,171	0
2026-2030	197,970	43,402	0
2031-2035	167,880	41,916	0
2036-2040	167,880	41,916	0
2041-2042	50,364	11,299	0
Total	<u>\$1,012,675</u>	<u>\$268,499</u>	<u>\$102,621</u>

**Note 6 - Retirement Systems**

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

The Ohio Revised Code also prescribes contribution rates. For the period of January 1, 2014 through July 1, 2014, OP&F participants contributed 10.75% of their wages. For the period of July 2, 2014 through July 1, 2015, OP&F participants contributed 11.5% of their wages. For the period of July 2, 2015 through December 31, 2015, OP&F participants contributed 12.25% of their wages. For 2015 and 2014, the Village contributed an amount equal to 19.5% of police participant wages. For 2015 and 2014, OPERS members contributed 10% of their gross salaries, with the Village contributing an amount equal to 14% of participants' gross salaries. The Village has paid all contributions required through December 31, 2015.

**Note 7 – Risk Management**

The Village is exposed to various risks of property and casualty losses, and injuries to employees.

The Village insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

**Village of Oak Hill**  
**Jackson County**  
*Notes to the Financial Statements*  
*For the Years Ended December 31, 2015 and 2014*

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**Note 7 – Risk Management (Continued)**

The Village belongs to the Public Entities Pool of Ohio (PEP), a risk-sharing pool available to Ohio local governments. PEP provides property and casualty coverage for its members. York Insurance Services Group, Inc. (York), functions as the administrator of PEP and provides underwriting, claims, loss control, risk management, and reinsurance services for PEP. PEP is a member of the American Public Entity Excess Pool (APEEP), which is also administered by York. Member governments pay annual contributions to fund PEP. PEP pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty and Property Coverage

APEEP provides PEP with an excess risk-sharing program. Under this arrangement, PEP retains insured risks up to an amount specified in the contracts. At December 31, 2015, PEP retained \$350,000 for casualty claims and \$100,000 for property claims.

The aforementioned casualty and property reinsurance agreement does not discharge PEP's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.

Financial Position

PEP's financial statements (audited by other auditors) conform with generally accepted accounting principles, and reported the following assets, liabilities and net position at December 31, 2015 and 2014.

	2015	2014
Assets	\$38,307,677	\$35,402,177
Liabilities	(12,759,127)	(12,363,257)
Net Assets	\$25,548,550	\$23,038,920

At December 31, 2014 and 2015, respectively, the liabilities above include approximately \$11.1 million and \$11.5 million of estimated incurred claims payable. The assets above also include approximately \$10.8 million and \$11.0 million of unpaid claims to be billed to approximately 488 members in 2014 to 499 members in 2015. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2015, the Village's share of these unpaid claims collectible in future years is approximately \$11,000.

Based on discussions with PEP, the expected rates PEP charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to PEP for each year of membership.

Contributions to PEP	
2015	2014
\$16,705	\$15,715

After one year of membership, a member may withdraw on the anniversary of the date of joining PEP, if the member notifies PEP in writing 60 days prior to the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's contribution. Withdrawing members have no other future obligation to PEP. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

**Village of Oak Hill**  
**Jackson County**  
*Notes to the Financial Statements*  
*For the Years Ended December 31, 2015 and 2014*

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**Note 8 – Contingent Liabilities**

Amounts grantor agencies pay to the Village are subject to audit and adjustment by the grantor, principally the federal government. Grants may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

**Note 9 – Local Income Taxes**

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

Employers within the Village withhold income tax on employee compensation and remit the tax to the Village either monthly or quarterly, as required. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually.

