

VILLAGE OF LOUDONVILLE

ASHLAND COUNTY, OHIO

REGULAR AUDIT

For the Years Ended December 31, 2019 and 2018





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Village Council
Village of Loudonville
156 North Water Street
Loudonville, Ohio 44842

We have reviewed the *Auditors'* of the Village of Loudonville, Ashland County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2018 through December 31, 2019. 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 Loudonville is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Keith Faber".

Keith Faber
Auditor of State
Columbus, Ohio

July 28, 2020

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**VILLAGE OF LOUDONVILLE
ASHLAND COUNTY
Regular Audit
For the Years Ended December 31, 2019 and 2018**

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Charles E. Harris & Associates, Inc.
Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

Village of Loudonville
Ashland County
156 North Water Street
Loudonville, Ohio 44842

To the Village Council:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of the Village of Loudonville, Ashland County, Ohio (the Village) as of and for the years ended December 31, 2019 and 2018.

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 such 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 2 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 *Opinion on Regulatory Basis of Accounting* paragraph below.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2019 and 2018, and changes in financial position or its cash flows thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements by fund type, and related notes of the Village of Loudonville, Ashland County, Ohio, as of December 31, 2019 and 2018, 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 2.

Emphasis of matter

As discussed in Note 11 to the 2019 financial statements, the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Village. We did not modify our opinion regarding this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 19, 2020, 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.



Charles E. Harris & Associates, Inc.
June 19, 2020

VILLAGE OF LOUDONVILLE
ASHLAND COUNTY
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS
AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2019

	Governmental Fund Types					Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Permanent	
Cash Receipts						
Property and Other Local Taxes	\$ 168,752	\$ 187,165	-	\$ 17,006	-	\$ 372,923
Municipal Income Tax	1,124,689	-	-	-	-	1,124,689
Intergovernmental	70,752	194,612	-	234,016	-	499,380
Charges for Services	59,285	313,926	-	-	-	373,211
Fines, Licenses and Permits	19,670	2,957	-	-	-	22,627
Earnings on Investments	50,199	2,523	-	2,003	\$ 1,754	56,479
Miscellaneous	56,380	53,349	\$ 49,546	10,000	-	169,275
<i>Total Cash Receipts</i>	<u>1,549,727</u>	<u>754,532</u>	<u>49,546</u>	<u>263,025</u>	<u>1,754</u>	<u>2,618,584</u>
Cash Disbursements						
Current:						
Security of Persons and Property	60,890	896,347	-	-	-	957,237
Public Health Services	2,508	22,297	-	-	-	24,805
Leisure Time Activities	38,635	609	-	-	-	39,244
Community Environment	5,809	-	-	-	-	5,809
Transportation	101	305,736	-	471	-	306,308
General Government	422,962	1,730	-	-	-	424,692
Capital Outlay	47,972	129,481	-	720,871	-	898,324
Debt Service:						
Principal Retirement	-	19,694	80,298	-	-	99,992
Interest & Fiscal Charges	-	2,020	9,248	-	-	11,268
<i>Total Cash Disbursements</i>	<u>578,877</u>	<u>1,377,914</u>	<u>89,546</u>	<u>721,342</u>	<u>-</u>	<u>2,767,679</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	970,850	(623,382)	(40,000)	(458,317)	1,754	(149,095)
Other Financing Receipts (Disbursements)						
Transfers In	-	786,000	40,000	65,500	-	891,500
Transfers Out	(926,500)	-	-	-	-	(926,500)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(926,500)</u>	<u>786,000</u>	<u>40,000</u>	<u>65,500</u>	<u>-</u>	<u>(35,000)</u>
<i>Net Change in Fund Cash Balances</i>	44,350	162,618	-	(392,817)	1,754	(184,095)
<i>Fund Cash Balances, January 1</i>	<u>579,039</u>	<u>635,164</u>	<u>-</u>	<u>427,087</u>	<u>111,000</u>	<u>1,752,290</u>
Fund Cash Balances, December 31						
Nonspendable	147	-	-	-	100,356	100,503
Restricted	-	797,782	-	34,270	12,398	844,450
Assigned	214,732	-	-	-	-	214,732
Unassigned	408,510	-	-	-	-	408,510
<i>Fund Cash Balances, December 31</i>	<u>\$ 623,389</u>	<u>\$ 797,782</u>	<u>\$ -</u>	<u>\$ 34,270</u>	<u>\$ 112,754</u>	<u>\$ 1,568,195</u>

