

VILLAGE OF LOUDONVILLE

ASHLAND COUNTY, OHIO

REGULAR AUDIT

For the Years Ended December 31, 2021 and 2020





88 East Broad Street
Columbus, Ohio 43215
IPARepor@ohioauditor.gov
(800) 282-0370

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

We have reviewed the *Independent Auditor's Report* of the Village of Loudonville, Ashland County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2020 through December 31, 2021. 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.

Keith Faber
Auditor of State
Columbus, Ohio

May 19, 2022

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**VILLAGE OF LOUDONVILLE
ASHLAND COUNTY
Regular Audit
For the Years Ended December 31, 2021 and 2020**

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INDEPENDENT AUDITOR'S REPORT

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

To the Village Council:

Report on the Audit of the Financial Statements

Unmodified and Adverse Opinions

We have audited the financial statements of the Village of Loudonville, Ashland County, Ohio (the Village), which comprises the cash balances, receipts and disbursements for each governmental and proprietary fund type and the fiduciary fund type as of and for the year ended December 31, 2021, and the related notes to the financial statements.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for each governmental and proprietary fund type and the fiduciary fund type as of and for the year ended December 31, 2021, and the related notes to the financial statements, in accordance with the financial reporting provisions which Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit, described in Note 2.

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* section of our report, the accompanying financial statements 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, 2021, or the changes in financial position or, where applicable cash flows, thereof for the year then ended.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Village, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

As described in Note 2 of the financial statements, the financial statements are prepared by Village on the basis of the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 2 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

Emphasis of Matter

As discussed in Note 12 to the 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 opinions regarding this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we


- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 25, 2022, 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. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village's 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.

April 25, 2022

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

	General	Special Revenue	Debt Service	Capital Projects	Permanent	Totals (Memorandum Only)
Cash Receipts						
Property and Other Local Taxes	\$192,482	\$188,789	\$0	\$17,720	\$0	\$398,991
Municipal Income Tax	1,280,923	0	0	0	0	1,280,923
Intergovernmental	81,840	385,154	0	254,155	0	721,149
Charges for Services	55,776	330,716	0	0	0	386,492
Fines, Licenses and Permits	27,333	5,213	0	0	0	32,546
Earnings on Investments	1,844	59	0	113	497	2,513
Miscellaneous	22,466	26,141	43,127	0	0	91,734
<i>Total Cash Receipts</i>	<u>1,662,664</u>	<u>936,072</u>	<u>43,127</u>	<u>271,988</u>	<u>497</u>	<u>2,914,348</u>
Cash Disbursements						
Current:						
Security of Persons and Property	63,865	1,008,206	0	0	0	1,072,071
Public Health Services	1,726	21,272	0	0	0	22,998
Leisure Time Activities	51,620	14,820	0	48,836	0	115,276
Community Environment	4,959	0	0	0	0	4,959
Transportation	135	329,036	0	0	0	329,171
General Government	390,919	27,969	0	0	0	418,888
Capital Outlay	94,470	109,266	0	467,694	0	671,430
Debt Service:						
Principal Retirement	0	20,079	78,412	0	0	98,491
Interest and Fiscal Charges	0	1,895	4,715	0	0	6,610
<i>Total Cash Disbursements</i>	<u>607,694</u>	<u>1,532,543</u>	<u>83,127</u>	<u>516,530</u>	<u>0</u>	<u>2,739,894</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>1,054,970</u>	<u>(596,471)</u>	<u>(40,000)</u>	<u>(244,542)</u>	<u>497</u>	<u>174,454</u>
Other Financing Receipts (Disbursements)						
Loans Issued	0	34,239	0	0	0	34,239
Sale of Capital Assets	0	1,310	0	0	0	1,310
Transfers In	80,000	832,000	40,000	215,000	0	1,167,000
Transfers Out	(1,239,000)	0	0	0	0	(1,239,000)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(1,159,000)</u>	<u>867,549</u>	<u>40,000</u>	<u>215,000</u>	<u>0</u>	<u>(36,451)</u>
<i>Net Change in Fund Cash Balances</i>	<u>(104,030)</u>	<u>271,078</u>	<u>0</u>	<u>(29,542)</u>	<u>497</u>	<u>138,003</u>
<i>Fund Cash Balances, January 1, restated</i>	<u>813,464</u>	<u>911,792</u>	<u>0</u>	<u>242,664</u>	<u>114,380</u>	<u>2,082,300</u>
<i>Fund Cash Balances, December 31</i>	<u>\$709,434</u>	<u>\$1,182,870</u>	<u>\$0</u>	<u>\$213,122</u>	<u>\$114,877</u>	<u>\$2,220,303</u>