**Note 10 – Compliance**

- The Village had expenditures in excess of appropriations in 2014, which is contrary to Ohio Revised Code Section 5705.41(B).
- The Village did not always properly encumber funds in 2014 and 2015, which is contrary to Ohio Revised Code Section 5705.41(D).
- The Village did not always record expenditures against proper funding sources, which is contrary to Ohio Revised Code Section 5705.10.
- The Village had negative fund balances in the general fund in 2014 and 2015, which is contrary to Ohio Revised Code Section 5705.10.
- The Village had appropriations in excess of estimated resources in 2014 and 2015, which is contrary to Ohio Revised Code Section 5705.39.
- The Village did not keep a docket in accordance with Ohio Revised Code Section 1905.21.
- The Village did not properly transmit money in accordance with Ohio Revised Code Section 2949.091.
- The Village did not properly bid a contract in accordance with Ohio Revised Code Section 731.14.

**Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards***

Independent Auditor's Report

Village Council  
Village of Oak Hill  
415 North Front Street  
Oak Hill, Ohio 45656

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Village of Oak Hill, Jackson County (the Village) as of and for the years ended December 31, 2015 and 2014, and the related notes to the financial statements, and have issued our report thereon dated August 30, 2016, wherein we noted the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. We also qualified our opinion due to the lack of sufficient appropriate audit evidence supporting the amounts recorded as receipts and disbursements for the mayor's court fiduciary fund.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Village's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses as items 2015-005, 2015-006 and 2015-008 through 2015-010 that we consider to be material weaknesses.

Village of Oak Hill  
Jackson County

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an  
Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

Page 2

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as items 2015-001 through 2015-004, 2015-006, 2015-007, 2015-011, and 2015-012.

### **Village's Responses to Findings**

The Village's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. The Village's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Natalie Millhuff-Stang, CPA, CITP  
President/Owner  
Millhuff-Stang, CPA, Inc.  
Portsmouth, Ohio

August 30, 2016

**Village of Oak Hill**  
**Jackson County**  
*Schedule of Findings and Responses*  
*For the Years Ended December 31, 2015 and 2014*

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**Findings Related to the Financial Statements Required to be Reported in Accordance With GAGAS**

**Finding 2015-001 – Noncompliance – Prior Encumbrance of Funds**

Ohio Revised Code Section 5705.41(D)(1) prohibits a subdivision or taxing entity from making any contract or ordering any expenditures of money unless a certificate signed by the fiscal officer is attached thereto. The fiscal officer must certify that the amount required to meet any such contract or expenditure has been lawfully appropriated and is in the treasury, or is in the process of collection to the credit of an appropriate fund free from any previous encumbrance. Further, contracts and orders for expenditures lacking prior certification shall be null and void.

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

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

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

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

During testing, we noted several transactions tested were not certified by the Village Fiscal Officer at the time of commitment, and there was no evidence the Village followed the aforementioned exceptions. Failure to properly certify the availability of funds can result in overspending funds and negative cash fund balances.

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

**Village of Oak Hill**  
**Jackson County**  
*Schedule of Findings and Responses*  
*For the Years Ended December 31, 2015 and 2014*

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**Finding 2015-001 – Noncompliance – Prior Encumbrance of Funds (Continued)**

We recommend that no orders involving the expenditure of money be made unless the Village Fiscal Officer has certified that the amount required has been lawfully appropriated and is in the treasury or in the process of collection.

***Client Response:***

Officials chose not to respond.

**Finding 2015-002 – Noncompliance – Expenditures in Excess of Appropriations**

Ohio Revised Code Section 5705.41(B) states that no subdivision or taxing unit is to expend money unless it has been appropriated. For 2014, expenditures exceeded appropriations in several funds. This could result in overspending and negative fund balances if not properly monitored. The Village should monitor financial activity to ensure their expenditures do not exceed the amount appropriated and the amount appropriated does not exceed the amount of resources available.

***Client Response:***

Officials chose not to respond.

**Finding 2015-003 – Noncompliance – Negative Fund Balances**

Ohio Revised Code Section 5705.10(H) states that money paid into a fund must be used only for the purposes for which such fund has been established. As a result, a negative fund cash balance indicates that money from one fund was used to cover the expenses of another fund. At December 31, 2014 and during part of 2015, the Village had a negative fund cash balance in its general fund. At December 31, 2015 and 2014, the Village also had negative fund cash balances in its law enforcement trust fund. The Village should implement proper budgetary procedures to ensure that fund balance deficits do not occur.