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

VILLAGE OF LOUDONVILLE
ASHLAND COUNTY
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND
CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
ALL PROPRIETARY AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2019

	Proprietary Fund Types <u>Enterprise Fund</u>	Fiduciary Fund Types <u>Custodial</u>	Total (Memorandum Only) <u>Only</u>
Operating Cash Receipts:			
Charges for Services	\$ 971,694	-	\$ 971,694
Earning on Investments	-	\$ 34	34
Miscellaneous	1,018	-	1,018
<i>Total Operating Cash Receipts</i>	<u>972,712</u>	<u>34</u>	<u>972,746</u>
Operating Cash Disbursements			
Personal Services	316,052	-	316,052
Employee Fringe Benefits	136,190	-	136,190
Contractual Services	120,442	-	120,442
Supplies and Materials	195,289	-	195,289
<i>Total Operating Cash Disbursements</i>	<u>767,973</u>	<u>-</u>	<u>767,973</u>
<i>Operating Income (Loss)</i>	204,739	34	204,773
Non-Operating Receipts (Disbursements):			
Intergovernmental	87,620	-	87,620
Miscellaneous Receipts	56,457	228,504	284,961
Capital Outlay	(329,842)	-	(329,842)
Principal Retirement	(79,667)	-	(79,667)
Interest and Other Fiscal Charges	(41,068)	-	(41,068)
Other Financing Sources	-	(228,911)	(228,911)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(306,500)</u>	<u>(407)</u>	<u>(306,907)</u>
<i>Income (Loss) before Transfers</i>	(101,761)	(373)	(102,134)
Transfers In	73,808	-	73,808
Transfers Out	(38,808)	-	(38,808)
<i>Net Change in Fund Cash Balances</i>	(66,761)	(373)	(67,134)
<i>Fund Cash Balance, January 1</i>	<u>1,269,543</u>	<u>2,161</u>	<u>1,271,704</u>
<i>Fund Cash Balance, December 31</i>	<u>\$ 1,202,782</u>	<u>\$ 1,788</u>	<u>\$ 1,204,570</u>

See accompanying Notes to the Financial Statements.

Village of Loudonville
Ashland County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 1 - Reporting Entity

The Village of Loudonville (the Village), Ashland County, 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 water, sewer and storm drain utilities, street maintenance and repair, park operations, police services, emergency medical services, fire protection services, theatre operations, cemetery operations, swimming pool operations, and planning and zoning. The Village contracts with the Holmes County Sheriff's department to provide emergency dispatch services to the Village. The Village appropriates general fund money to support a volunteer fire department.

Public Entity Risk Pool

The Village participates in the Ohio Plan Risk Management, Inc. (OPRM), a public entity risk pool. Note 6 to the financial statements provide additional information for this entity.

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

Note 2 - Summary of Significant Accounting Policies

Basis of Presentation

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

Fund Accounting

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

General Fund The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Village for any purpose provided it is expended or transferred according to the general laws of Ohio. Unclaimed monies are reported in the general fund balance as nonspendable. The Income Tax Fund has been mapped to the General Fund for the purpose of reporting total receipts and disbursements at year-end.

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

Street Construction Maintenance and Repair The street construction maintenance and repair fund accounts for and reports that portion of the State gasoline tax and motor vehicle license registration fees restricted for construction, maintenance, and repair of streets within the Village.

Police Levy Fund The police levy fund receives levy monies and income tax for operating and maintaining the Village Police Department.

Village of Loudonville
Ashland County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 2 - Summary of Significant Accounting Policies (continued)

Fund Accounting (continued)

Emergency Medical Services Fund The emergency medical services fund receives income tax and insurance and patient payments for operating and maintaining EMS services.

Fire Levy Fund The fire levy fund receives levy monies to provide and maintain fire apparatus, buildings and other firefighting and emergency response equipment.

Debt Service Funds These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. The Village has one Debt Service Fund for the Maintenance Building.

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 funds:

Street Improvement Fund This fund receives local income taxes transferred from the General Fund, license taxes, and grant monies which are used for improvements to Village Streets.