See accompanying notes to the financial statements

Village of Loudonville, Ohio
Ashland County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Proprietary Fund Types
For the Year Ended December 31, 2021

	<u>Proprietary Fund Types</u>
	<u>Enterprise</u>
Operating Cash Receipts	
Charges for Services	\$931,953
<i>Total Operating Cash Receipts</i>	931,953
Operating Cash Disbursements	
Personal Services	302,180
Employee Fringe Benefits	135,111
Contractual Services	107,976
Supplies and Materials	181,818
<i>Total Operating Cash Disbursements</i>	727,085
<i>Operating Income (Loss)</i>	204,868
Non-Operating Receipts (Disbursements)	
Intergovernmental Receipts	76,695
Loans Issued	538,328
Miscellaneous Receipts	51,727
Capital Outlay	(158,860)
Principal Retirement	(631,670)
Interest and Other Fiscal Charges	(70,819)
<i>Total Non-Operating Receipts (Disbursements)</i>	(194,599)
<i>Income (Loss) before Transfers</i>	10,269
Transfers In	149,697
Transfers Out	(77,697)
<i>Net Change in Fund Cash Balances</i>	82,269
<i>Fund Cash Balances, January 1</i>	1,222,761
<i>Fund Cash Balances, December 31</i>	<u>\$1,305,030</u>

See accompanying notes to the financial statements

Village of Loudonville, Ohio

Ashland County

*Combined Statement of Additions, Deductions
and Changes in Fund Balances (Regulatory Cash Basis)*

All Fiduciary Fund Types

For the Year Ended December 31, 2021

	<u>Fiduciary Fund Types</u>
	<u>Custodial</u>
Additions	
Amounts Received as Fiscal Agent	\$ 15,983
Other Amounts Collected for Distribution	<u>34,297</u>
<i>Total Additions</i>	<u>50,280</u>
Deductions	
Distributions as Fiscal Agent	16,414
Distributions to Other Governments	9,543
Distributions to Other Funds (Primary Gov't)	<u>24,838</u>
<i>Total Deductions</i>	<u>50,795</u>
<i>Net Change in Fund Balances</i>	(515)
<i>Fund Cash Balances, January 1</i>	<u>2,470</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$1,955</u></u>

See accompanying notes to the financial statements

Village of Loudonville
Ashland County
Notes to the Financial Statements
For the Year Ended December 31, 2021

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 fund types and a combined statement of additions, deductions and changes in fund balances (regulatory cash basis) 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. 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.

Village of Loudonville
Ashland County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 2 - Summary of Significant Accounting Policies (continued)

Fund Accounting (continued)

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

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

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.

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.

Fiduciary Funds Fiduciary funds include custodial funds. Custodial funds are purely custodial in nature and 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 contractor deposits which are refunded after satisfactory repairs are made to the streets; 3) for deposits held for fire damaged structures which are refunded after satisfactory repairs are made; and 4) for donations held on behalf of the local Chamber of Commerce-sponsored fireworks display.

Village of Loudonville
Ashland County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 2 - Summary of Significant Accounting Policies (continued)

For regulatory purposes, certain own source revenues are permitted to flow through clearing funds presented as custodial funds. The amounts distributed to the other funds of the entity are identified on the combined statement of additions, deductions and changes in fund balances (regulatory cash basis) all fiduciary fund types. Also, for regulatory purposes, certain deposits and clearing funds are permitted to be presented as custodial funds.

