

VILLAGE OF LOUDONVILLE

ASHLAND COUNTY, OHIO

REGULAR AUDIT

For the Years Ended December 31, 2023 and 2022



OHIO AUDITOR OF STATE
KEITH FABER



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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, 2022 through December 31, 2023. 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 03, 2024

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VILLAGE OF LOUDONVILLE
ASHLAND COUNTY
Regular Audit
For the Years Ended December 31, 2023 and 2022

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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 comprise 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, 2023 and 2022, 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 years ended December 31, 2023 and 2022, 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, 2023 and 2022, or the changes in financial position or, where applicable cash flows, thereof for the years 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.

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 May 21, 2024, 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.
May 21, 2024

Village of Loundonville, 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, 2023

	General	Special Revenue	Debt Service	Capital Projects	Permanent	Combined Total
Cash Receipts						
Property and Other Local Taxes	\$ 195,106	\$ 195,206	\$ -	\$ 16,802	\$ -	\$ 407,114
Municipal Income Tax	1,421,016	-	-	-	-	1,421,016
Intergovernmental	89,353	241,741	-	5,000	-	336,094
Charges for Services	43,320	341,701	-	-	-	385,021
Fines, Licenses and Permits	16,257	2,657	-	-	-	18,914
Earnings on Investments	174,420	8,065	-	13,971	1,097	197,553
Miscellaneous	315,541	9,902	-	-	-	325,443
<i>Total Cash Receipts</i>	<u>2,255,013</u>	<u>799,272</u>	<u>-</u>	<u>35,773</u>	<u>1,097</u>	<u>3,091,155</u>
Cash Disbursements						
Current:						
Security of Persons and Property	235,578	1,064,490	-	-	-	1,300,068
Public Health Services	1,260	26,682	-	-	-	27,942
Leisure Time Activities	44,889	427	-	-	-	45,316
Community Environment	13,333	-	-	-	-	13,333
Transportation	-	348,491	-	-	-	348,491
General Government	404,094	1,800	-	-	-	405,894
Capital Outlay	176,115	355,678	-	386,385	-	918,178
Debt Service:						
Principal Retirement	-	21,957	31,796	-	-	53,753
Interest and Fiscal Charges	-	993	265	-	-	1,258
<i>Total Cash Disbursements</i>	<u>875,269</u>	<u>1,820,518</u>	<u>32,061</u>	<u>386,385</u>	<u>-</u>	<u>3,114,233</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>1,379,744</u>	<u>(1,021,246)</u>	<u>(32,061)</u>	<u>(350,612)</u>	<u>1,097</u>	<u>(23,078)</u>
Other Financing Receipts (Disbursements)						
Sale of Capital Assets	-	8,505	-	-	-	8,505
Transfers In	175,000	960,300	32,061	100,000	-	1,267,361
Transfers Out	(1,497,361)	-	-	-	-	(1,497,361)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(1,322,361)</u>	<u>968,805</u>	<u>32,061</u>	<u>100,000</u>	<u>-</u>	<u>(221,495)</u>
<i>Net Change in Fund Cash Balances</i>	57,383	(52,441)	-	(250,612)	1,097	(244,573)
<i>Fund Cash Balances, January 1</i>	<u>780,575</u>	<u>1,518,509</u>	<u>-</u>	<u>346,872</u>	<u>115,381</u>	<u>2,761,337</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 837,958</u>	<u>\$ 1,466,068</u>	<u>\$ -</u>	<u>\$ 96,260</u>	<u>\$ 116,478</u>	<u>\$ 2,516,764</u>

See accompanying notes to the financial statements

Village of Loudonville, Ohio
Ashland County
Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
Proprietary Fund Type
For the Year Ended December 31, 2023

	<u>Enterprise</u>
Operating Cash Receipts	
Charges for Services	\$ 1,046,379
Miscellaneous	<u>2,650</u>
<i>Total Operating Cash Receipts</i>	<u>1,049,029</u>
Operating Cash Disbursements	
Personal Services	372,132
Employee Fringe Benefits	167,437
Contractual Services	109,132
Supplies and Materials	<u>235,986</u>
<i>Total Operating Cash Disbursements</i>	<u>884,687</u>
<i>Operating Income (Loss)</i>	<u>164,342</u>
Non-Operating Receipts (Disbursements)	
Miscellaneous Receipts	61,654
Capital Outlay	(135,472)
Principal Retirement	(158,769)
Interest and Other Fiscal Charges	<u>(26,054)</u>
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(258,641)</u>
<i>Income (Loss) before Transfers</i>	(94,299)
Transfers In	<u>230,000</u>
<i>Net Change in Fund Cash Balances</i>	135,701
<i>Fund Cash Balances, January 1</i>	<u>1,324,516</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 1,460,217</u>

See accompanying notes to the financial statements

Village of Loudonville, Ohio

Ashland County

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

Fiduciary Fund Type

For the Year Ended December 31, 2023

	<u>Other Custodial</u>
Additions	
Deposits Received	\$ 76,654
Amounts Received as Fiscal Agent	23,864
Other Amounts Collected for Distribution	<u>22,595</u>
<i>Total Additions</i>	<u>123,113</u>
Deductions	
Distributions as Fiscal Agent	24,100
Distributions to Other Governments	6,399
Distributions to Other Funds (Primary Gov't)	16,691
Distributions of Deposits	<u>76,554</u>
<i>Total Deductions</i>	<u>123,744</u>
<i>Net Change in Fund Balances</i>	(631)
<i>Fund Cash Balances, January 1</i>	<u>1,381</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$ 750</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, 2023

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, a statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for the proprietary fund type and a statement of additions, deductions and changes in fund balances (regulatory cash basis) fiduciary fund type, which are all organized on a fund type basis.