***Client Response:***

Officials chose not to respond.

**Finding 2015-004 – Noncompliance – Appropriations in Excess of Estimated Resources**

Ohio Revised Code Section 5705.39 provides in part that total appropriations from each fund shall not exceed the total estimated resources. In 2014 and 2015, the Village had appropriations that exceeded estimated resources within the General fund. The Village should implement procedures to ensure that appropriations do not exceed estimated resources.

***Client Response:***

Officials chose not to respond.

**Finding 2015-005 – Material Weakness – Financial Reporting**

Sound financial reporting is the responsibility of the Village Fiscal Officer and the Village Council and is essential to ensure the information provided to the readers of the financial statements is complete and accurate.

Village revenues, expenditures, and fund cash balances should be posted to the proper funds and account codes.

**Village of Oak Hill**  
**Jackson County**  
*Schedule of Findings and Responses*  
*For the Years Ended December 31, 2015 and 2014*

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**Finding 2015-005 – Material Weakness – Financial Reporting (Continued)**

During our testing, we noted several misstatements during 2014 and 2015. We also noted that the Village improperly allocated a portion of water and sewer collections to the general fund. Adjustments were required to correct these misstatements and improper allocations. Improper posting of Village revenues and expenditures could result in material misstatements in the financial statements. Adjustments have been posted to the 2014 and 2015 financial statements as well as the Village’s accounting records to correct these errors.

The Village should adopt policies and procedures, including a final review of the statements and notes by the Village Fiscal Officer and Village Council, to identify and correct errors and omissions in order to ensure the Village’s financial statements and notes to the financial statements are complete and accurate. The Village Fiscal Officer should use due care while posting revenues and expenditures so that amounts are posted to the proper fund and revenue and/or expenditure classification codes.

***Client Response:***

Officials chose not to respond.

**Finding 2015-006 – Noncompliance/Material Weakness – Mayor’s Court Docket and Disposition of Fines and Other Monies**

Ohio Revised Code Section 1905.21 states that the mayor of a municipal corporation and a mayor’s court magistrate shall keep a docket. The mayor or mayor’s court magistrate shall account for and dispose of all such fines, forfeitures, fees, and costs collected. Ohio Revised Code Section 733.40 states that all money collected shall be paid by the mayor into the municipality on the first Monday of each month. At the first regular meeting of the legislative authority each month, the mayor shall submit a full statement of all money received, from whom and for what purposes received, and when paid into the Village. The magistrate did not keep a complete docket and cash book. Furthermore the magistrate did not submit monthly reports to the legislative authority nor did she submit money to the treasurer timely. The Village should implement the appropriate procedures to ensure the maintenance of an accurate and complete docket, cashbook and case files. Furthermore the magistrate should account for all moneys collected and remit them timely to the Village and other agencies as required.

***Client Response:***

Client chose not to respond.

**Finding 2015-007 - Noncompliance – Mayor’s Court**

Ohio Revised Code Section 2949.091 states in part that all money collected during a month and owed to the state shall be transmitted on or before the twentieth day of the following month by the clerk of courts to the treasurer of the state. The Mayor’s Court Clerk transmitted money to the treasurer of the state for 2014 and 2015, however since a cashbook was not maintained it could not be determined if all money collected during a month and owed to the state were transmitted. The Village should implement the appropriate procedures to ensure that the Mayor’s Court Clerk accurately, completely, and timely transmits to the state on or before the twentieth day of the month all money collected during the previous month.

***Client Response:***

Client chose not to respond.

**Village of Oak Hill**  
**Jackson County**  
*Schedule of Findings and Responses*  
*For the Years Ended December 31, 2015 and 2014*

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**Finding 2015-008 – Material Weakness – Budgetary Information Within UAN**

Accurate budgetary information within the Village’s accounting system is pertinent to ensure that the Village has accurate and complete information for decision-making processes.