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (C). This basis is similar to the cash receipts and disbursements accounting basis. The Village recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary 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 (C) 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. 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 2021 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 certificates of deposit (CDARS) at cost.

Village of Loudonville
Ashland County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 2 - Summary of Significant Accounting Policies (continued)

Capital Assets

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

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. For regulatory purposes, nonspendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the Village and the nonexpendable portion of the corpus in permanent funds.

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*. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end.

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

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

For regulatory purposes, limited disclosure related to fund balance is included in Note 11.

Village of Loudonville
Ashland County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 3 - Budgetary Activity

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

2021 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,436,381	\$1,742,664	\$306,283
Special Revenue	1,716,892	1,803,621	86,729
Debt Service	83,800	83,127	(673)
Capital Projects	506,400	486,988	(19,412)
Permanent	1,000	497	(503)
Enterprise	1,675,626	1,748,400	72,774

2021 Budgeted vs. Actual Budgetary Basis Disbursements			
Fund Type	Appropriation Authority	Budgetary Disbursements	Variance
General	\$2,033,543	\$1,865,283	\$168,260
Special Revenue	1,743,712	1,573,216	170,496
Debt Service	83,800	83,127	673
Capital Projects	669,319	625,804	43,515
Permanent	0	0	0
Enterprise	1,937,150	1,679,138	258,012

Note 4 – Deposits and Investments

To improve cash management, cash received by the Village is pooled. Monies for all funds are maintained in this pool. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits at December 31, 2021 was as follows:

	2021
Demand deposits	\$3,125,988
Certificates of deposit	401,300
Total deposits	\$3,527,288

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.

Village of Loudonville
Ashland County
Notes to the Financial Statements
For the Year Ended December 31, 2021

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 non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction amounts the State pays as Intergovernmental Receipts. Payments are due to the County 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.

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, cyber crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio.

Village of Loudonville
Ashland County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 6 - Risk Management (Continued)

OPRM coverage programs are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss. Effective November 1, 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, 2020.

	<u>2020</u>
Assets	\$18,827,000
Liabilities	<u>(13,530,000)</u>
Accumulated Surplus	<u>\$ 5,297,000</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, 2021.

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, 2021.

Village of Loudonville
Ashland County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 7 - Defined Benefit Pension Plans (Continued)

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, 2021.

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 2021. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4% during calendar year 2021. OP&F contributed 0.5% to fund these benefits.

Note 9 – Debt

Debt outstanding at December 31, 2021 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
OWDA Loan - Water Plant	\$247,840	4.56%
OWDA Loan - Reservoir Project	608,139	2.70%
OPWC Water Treatment Plan Loan	54,776	0.00%
OWDA Loan - Storm Sewer (Refinance of USDA)	538,330	0.71%
Maintenance Building General Obligation Bonds	69,384	4.00%
Dump Truck	20,705	4.00%
Cruiser	34,239	2.47%
Total	<u>\$1,573,413</u>	

The Ohio Water Development Authority (OWDA) loans are for the water plant project and for the water reservoir project. 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.

Village of Loudonville
Ashland County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 9 – Debt (Continued)

The Village issued an OWDA Refunding Loan during 2021 to refund debt from a USDA Mortgage Revenue Bonds loan related to a storm sewer replacement project. The proceeds of the refunding loan were used to pay the refunded debt in full and are included as debt service principal (\$520,100) on the accompanying financial statements. The Village has agreed to set storm water rates sufficient to cover OWDA debt service requirements. (Prior to the refinance with ODWA, the USDA bonds were collateralized by revenues of the storm sewer system during the entirety USDA of the loan. As required by the mortgage revenue bond covenant, the Village had established and funded a debt service reserve fund and a debt service sinking fund, included as enterprise funds, prior to the refinance of the loan with OWDA in August 2021.)

The Village purchased a Police Cruiser for the Police Department. The Village purchased a Ford F350 with Dump Truck capabilities.