Maintenance Building Project Fund This fund received local income taxes and local grant monies which were used to construct a new maintenance facility which was completed 2019. This Fund was closed with a zero balance by Council authority on 12/31/2019.

Swimming Pool Improvements Project This fund was established in 2018 and received local grant monies, local income taxes, and state grant monies to make capital improvements to the swimming pool in 2019, with project completion in 2020.

Permanent Funds These funds account for and report resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs (for the benefit of the government or its citizenry). The Village had the following significant permanent fund:

Cemetery Endowment Fund The cemetery endowment fund accounts for and reports interest earned on the nonexpendable corpus from a trust agreement restricted for the general maintenance and upkeep of the Village's cemetery.

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 Fund The water fund accounts for the provision of water treatment and distribution to the residents and commercial users located within the Village.

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

Village of Loudonville
Ashland County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 2 - Summary of Significant Accounting Policies (continued)

Fund Accounting (continued)

Storm Drainage Fund The storm drainage fund receives charges for services from residents to make improvements to the storm drains.

Fiduciary Funds Fiduciary funds include custodial funds. Custodial funds are used to report fiduciary activities that are not required to be reported in a trust fund. The Village's four custodial funds account for: 1) the Mayor's Court, which receives money from fines and forfeitures; 2) for income taxes collected on behalf of the Village of Perrysville; 3) for contractor deposits which are refunded after satisfactory repairs are made to the streets; and 4) for deposits held for fire damaged structures which are refunded after satisfactory repairs are made.

The custodial fund for the Village of Perrysville was closed on 12/31/2019 as the Village of Perrysville will begin collecting their income tax in-house on 1/1/2020.

Basis of Accounting

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

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

Budgetary Process

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

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

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

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

A summary of 2019 budgetary activity appears in Note 3.

Village of Loudonville
Ashland County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 2 - Summary of Significant Accounting Policies (continued)

Deposits and Investments

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

The Village values certificate of deposit (CDARS) at cost.

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.

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.

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. Unclaimed monies are classified as nonspendable in the general fund.

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 (ordinance or resolution). The Village must adhere to these commitments unless Council amends the ordinance or 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 Council or a Village official delegated that authority by resolution or by State Statute. Council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenues and appropriations in the subsequent year's appropriated budget in the general fund.

Village of Loudonville
Ashland County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 2 - Summary of Significant Accounting Policies (continued)

Fund Balance (continued)

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

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

Note 3 - Budgetary Activity

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

2019 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,349,495	\$1,549,727	\$200,232
Special Revenue	1,443,076	1,540,532	97,456
Debt Service	89,546	89,546	0
Capital Projects	317,047	328,525	11,478
Permanent	500	1,754	1,254
Enterprise	1,152,928	1,190,597	37,669

2019 Budgeted vs. Actual Budgetary Basis Disbursements			
Fund Type	Appropriation Authority	Budgetary Disbursements	Variance
General	\$1,656,218	\$1,520,099	\$136,119
Special Revenue	1,636,319	1,441,779	194,540
Debt Service	89,546	89,546	0
Capital Projects	727,423	721,342	6,081
Permanent	0	0	0
Enterprise	1,498,277	1,295,672	202,605

Village of Loudonville
Ashland County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 4 – Deposits and Investments

The Village maintains a deposit and investments pool all funds use. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits at December 31, 2019 was as follows:

	2019
Demand deposits	<u>\$2,372,409</u>
Certificates of deposit	<u>400,356</u>
Total deposits	<u><u>\$2,772,765</u></u>

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 Council adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include these credits and/or deduction amounts the State pays as Intergovernmental Receipts. Payments are due to the County in February each year. If the property owner elects to pay semiannually, the first half is due in February. The second half payment is due the following July.

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.

Income Taxes

The Village levies a municipal income tax of 1.75 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.

Village of Loudonville
Ashland County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 6 - Risk Management

Workers' Compensation

Workers' Compensation coverage is provided by the State of Ohio. The Village pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

Risk Pool Membership

The Village belongs to the Ohio Plan Risk Management, Inc. (OPRM) (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments ("Members"). The Plan is legally separate from its member governments.