For 2015 and 2014, estimated revenue and appropriations recorded in the accounting system did not agree to estimated revenue on the original certificate of estimated resources plus amended certificates or appropriations of the original appropriation resolution plus amended appropriations throughout the year, respectively.

The Village Fiscal Officer should maintain official documents to support appropriations, supplemental appropriations, the official certificate of estimated resources, and the amended official certificate of estimated resources. We further recommend these amounts to be recorded in the UAN system accurately. The Village Fiscal Officer should reconcile each amended certificate of estimated resources to the accounting system (Estimated Revenue in the Receipt Ledger) and each amended appropriation to the accounting system (Appropriations in the Appropriation Ledger) to ensure that they are in agreement.

***Client Response:***

Officials chose not to respond.

**Finding 2015-009 – Material Weakness – Mayor’s Court Bank Reconciliations**

When designing the Village’s system of internal control and the specific control activities, management should consider verifying the existence and valuation of assets and liabilities and periodically reconciling them to the accounting records.

The Mayor’s court clerk did not prepare bank reconciliations for 2014 or 2015. The Mayor’s court clerk should perform monthly reconciliations to ensure the accuracy and completeness of cash balances. Further, council or the Mayor should review these reconciliations to provide additional assurance as to the accuracy, completeness, and appropriateness of the reconciliations performed.

***Client Response:***

Officials chose not to respond.

**Finding 2015-010 – Material Weakness – Financial Monitoring**

It is important that the Village Council monitor financial activity of the Village closely. Sound internal control policies require management and the Village Council to monitor the financial activity and condition of the Village. Actual revenues and expenditures should be compared to budgeted amounts each month and reported to and reviewed by the Village Council. The Village Council should determine the reasons why actual expenditures exceeded or were less than budgeted expenditures by making inquiries of management about the reasons. Additionally, the Village Council should compare their actual cash balances to budgeted cash balances at the end of each month. When actual cash balances are below budgeted cash balances, the Village Council should look for ways to increase revenues and/or decrease expenditures budgeted in the upcoming months so as to achieve the budgeted cash balance and to avoid negative financial trends.

**Village of Oak Hill**  
**Jackson County**  
*Schedule of Findings and Responses*  
*For the Years Ended December 31, 2015 and 2014*

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**Finding 2015-010 – Material Weakness – Financial Monitoring (Continued)**

While the Village Council did approve all payments of bills and financial reports during the monthly meetings, there were numerous adjustments to the financial statements and instances of budgetary noncompliance which indicate that monitoring is not sufficient to ensure financial activity is properly present or that compliance requirements are adhered to. The Village Council should carefully review this information and make appropriate inquiries to help determine the continued integrity of financial information. This information also provides important data necessary to manage and monitor the Village's financial position. This information can help answer questions such as the following:

Inquiries Relevant to Overall Village Operations:

- Are current receipts sufficient to cover expenditures?
- Are expenditures in line with prior year costs?
- If unusual fluctuations in receipts or expenditures occur, is the reason understood, and has it been appropriately budgeted?
- Are anticipated receipts being timely received?
- Is the Village maximizing its return on invested cash balances?
- Is the Village able to achieve the financial goals as set by the original or amended budgets?
- Are expenditures being spent in accordance with the approved appropriations?
- Is there evidence the Village should amend their appropriations and/or estimated resources?

In order to effectively monitor the financial activity and condition of the Village, we recommend the Village Council perform the following actions:

- The Village Council should review and accept/approve the monthly financial information provided by the Village Fiscal Officer. The review of this information should be noted in the minutes of the meetings of the Village Council.
- The Village Council should take a more active role in monitoring the financial activity of the Village.
- The Village Council should evaluate the need for each expenditure of funds to restrict spending.
- Approval of monthly financial information should include signatures to evidence review.
- Copies of information reviewed and approved should be maintained on file by the Village Fiscal Officer.

***Client Response:***

Officials chose not to respond.