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

Year Ending December 31:	OWDA Water Plan	OPWC Water Plan	OWDA Storm Sewer Refinance	OWDA Reservoir Project	Maintenance Building Bonds	Cruiser	Dump Truck
2022	\$67,176	\$15,650	\$29,394	\$42,881	\$38,918	\$11,982	\$10,978
2023	67,504	15,650	58,788	42,881	33,817	11,982	10,972
2024	67,846	15,650	58,788	42,881	0	11,982	0
2025	68,205	7,825	58,788	42,881	0	0	0
2026	0	0	58,788	42,881	0	0	0
2027-2031	0	0	293,941	214,404	0	0	0
2032-2036	0	0	0	214,404	0	0	0
2037-2041	0	0	0	128,643	0	0	0
2042-2042	0	0	0	0	0	0	0
Total	<u>\$270,731</u>	<u>\$54,775</u>	<u>\$558,487</u>	<u>\$771,856</u>	<u>\$72,735</u>	<u>\$35,946</u>	<u>\$21,950</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.

Note 11 – Fund Balances

Included in fund balance are amounts the Village cannot spend, including the balance of unclaimed monies which cannot be spent for five years and the unexpended corpus of the permanent funds. Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end, the balances of these amounts were as follows:

Village of Loudonville
Ashland County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 11 – Fund Balances (Continued)

<u>Fund Balances</u>	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Permanent</u>	<u>Total</u>
Nonspendable:					
Unclaimed Monies	\$60				\$60
Corpus				100,356	100,356
Outstanding Encumbrances	<u>18,589</u>	<u>40,673</u>	<u>109,274</u>		<u>168,536</u>
<i>Total</i>	<u><u>\$18,649</u></u>	<u><u>\$40,673</u></u>	<u><u>\$109,274</u></u>	<u><u>\$100,356</u></u>	<u><u>\$268,952</u></u>

The fund balance of special revenue funds is either restricted or committed. The fund balance of capital projects fund are restricted, committed or assigned. The fund balance of permanent funds that is not part of the nonspendable corpus is either restricted or committed. These restricted, committed and assigned amounts in the special revenue, capital projects and permanent funds include the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

Note 12 – COVID-19

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

Note 13 – Prior Year Adjustment

There was a prior year adjustment to the Special Revenue fund of \$114 for a voided check.

**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 of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued the Comptroller General of the United States, the financial statements of the cash balances, receipts, and disbursements for each governmental and proprietary fund type and the fiduciary fund type as of and for the years ended December 31, 2021 and the related notes to the financial statements of the Village of Loudonville, Ashland County, (the Village) and have issued our report thereon dated April 25, 2022, wherein we noted the Government followed financial reporting provisions Ohio Rev. Code § 117.38 and Ohio Admin. Code 117-2-03(C) permit. We also noted the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Village.

Report on 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) as a basis for designing audit procedures that are appropriate in the circumstances for the purposes of expressing our opinion 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 Village'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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village's financial statements are free from 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 financial statements. 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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 Village's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Charles E. Harris & Associates, Inc.

April 25, 2022

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 for each governmental and proprietary fund type and the fiduciary fund type and related notes of the Village of Loudonville, Ashland County, Ohio (the Village) as of and for the year ended December 31, 2020.

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(C) 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 opinion.

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(C), 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(C) 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, 2020, and changes in financial position or its cash flows thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

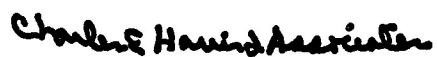
In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for each governmental and proprietary fund type and the fiduciary fund type, and related notes of the Village of Loudonville, Ashland County, Ohio, as of December 31, 2020, for the year then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit, described in Note 2.