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

OPRM coverage programs are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss. Effective November 1, 2017, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. Effective November 1, 2018, the OPRM the property retention remained unchanged, however, the Plan assumed 100% of the first \$250,000 casualty treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 774 members as of December 31, 2018 (latest information available).

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

	<u>2018</u>
Assets	\$15,065,412
Liabilities	<u>(10,734,623)</u>
Members' Equity	<u>\$ 4,330,789</u>

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

Note 7 - Defined Benefit Pension Plans

Ohio Public Employees Retirement System

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

Village of Loudonville
Ashland County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 7 - Defined Benefit Pension Plans (continued)

Ohio Public Employees Retirement System (continued)

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

Ohio Police and Fire Retirement System

The Village's certified full-time Fire Fighter/Paramedics and full-time Police Officers belong to the Ohio Police and Fire Pension Fund (OP&F). OP&F is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include post-retirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25% of their wages. The Village contributed to OP&F an amount equal to 19.5% of full-time police members' wages and 24% of full-time fire fighter/paramedics' wages. The Village has paid all contributions required through December 31, 2019.

Social Security

The Village's volunteer firefighters 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, 2019.

Note 8 - Postemployment Benefits

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 0% during calendar year 2019, and OP&F contributed 0.5% to fund these benefits.

Beginning January 1, 2019, OP&F changed its retiree health care model to a stipend-based health care model. A stipend funded by OP&F was placed in individual Health Reimbursement Accounts that retirees use to be reimbursed for health care expenses.

Village of Loudonville
Ashland County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 9 – Debt

Debt outstanding at December 31, 2019 was as follows:

	Principal	Interest Rate
OWDA Loan - Water Plan	\$355,971	4.00%
OWDA Loan - Reservoir Project	659,322	2.70%
OPWC Water Treatment Plan Loan	86,075	0.00%
USDA Mortgage Revenue Bonds	548,900	4.50%
Maintenance Building General Obligation Bonds	239,702	4.00%
Total	\$1,889,970	

The Ohio Water Development Authority (OWDA) loans are for the water plant project and for the new reservoir project, which was completed in 2018. The OWDA loans are collateralized by water receipts. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

The OWDA Reservoir Project was completed in November of 2018 and the finalized loan and amortization schedule was completed by OWDA in October, 2019. The principal balance on the loan, including capitalized interest of \$8,647, was \$659,322 on December 31, 2019. The Village will repay this loan in semiannual principal and interest payments of \$21,440 for 20 years beginning January 1, 2020. The OWDA loans are collateralized by water receipts. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

The Ohio Public Works Commission (OPWC) loan relates to a water treatment plant improvement project.

The USDA Mortgage Revenue Bonds relate to a storm sewer replacement project. The bonds are collateralized by revenues of the storm sewer system. As required by the mortgage revenue bond covenant, the Village has established and funded a debt service reserve fund and a debt service sinking fund, included as enterprise funds.

Village of Loudonville
Ashland County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 9 – Debt (continued)

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

Year Ending December 31:	OWDA Water Plan	OPWC Water Plan	USDA Mortgage Revenue Bonds	OWDA Reservoir Project	Maintenance Building Bonds
2020	\$66,564	\$15,650	\$38,800	\$42,881	\$38,918
2021	66,863	15,650	38,766	42,881	38,918
2022	67,176	15,650	38,804	42,881	38,918
2023	67,503	15,650	38,811	42,881	38,918
2024	67,846	15,650	38,787	42,881	38,918
2025-2029	68,205	7,825	193,993	214,404	84,625
2030-2034	0	0	194,023	214,404	0
2035-2039	0	0	193,934	214,405	0
2040-2042	0	0	116,445		0
Total	<u>\$404,157</u>	<u>\$86,075</u>	<u>\$892,363</u>	<u>\$857,618</u>	<u>\$279,215</u>

Capital Leases

The Village has entered into various capital leases for equipment. Amortization of the cruiser and dump truck leases, including interest, are scheduled as follows:

Year Ending December 31:	Cruiser Lease	Dump Truck
2020	\$10,736	\$10,978
2021	10,736	10,978
2022		10,978
2023		10,978
Total	<u>\$21,472</u>	<u>\$43,912</u>

Note 10 – Contingent Liabilities

The Village may be a defendant in lawsuits. Although management cannot presently determine the outcome of these suits, management believes that the resolution of these matters will not materially adversely affect the Village's financial condition.