**Finding 2015-011 – Noncompliance –Improper Expenditures from Funding Sources**

Ohio Revised Code Section 5705.10 states 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 is to be paid into a special fund for such purpose.

The Jackson County Commissioners, by resolution, imposed a one percent tax on all retail sales made in the County, except sales of motor vehicles, and on the storage, use, or consumption of all tangible personal property in the County, including motor vehicles, not subject to the sales tax. The sales tax is allocated fifty percent to the County's General Fund and fifty percent to the Sales Tax Trust Agency Fund, from which the proceeds are distributed to the various taxing districts within the County for use on community improvement projects. The Village received permissive sales tax payments from the Jackson County Community Improvement Board during 2014 and 2015. These monies are posted to the Permissive Sales Tax Fund (2111). However, we identified debt payments from this fund that were made to meet debt obligations of other funds. The Village should review expenditure postings and allocations to ensure that expenditures are posted to the proper fund in which the purpose of the fund is consistent with the purpose of the disbursement.

**Village of Oak Hill**  
**Jackson County**  
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**Finding 2015-011 – Noncompliance –Improper Expenditures from Funding Sources (Continued)**

***Client Response:***

Officials chose not to respond.

**Finding 2015-012 – Noncompliance –Competitive Bidding**

Ohio Revised Code Section 731.14 states that all contracts made by the legislative authority of a Village for material and labor which exceed \$50,000 are subject to competitive bidding procedures. The Village competitively bid an initial paving project correctly; however, they improperly added work to the contract totaling more than \$50,000 without bidding out the additional work which was not in the original scope of the bid. The Village should implement procedures to ensure that any contracts that will exceed \$50,000 be properly bid in accordance with state statute.

***Client Response:***

Officials chose not to respond.

**Village of Oak Hill**  
**Jackson County**  
*Schedule of Prior Audit Findings*  
*For the Years Ended December 31, 2015 and 2014*

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2013-001	ORC Section 5705.36 – Certificate of Total Amounts Available and Certificates of Estimated Resources	Yes	
2013-002	ORC Section 5705.38(A) – Adoption of Appropriations	Yes	
2013-003	ORC Section 5705.41(B) – Expenditures in Excess of Appropriations	No	Reissued as Finding 2015-002
2013-004	ORC Section 5705.10 – Advances	Yes	
2013-005	ORC Section 5705.41(D) – Prior Encumbrance of Funds	No	Reissued as Finding 2015-001
2013-006	Ohio Revised Code Section 5705.10 – Improper Expenditures from Funding Sources	No	Reissued as Finding 2015-011
2013-007	Ohio Revised Code Section 5705.10(H) – Negative Fund Balances	No	Reissued as Finding 2015-003
2013-008	Ohio Revised Code Section 5705.39 – Appropriations in Excess of Estimated Resources	No	Reissued as Finding 2015-004
2013-009	ORC Section 5705.09 – Establishing funds	Yes	
2013-010	ORC Sections 5705.10(H) and 5705.41(C)/Material Weakness – Expenditures from Improper Funds	Yes	
2013-011	Material Weakness – Bank Reconciliations	Yes	
2013-012	Material Weakness – Financial Reporting	No	Reissued as Finding 2015-005
2013-013	Material Weakness – Financial Monitoring	No	Reissued as Finding 2015-010
2013-014	OAC Section 117-2-02(A)/Material Weakness – Classified Financial Statements	Yes	
2013-015	Ohio Revised Code Section 1905.21/Material Weakness – Mayor’s Court Docket and Disposition of Fines and Other Monies	No	Reissued as Finding 2015-006
2013-016	Ohio Revised Code Section 2949.091 – Mayor’s Court	No	Reissued as Finding 2015-007
2013-017	Material Weakness – Budgetary Information within UAN	No	Reissued as Finding 2015-008

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# Dave Yost • Auditor of State

VILLAGE OF OAK HILL

JACKSON COUNTY

## CLERK'S CERTIFICATION

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

*Susan Babbitt*

CLERK OF THE BUREAU

CERTIFIED  
NOVEMBER 29, 2016