Emphasis of Matter

As discussed in Note 13 to the financial statements, the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Village. As discussed in Note 12 to the financial statements, the Village made several changes to its reporting model. We did not modify our opinions regarding these matters.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 25, 2022, 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.
April 25, 2022

Village of Loudonville, Ohio

Ashland County

Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)

All Governmental Fund Types

For the Year Ended December 31, 2020

	General	Special Revenue	Debt Service	Capital Projects	Permanent	Totals (Memorandum Only)
Cash Receipts						
Property and Other Local Taxes	\$171,513	\$189,282	\$0	\$16,048	\$0	\$376,843
Municipal Income Tax	1,209,050	0	0	0	0	1,209,050
Intergovernmental	76,561	528,390	0	15,120	0	620,071
Charges for Services	66,326	282,374	0	0	0	348,700
Fines, Licenses and Permits	20,573	5,479	0	0	0	26,052
Earnings on Investments	14,173	587	0	287	1,626	16,673
Miscellaneous	158,805	18,631	61,655	0	0	239,091
<i>Total Cash Receipts</i>	<u>1,717,001</u>	<u>1,024,743</u>	<u>61,655</u>	<u>31,455</u>	<u>1,626</u>	<u>2,836,480</u>
Cash Disbursements						
Current:						
Security of Persons and Property	71,985	997,825	0	0	0	1,069,810
Public Health Services	2,296	28,637	0	0	0	30,933
Leisure Time Activities	12,743	50,087	0	0	0	62,830
Community Environment	5,755	0	0	0	0	5,755
Transportation	180	321,760	0	0	0	321,940
General Government	382,638	62,084	0	0	0	444,722
Capital Outlay	27,329	155,841	0	33,061	0	216,231
Debt Service:						
Principal Retirement	0	19,304	91,905	0	0	111,209
Interest and Fiscal Charges	0	2,410	9,750	0	0	12,160
<i>Total Cash Disbursements</i>	<u>502,926</u>	<u>1,637,948</u>	<u>101,655</u>	<u>33,061</u>	<u>0</u>	<u>2,275,590</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>1,214,075</u>	<u>(613,205)</u>	<u>(40,000)</u>	<u>(1,606)</u>	<u>1,626</u>	<u>560,890</u>
Other Financing Receipts (Disbursements)						
Sale of Capital Assets	0	3,100	0	0	0	3,100
Transfers In	155,000	724,000	40,000	210,000	0	1,129,000
Transfers Out	(1,179,000)	0	0	0	0	(1,179,000)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(1,024,000)</u>	<u>727,100</u>	<u>40,000</u>	<u>210,000</u>	<u>0</u>	<u>(46,900)</u>
<i>Net Change in Fund Cash Balances</i>	190,075	113,895	0	208,394	1,626	513,990
<i>Fund Cash Balances, January 1</i>	<u>623,389</u>	<u>797,782</u>	<u>0</u>	<u>34,270</u>	<u>112,754</u>	<u>1,568,195</u>
<i>Fund Cash Balances, December 31</i>	<u>\$813,464</u>	<u>\$911,677</u>	<u>\$0</u>	<u>\$242,664</u>	<u>\$114,380</u>	<u>\$2,082,185</u>

See accompanying notes to the financial statements

Village of Loudonville, Ohio
Ashland County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Proprietary Fund Types
For the Year Ended December 31, 2020

	<u>Proprietary Fund Types</u>
	<u>Enterprise</u>
Operating Cash Receipts	
Charges for Services	\$836,555
<i>Total Operating Cash Receipts</i>	836,555
Operating Cash Disbursements	
Personal Services	270,981
Employee Fringe Benefits	106,918
Contractual Services	118,240
Supplies and Materials	159,217
<i>Total Operating Cash Disbursements</i>	655,356
<i>Operating Income (Loss)</i>	181,199
Non-Operating Receipts (Disbursements)	
Intergovernmental Receipts	17,480
Miscellaneous Receipts	28,654
Capital Outlay	(93,460)
Principal Retirement	(107,845)
Interest and Other Fiscal Charges	(56,049)
<i>Total Non-Operating Receipts (Disbursements)</i>	(211,220)
<i>Income (Loss) before Transfers</i>	(30,021)
Transfers In	88,801
Transfers Out	(38,801)
<i>Net Change in Fund Cash Balances</i>	19,979
<i>Fund Cash Balances, January 1</i>	1,202,782
<i>Fund Cash Balances, December 31</i>	\$1,222,761