Village of Loudonville
Ashland County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 11 – Subsequent Events

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Village. The Village's investment portfolio has incurred a significant decline in fair value, consistent with the general decline in financial markets. However, because the values of individual investments fluctuate with market conditions, and due to market volatility, the amount of losses that will be recognized in subsequent periods, if any, cannot be determined. In addition, the impact on the Village's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

**VILLAGE OF LOUDONVILLE
ASHLAND COUNTY
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS
AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2018**

	<u>Governmental Fund Types</u>				Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Permanent</u>	
Cash Receipts					
Property and Other Local Taxes	\$ 162,165	\$ 176,887	\$ 16,311	\$ -	\$ 355,363
Municipal Income Tax	1,141,013	-	-	-	1,141,013
Intergovernmental	70,009	175,010	101,900	-	346,919
Charges for Services	65,363	262,471	-	-	327,834
Fines, Licenses and Permits	23,447	2,290	-	-	25,737
Earnings on Investments	22,651	13,090	-	\$ 1,343	37,084
Miscellaneous	73,225	12,294	101,598	-	187,117
<i>Total Cash Receipts</i>	<u>1,557,873</u>	<u>642,042</u>	<u>219,809</u>	<u>1,343</u>	<u>2,421,067</u>
Cash Disbursements					
Current:					
Security of Persons and Property	81,089	935,126	-	-	1,016,215
Public Health Services	2,568	20,070	-	-	22,638
Leisure Time Activities	47,883	329	-	-	48,212
Community Environment	6,801	-	-	-	6,801
Transportation	147	307,535	21,305	-	328,987
General Government	452,843	1,695	-	-	454,538
Capital Outlay	24,848	118,023	356,023	-	498,894
Debt Service:					
Principal Retirement	-	36,075	-	-	36,075
Interest & Fiscal Charges	-	1,189	-	-	1,189
<i>Total Cash Disbursements</i>	<u>616,179</u>	<u>1,420,042</u>	<u>377,328</u>	<u>-</u>	<u>2,413,549</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	941,694	(778,000)	(157,519)	1,343	7,518
Other Financing Receipts (Disbursements)					
Sale of Capital Assets	-	17,508	-	-	17,508
Other Debt Proceeds	-	-	320,001	-	320,001
Transfers In	14,023	707,000	126,000	-	847,023
Transfers Out	(868,000)	-	(14,023)	-	(882,023)
Other Financing Uses	(129)	-	-	-	(129)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(854,106)</u>	<u>724,508</u>	<u>431,978</u>	<u>-</u>	<u>302,380</u>
<i>Net Change in Fund Cash Balances</i>	87,588	(53,492)	274,459	1,343	309,898
<i>Fund Cash Balances, January 1</i>	<u>491,451</u>	<u>688,656</u>	<u>152,628</u>	<u>109,657</u>	<u>1,442,392</u>
Fund Cash Balances, December 31					
Nonspendable	147	-	-	100,356	100,503
Restricted	-	635,164	427,087	10,644	1,072,895
Assigned	313,160	-	-	-	313,160
Unassigned	265,732	-	-	-	265,732
<i>Fund Cash Balances, December 31</i>	<u>\$ 579,039</u>	<u>\$ 635,164</u>	<u>\$ 427,087</u>	<u>\$ 111,000</u>	<u>\$ 1,752,290</u>

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

**VILLAGE OF LOUDONVILLE
ASHLAND COUNTY
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND
CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
ALL PROPRIETARY AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2018**