Fund Accounting

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

General Fund The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Village for any purpose provided it is expended or transferred according to the general laws of Ohio. 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, 2023

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.

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 Fund This fund accounts for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. The Village had the following significant Debt Service Fund:

Maintenance Building Bond Retirement Fund This fund receives transfers from the general fund which is used to pay the bonds for maintenance of the 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 fund:

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, 2023

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 statement of additions, deductions and changes in fund balances (regulatory cash basis) the fiduciary fund type. Also, for regulatory purposes, certain deposits and clearing funds are permitted to be presented as a custodial fund.

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 2023 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. Investment in STAR Ohio is measured at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides a NAV per share that approximates fair value.

Village of Loudonville
Ashland County
Notes to the Financial Statements
For the Year Ended December 31, 2023

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.

Leases

The Village is the lessee in various leases (as defined by GASB 87) related to vehicles or other equipment under noncancelable leases. Lease disbursements are recognized when they are paid.

Settlement Monies

Ohio has reached settlement agreements with various distributors of opioids which are subject to the OneOhio memorandum of understanding. The original settlement was reached in 2021 with annual payments anticipated through 2038. For 2023, distributions of \$1,167 are reflected as miscellaneous revenue in the OneOhio Opioid Settlement Fund in the accompanying financial statements.

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.

Village of Loudonville
Ashland County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 2 - Summary of Significant Accounting Policies (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.

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

Note 3 - Budgetary Activity

Budgetary activity for the year ending December 31, 2023 follows:

2023 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 1,998,196	\$ 2,430,013	\$ 431,817
Special Revenue	1,686,322	1,768,077	81,755
Debt Service	33,850	32,061	(1,789)
Capital Projects	132,400	135,773	3,373
Permanent	1,000	1,097	97
Enterprise	1,267,600	1,340,683	73,083

2023 Budgeted vs. Actual Budgetary Basis Disbursements			
Fund Type	Appropriation Authority	Budgetary Disbursements	Variance
General	\$ 2,553,271	\$ 2,387,491	\$ 165,780
Special Revenue	2,283,559	1,871,417	412,142
Debt Service	32,061	32,061	-
Capital Projects	470,201	421,758	48,443
Permanent	-	-	-
Enterprise	1,431,280	1,249,667	181,613

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 and investments at December 31, 2023 was as follows:

Village of Loudonville
Ashland County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 4 – Deposits and Investments (Continued)

	2023
Demand deposits	\$ 150,939
Certificates of deposit	200,356
Total deposits	351,295
STAR OHIO	3,626,436
Total deposits and investments	\$ 3,977,731

The Village does not use a separate payroll clearing account. The expenditures included in the accompanying financial statement reflect net payroll plus all remitted payroll withholdings. At December 31, 2023, the Village does not have any unremitted employee payroll withholdings.

Deposits

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

Investments

Investments in STAR Ohio are not evidenced by securities that exist in physical or book-entry form.

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.

Village of Loudonville
Ashland County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 5 – Taxes (continued)

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.

Effective November 1, 2016, the OPRM elected to participate in a property loss corridor deductible. The property corridor includes losses paid between 70% and 75%. In 2018, the casualty loss corridor was eliminated and the property corridor was adjusted to losses paid between 65% and 70%. Effective November 1, 2019, the property loss corridor was adjusted to losses between 60% and 67.5% and has remain unchanged. OPRM had 773 members as of December 31, 2022.

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

Assets	\$ 21,662,291
Liabilities	<u>(18,158,351)</u>
Members' Equity	<u>\$ 3,503,940</u>

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

Village of Loudonville
Ashland County
Notes to the Financial Statements
For the Year Ended December 31, 2023

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, 2023.

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, 2023.

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, 2023.

Note 8 - Postemployment Benefits

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans. OPERS offers a health reimbursement arrangement (HRA) allowance to benefit recipients meeting certain age and service credit requirements. The HRA is an account funded by OPERS that provides tax-free reimbursement for qualified medical expenses such as monthly post-tax insurance premiums, deductibles, co-insurance, and co-pays incurred by eligible benefit recipients and their dependents. OP&F uses a stipend-based health care model. A stipend funded by OP&F is placed in individual Health Reimbursement Accounts that retirees use to be reimbursed for health care expenses. For calendar year 2023, the portion of OPERS employer contributions allocated to health care was 0 percent for members in the traditional pension plan and 2 percent for members in the combined plan. For 2023, the portion of employer contributions OPERS allocated to health care for members in the member-directed plan was 4.0 percent; however, a portion of the health care rate was funded with reserves. OP&F contributes 0.5 percent to fund these benefits.