See accompanying notes to the financial statements

Village of Loudonville, Ohio

Ashland County

*Combined Statement of Additions, Deductions
and Changes in Fund Balances (Regulatory Cash Basis)*

All Fiduciary Fund Types

For the Year Ended December 31, 2020

	<u>Fiduciary Fund Types</u>
	<u>Custodial</u>
Additions	
Amounts Received as Fiscal Agent	\$ 10,119
Other Amounts Collected for Distribution	<u>29,488</u>
<i>Total Additions</i>	<u>39,607</u>
Deductions	
Distributions as Fiscal Agent	10,414
Distributions to Other Governments	8,671
Distributions to Other Funds (Primary Gov't)	19,740
Distributions of Deposits	<u>100</u>
<i>Total Deductions</i>	<u>38,925</u>
<i>Net Change in Fund Balances</i>	682
<i>Fund Cash Balances, January 1</i>	<u>1,788</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$2,470</u></u>

See accompanying notes to the financial statements

Village of Loudonville
Ashland County
Notes to the Financial Statements
For the Year Ended December 31, 2020

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 fund types and a combined statement of additions, deductions and changes in fund balances (regulatory cash basis) 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. 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.

Village of Loudonville
Ashland County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 2 - Summary of Significant Accounting Policies (continued)

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

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.

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 2021.

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.

Fiduciary Funds Fiduciary funds include custodial funds. Custodial funds are purely custodial in nature and 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 contractor deposits which are refunded after satisfactory repairs are made to the streets; 3) for deposits held for fire damaged structures which are refunded after satisfactory repairs are made; and 4) for donations held on behalf of the local Chamber of Commerce-sponsored fireworks display.

Village of Loudonville
Ashland County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 2 - Summary of Significant Accounting Policies (continued)

For regulatory purposes, certain own source revenues are permitted to flow through clearing funds presented as custodial funds. The amounts distributed to the other funds of the entity are identified on the combined statement of additions, deductions and changes in fund balances (regulatory cash basis) all fiduciary fund types. Also, for regulatory purposes, certain deposits and clearing funds are permitted to be presented as custodial funds.

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (C). This basis is similar to the cash receipts and disbursements accounting basis. The Village recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary 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 (C) 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. Village Council must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end.

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

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

A summary of 2020 budgetary activity appears in Note 3.

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.

Village of Loudonville
Ashland County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 2 - Summary of Significant Accounting Policies (continued)

Capital Assets

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

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. For regulatory purposes, nonspendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the Village and the nonexpendable portion of the corpus in permanent funds.

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*. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end.

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

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

For regulatory purposes, limited disclosure related to fund balance is included in Note 11.

Village of Loudonville
Ashland County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 3 - Budgetary Activity

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

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,572,317	\$1,872,001	\$299,684
Special Revenue	1,694,763	1,751,843	57,080
Debt Service	101,685	101,655	(30)
Capital Projects	242,400	241,455	(945)
Permanent	1,000	1,626	626
Enterprise	946,700	971,490	24,790

2020 Budgeted vs. Actual Budgetary Basis Disbursements

Fund Type	Appropriation Authority	Budgetary Disbursements	Variance
General	\$1,937,049	\$1,701,529	\$235,520
Special Revenue	2,013,684	1,706,169	307,515
Debt Service	101,685	101,655	30
Capital Projects	198,754	166,889	31,865
Permanent	0	0	0
Enterprise	1,228,666	972,322	256,344

Note 4 – Deposits and Investments

To improve cash management, cash received by the Village is pooled. Monies for all funds are maintained in this pool. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits at December 31, 2020 was as follows:

Demand deposits	\$2,906,817
Certificates of deposit	400,599
Total deposits	\$3,307,416

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.

Village of Loudonville
Ashland County
Notes to the Financial Statements
For the Year Ended December 31, 2020

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 non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction amounts the State pays as Intergovernmental Receipts. Payments are due to the County 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.