	<u>Proprietary Fund Types</u> <u>Enterprise Fund</u>	<u>Fiduciary Fund Types</u> <u>Agency</u>	<u>Total (Memorandum Only)</u>
Operating Cash Receipts:			
Charges for Services	\$ 915,571	-	\$ 915,571
Miscellaneous	792	-	792
<i>Total Operating Cash Receipts</i>	<u>916,363</u>	<u>-</u>	<u>916,363</u>
Operating Cash Disbursements			
Personal Services	305,270	-	305,270
Employee Fringe Benefits	162,339	-	162,339
Contractual Services	122,175	-	122,175
Supplies and Materials	216,988	-	216,988
<i>Total Operating Cash Disbursements</i>	<u>806,772</u>	<u>-</u>	<u>806,772</u>
<i>Operating Income (Loss)</i>	109,591	-	109,591
Non-Operating Receipts (Disbursements):			
Intergovernmental	478,980	-	478,980
Proceeds of Loans	645,998	-	645,998
Sale of Fixed Assets	708	-	708
Miscellaneous Receipts	58,410	\$ 200,970	259,380
Capital Outlay	(1,224,972)	-	(1,224,972)
Principal Retirement	(76,840)	-	(76,840)
Interest and Other Fiscal Charges	(43,603)	-	(43,603)
Other Financing Sources	-	(201,584)	(201,584)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(161,319)</u>	<u>(614)</u>	<u>(161,933)</u>
<i>Income (Loss) before Transfers</i>	(51,728)	(614)	(52,342)
Transfers In	73,789	-	73,789
Transfers Out	(38,789)	-	(38,789)
Net Change in Fund Cash Balances	(16,728)	(614)	(17,342)
<i>Fund Cash Balance, January 1</i>	<u>1,286,271</u>	<u>2,775</u>	<u>1,289,046</u>
Fund Cash Balance, December 31	<u>\$ 1,269,543</u>	<u>\$ 2,161</u>	<u>\$ 1,271,704</u>

See accompanying Notes to the Financial Statements.

Village of Loudonville, Ohio
Ashland County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 1 - Reporting Entity

The Village of Loudonville (the Village), Ashland County, 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 water, sewer and storm drain utilities, street maintenance and repair, park operations, police services, emergency medical services, fire protection services, theatre operations, cemetery operations, swimming pool operations, and planning and zoning. The Village contracts with the Holmes County Sheriff's department to provide emergency dispatch services to the Village. The Village appropriates general fund money to support a volunteer fire department.

Public Entity Risk Pool

The Village participates in the Ohio Plan Risk Management, Inc. (OPRM), a public entity risk pool. Note 6 to the financial statements provide additional information for this entity.

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

Note 2 - Summary of Significant Accounting Policies

Basis of Presentation

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

Fund Accounting

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

General Fund The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Village for any purpose provided it is expended or transferred according to the general laws of Ohio. Unclaimed monies are reported in the general fund balance as nonspendable. The Income Tax Fund has been mapped to the General Fund for the purpose of reporting total receipts and disbursements at year-end.

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

Street Construction Maintenance and Repair The street construction maintenance and repair fund accounts for and reports that portion of the State gasoline tax and motor vehicle license registration fees restricted for construction, maintenance, and repair of streets within the Village.

Police Levy Fund The police levy fund receives levy monies and income tax for operating and maintaining the Village Police Department.

Village of Loudonville, Ohio
Ashland County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 2 - Summary of Significant Accounting Policies (continued)

Fund Accounting (continued)

Emergency Medical Services Fund The emergency medical services fund receives income tax and insurance and patient payments for operating and maintaining EMS services.

Fire Levy Fund The fire levy fund receives levy monies to provide and maintain fire apparatus, buildings and other firefighting and emergency response equipment.

Debt Service Funds These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. In 2018 the Village established the Maintenance Building Bond Retirement Fund, which became active in 2019.

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 funds:

Street Improvement Fund This fund receives local income taxes, license taxes, and grant monies which are used for improvements to Village Streets.

Opera House Renovations Fund This fund received local income taxes and grant monies which were used to make capital improvements to the Opera House. The project was completed in 2018, and this fund was subsequently closed.

Maintenance Building Project Fund This fund received local income taxes and local grant monies which were used to construct a new maintenance facility which will be completed early 2019.

Swimming Pool Improvements Project This fund was established in 2018 and will receive local grant monies, local income taxes, and state grant monies to make capital improvements to the swimming pool in 2019.

Permanent Funds These funds account for and report resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs (for the benefit of the government or its citizenry). The Village had the following significant permanent fund:

Cemetery Endowment Fund The Cemetery Endowment Fund accounts for and reports interest earned on the nonexpendable corpus from a trust agreement restricted for the general maintenance and upkeep of the Village's cemetery.

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 has the following significant Enterprise Funds:

Water Fund The Water Fund accounts for the provision of water treatment and distribution to the residents and commercial users located within the Village.