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.

Village of Loudonville
Ashland County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 6 - Risk Management (Continued)

OPRM coverage programs are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss. Effective November 1, 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, 2020.

	<u>2020</u>
Assets	\$18,827,000
Liabilities	<u>(13,530,000)</u>
Accumulated Surplus	<u>\$ 5,297,000</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, 2020.

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, 2020.

Village of Loudonville
Ashland County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 7 - Defined Benefit Pension Plans (Continued)

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, 2020.

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 2020. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4% during calendar year 2020. OP&F contributed 0.5% to fund these benefits.

Note 9 – Debt

Debt outstanding at December 31, 2020 was as follows:

	Principal	Interest Rate
OWDA Loan - Water Plant	\$303,124	4.00%
OWDA Loan - Reservoir Project	634,073	2.70%
OPWC Water Treatment Plan Loan	70,425	0.00%
USDA Mortgage Revenue Bonds	534,800	4.50%
Maintenance Building General Obligation Bonds	147,795	4.00%
Cruiser	10,324	4.00%
Dump Truck	30,466	4.00%
Total	\$1,731,007	

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.

Village of Loudonville
Ashland County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 9 – Debt (Continued)

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 Village purchased a Police Cruiser for the Police Department. The Village purchased a Ford F350 with Dump Truck capabilities.

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	Cruiser	Dump Truck
2021	\$66,863	\$15,650	\$38,700	\$42,881	\$38,918	\$10,725	\$10,978
2022	67,176	15,650	38,700	42,881	38,918	0	10,978
2023	67,503	15,650	38,700	42,881	38,918	0	10,978
2024	67,846	15,650	38,700	42,881	38,918	0	0
2025	68,205	7,825	38,700	42,881	6,357	0	0
2026-2030	0	0	193,300	214,404	0	0	0
2031-2035	0	0	193,000	214,404	0	0	0
2036-2040	0	0	192,600	171,524	0	0	0
2041-2042	0	0	77,000	0	0	0	0
Total	\$337,593	\$70,425	\$849,400	\$814,737	\$162,029	\$10,725	\$32,934

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 – Fund Balance

Included in fund balance are amounts the Village cannot spend, including the balance of unclaimed monies which cannot be spent for five years and the unexpendable corpus of the permanent funds. Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end, the balances of these amounts were as follows:

Village of Loudonville
Ashland County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 11 – Fund Balance (Continued)

<u>Fund Balances</u>	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Permanent</u>	<u>Total</u>
Nonspendable:					
Unclaimed Monies	\$60				\$60
Corpus				100,356	100,356
Outstanding Encumbrance	<u>19,603</u>	<u>68,221</u>	<u>133,826</u>		<u>221,650</u>
<i>Total</i>	<u><u>\$19,663</u></u>	<u><u>\$68,221</u></u>	<u><u>\$133,826</u></u>	<u><u>\$100,356</u></u>	<u><u>\$322,066</u></u>

The fund balance of special revenue funds is either restricted or committed. The fund balance of capital projects fund are restricted, committed or assigned. The fund balance of permanent funds that is not part of the nonspendable corpus is either restricted or committed. These restricted, committed and assigned amounts in the special revenue, capital projects and permanent funds include the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

Note 12 – Change in Accounting Principles

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

Note 13 – COVID-19

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.

During 2020, the Village received CARES Act funding. The expenditure of these funds are reflected in the Coronavirus Relief Special Revenue Fund on the accompanying financial statements.

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 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 cash balances, receipts, and disbursements for each governmental and proprietary fund type and the fiduciary fund type as of and for the year ended December 31, 2020 and the related notes of the Village of Loudonville, Ashland County (the Village), and have issued our report thereon dated April 25, 2022, wherein we noted that the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit. We also noted the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Village and several changes to its reporting model.

Internal Control Over Financial Reporting

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

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

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

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 that are required to be reported 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.
April 25, 2022

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 5/31/2022

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