Village of Loudonville, Ohio
Ashland County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 2 - Summary of Significant Accounting Policies (continued)

Fund Accounting (continued)

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

Storm Drainage Fund The Storm Drainage Fund receives charges for services from residents to make improvements to the storm drains.

Fiduciary Funds Fiduciary funds include private purpose trust funds and agency funds. The Village has no private purpose trust funds.

Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Agency Funds do not involve a measurement of results of Village operations. The Village's four agency funds account for: 1) the Mayor's Court, which receives money from fines and forfeitures; 2) for income taxes collected on behalf of the Village of Perrysville; 3) for contractor deposits which are refunded after satisfactory repairs are made to the streets; and 4) for deposits held for fire damaged structures which are refunded after satisfactory repairs are made.

Basis of Accounting

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

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

Budgetary Process

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

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

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

Village of Loudonville, Ohio
Ashland County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 2 - Summary of Significant Accounting Policies (continued)

Budgetary Process (continued)

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

A summary of 2018 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.

The Village values certificate of deposit (CDARS) at cost.

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.

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.

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. Unclaimed monies are classified as nonspendable in the general fund.

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

Village of Loudonville, Ohio
Ashland County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 2 - Summary of Significant Accounting Policies (continued)

Fund Balance (continued)

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 Council or a Village official delegated that authority by resolution or by State Statute. Council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenues and appropriations in the subsequent year's appropriated budget in the general fund.

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

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

Note 3 - Budgetary Activity

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

2018 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,325,269	\$1,571,896	\$246,627
Special Revenue	1,288,869	1,366,550	77,681
Capital Projects	642,043	665,810	23,767
Enterprise	2,251,669	2,174,248	(77,421)
Permanent	200	1,343	1,143

Village of Loudonville, Ohio
Ashland County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 3 - Budgetary Activity (continued)

2018 Budgeted vs. Actual Budgetary Basis Disbursements			
Fund Type	Appropriation Authority	Budgetary Disbursements	Variance
General	\$1,596,497	\$1,490,745	\$105,752
Special Revenue	1,639,898	1,448,148	191,750
Capital Projects	643,277	624,999	18,278
Enterprise	2,381,486	2,235,048	146,438
Permanent	0	0	0

Note 4 – Deposits and Investments

The Village maintains a deposit 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, 2018 was as follows:

	2018
Demand deposits	\$2,623,638
Certificates of deposit	400,356
Total deposits	\$3,023,994

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 Council adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include these credits and/or deduction amounts the State pays as Intergovernmental Receipts. Payments are due to the County in February each year. If the property owner elects to pay semiannually, the first half is due in February. The second half payment is due the following July.

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

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

Village of Loudonville, Ohio
Ashland County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 5 – Taxes (continued)

Income Taxes

The Village levies a municipal income tax of 1.75 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 6 - Risk Management

Workers' Compensation

Workers' Compensation coverage is provided by the State of Ohio. The Village pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

Risk Pool Membership

The Village belongs to the Ohio Plan Risk Management, Inc. (OPRM) (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments ("Members"). The Plan is legally separate from its member governments.

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

OPRM coverage programs are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss. Effective November 1, 2016, the OPRM retained 50% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. Effective November 1, 2017, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 764 members as of December 31, 2017 (latest information available).

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

Village of Loudonville, Ohio
Ashland County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 6 – Risk Management (continued)

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

The Pool’s audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2017.

	<u>2017</u>
Assets	\$14,853,620
Liabilities	<u>(9,561,108)</u>
Members’ Equity	<u>\$ 5,292,512</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

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

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

Ohio Police and Fire Retirement System

The Village’s certified full-time Fire Fighter/Paramedics and full-time Police Officers belong to the Ohio Police and Fire Pension Fund (OP&F). OP&F is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan’s benefits, which include post-retirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25% of their wages. The Village contributed to OP&F an amount equal to 19.5% of full-time police members’ wages and 24% of full-time fire fighter/paramedics’ wages. The Village has paid all contributions required through December 31, 2018.

Social Security

The Village’s volunteer firefighters 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, 2018.

Village of Loudonville, Ohio
Ashland County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 8 - Postemployment Benefits

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan was 0% during calendar year 2018, and OP&F contributed 0.5% to fund these benefits.

Note 9 – Debt

Debt outstanding at December 31, 2018 was as follows:

	Principal	Interest Rate
OWDA Loan - Water Plant	\$ 406,488	4.00%
OPWC Water Treatment Plant Loan	101,725	0%
USDA Mortgage Revenue Bonds	562,400	4.50%
OWDA Loan - Reservoir Project	650,675	2.70%
Maintenance Building Gen Obligation Bonds	320,000	4.00%
Total	\$ 2,041,288	

The Ohio Water Development Authority (OWDA) loans are for the water plant project and for the new reservoir project, which was completed in 2018. The OWDA loans are collateralized by water receipts. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

The Ohio Public Works Commission (OPWC) loan relates to a water treatment plant improvement project.

The USDA Mortgage Revenue Bonds relate to a storm sewer replacement project. The bonds are collateralized by revenues of the storm sewer system. As required by the mortgage revenue bond covenant, the Village has established and funded a debt service reserve fund and a debt service sinking fund, included as enterprise funds.

The OWDA Reservoir Project was completed in November. The finalized loan and amortization schedule were not completed until January, 2019 by OWDA. The principal balance on the loan including capitalized interest of \$8,647 was \$649,354 on December 31, 2018. The Village will repay this loan in semiannual payments of \$21,160 for 20 years beginning 1/1/2020. The OWDA loans are collateralized by water receipts. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

The Village Council authorized the issuance of general obligation bonds in the amount of \$320,000 for the purpose of paying part of the cost of constructing a new Maintenance Building to be repaid over a five-year period.

Village of Loudonville, Ohio
Ashland County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 9 – Debt (continued)

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

Year Ending December 31:	OWDA Water Plan	OPWC Water Plan	USDA Mortgage Revenue Bonds	OWDA Reservoir Project	Maintenance Building Bonds
2019	\$66,277	\$15,650	\$38,808	0	\$38,918
2020	66,564	15,650	38,801	\$42,881	38,918
2021	66,863	15,650	38,766	42,881	38,918
2022	67,176	15,650	38,805	42,881	38,918
2023	67,504	15,650	38,812	42,881	38,918
2024-2028	136,051	23,475	193,929	42,881	194,590
2029-2033	0	0	194,085	214,404	0
2034-2038	0	0	193,961	214,404	0
2039-2042	0	0	155,204	214,405	0
Total	<u>\$470,435</u>	<u>\$101,725</u>	<u>\$931,171</u>	<u>\$857,618</u>	<u>\$389,180</u>

Capital Leases

The Village has entered into various capital leases for equipment. In 2018, the Village disbursed \$37,765.55 to pay the final lease payments on an ambulance and a cruiser.

In 2018, the Village entered into two new leases for a new cruiser and a new dump truck. Amortization of the cruiser and dump truck leases, including interest, are scheduled as follows:

Year Ending December 31:	Cruiser Lease	Dump Truck
2019	\$10,736	\$10,978
2020	10,736	10,978
2021	10,736	10,978
2022		10,978
2023		10,978
Total	<u>\$32,208</u>	<u>\$54,890</u>

Village of Loudonville, Ohio
Ashland County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 10 – Contingent Liabilities

The Village may be a defendant in lawsuits. Although management cannot presently determine the outcome of these suits, management believes that the resolution of these matters will not materially adversely affect the Village's financial condition.

Note 11 – Transfers

During 2018, transfers were made from the General Fund for income tax revenues to the SCM&R fund and Capital Project fund in accordance with the income tax allocation. A transfer was also made from the Capital Project fund to the General Fund to close out the Opera House Renovation project – a Capital Project fund - as the remaining fund balance for the project was no longer needed. All transfers were made in accordance with the Ohio Revised Code.

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

Village of Loudonville
Ashland County
156 North Water Street
Loudonville, Ohio 44842

To the Village Council:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements by fund type of the Village of Loudonville, Ashland County, Ohio (the Village) as of and for the years ended December 31, 2019 and 2018, and the related notes to the financial statements and have issued our report thereon dated June 19, 2020, 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 noted the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Village.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

Compliance and Other Matters

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Purpose of this Report

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



Charles E. Harris & Associates, Inc.
June 19, 2020

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OHIO AUDITOR OF STATE KEITH FABER



VILLAGE OF LOUDONVILLE

ASHLAND 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 8/11/2020

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

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