Village of Loudonville
Ashland County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 9 – Debt

Debt outstanding at December 31, 2023 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
OWDA Loan - Water Plant	\$129,503	4.00%
OWDA Loan - Reservoir Project	554,148	2.70%
OPWC Loan - Water Treatment Plant Loan	23,475	0.00%
OWDA Loan - Storm Sewer	456,411	0.71%
Cruiser	11,692	2.47%
Total	<u>\$1,175,229</u>	

The Ohio Water Development Authority (OWDA) loans are for the water plant project, the water reservoir project, and the storm sewer project. The OWDA loans for the water projects are collateralized by water receipts, and the OWDA loan for the storm sewer project is collateralized by storm sewer 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.

Financed Purchases

The Village has entered into financed purchases agreements for a Cruiser where ownership of the underlying asset transfers to the Village by the end of the contract. The Village disbursed \$21,956 to pay these costs for the fiscal year ended December 31, 2023.

Amortization

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

Year Ending	OWDA	OPWC	OWDA	OWDA	
December	Water Plant	Water Plant	Stowm	Reservoir	
31:	Water Plant	Water Plant	Sewer	Project	Cruiser
2024	\$ 67,846	\$ 15,650	\$ 58,788	\$ 42,881	\$ 11,982
2025	68,205	7,825	58,788	42,881	-
2026	-	-	58,788	42,881	-
2027	-	-	58,788	42,881	-
2028	-	-	58,788	42,881	-
2029 - 2033	-	-	176,364	214,404	-
2034 - 2038	-	-	-	214,404	-
2039 - 2043	-	-	-	42,881	-
Total	<u>\$ 136,051</u>	<u>\$ 23,475</u>	<u>\$ 470,304</u>	<u>\$ 686,094</u>	<u>\$ 11,982</u>

Village of Loudonville
Ashland County
Notes to the Financial Statements
For the Year Ended December 31, 2023

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 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:

Fund Balances	General	Special Revenue	Capital Projects	Permanent	Total
Nonspendable:					
Unclaimed Monies	\$ 72	\$ -	\$ -	\$ -	\$ 72
Corpus	-	-	-	100,356	100,356
Outstanding Encumbrances	<u>14,861</u>	<u>50,899</u>	<u>35,373</u>	<u>-</u>	<u>101,133</u>
Total	<u>\$ 14,933</u>	<u>\$ 50,899</u>	<u>\$ 35,373</u>	<u>\$ 100,356</u>	<u>\$ 201,561</u>

The fund balance of special revenue funds is either restricted or committed. The fund balance of debt service and capital projects funds 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, debt service, 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 ended April 2023. The Village will continue to spend available COVID-19 funding consistent with the applicable program guidelines.

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, 2022

	General	Special Revenue	Debt Service	Capital Projects	Permanent	Combined Total
Cash Receipts						
Property and Other Local Taxes	\$ 192,373	\$ 191,477	\$ -	\$ 16,794	\$ -	\$ 400,644
Municipal Income Tax	1,323,214	-	-	-	-	1,323,214
Intergovernmental	244,358	746,222	-	195,000	-	1,185,580
Charges for Services	69,311	344,389	-	-	-	413,700
Fines, Licenses and Permits	21,604	6,135	-	-	-	27,739
Earnings on Investments	45,757	1,721	-	2,329	504	50,311
Miscellaneous	24,597	118,655	-	-	-	143,252
<i>Total Cash Receipts</i>	<u>1,921,214</u>	<u>1,408,599</u>	<u>-</u>	<u>214,123</u>	<u>504</u>	<u>3,544,440</u>
Cash Disbursements						
Current:						
Security of Persons and Property	109,372	970,410	-	-	-	1,079,782
Public Health Services	1,717	18,194	-	-	-	19,911
Leisure Time Activities	47,806	19,068	-	2,530	-	69,404
Community Environment	11,743	-	-	-	-	11,743
Transportation	-	324,433	-	-	-	324,433
General Government	405,607	31,835	-	-	-	437,442
Capital Outlay	235,628	486,816	-	279,343	-	1,001,787
Debt Service:						
Principal Retirement	-	21,286	37,587	-	-	58,873
Interest and Fiscal Charges	-	1,674	2,413	-	-	4,087
<i>Total Cash Disbursements</i>	<u>811,873</u>	<u>1,873,716</u>	<u>40,000</u>	<u>281,873</u>	<u>-</u>	<u>3,007,462</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>1,109,341</u>	<u>(465,117)</u>	<u>(40,000)</u>	<u>(67,750)</u>	<u>504</u>	<u>536,978</u>
Other Financing Receipts (Disbursements)						
Sale of Capital Assets	-	4,056	-	-	-	4,056
Transfers In	98,000	796,700	40,000	201,500	-	1,136,200
Transfers Out	(1,136,200)	-	-	-	-	(1,136,200)
Advances In	80,000	-	-	80,000	-	160,000
Advances Out	(80,000)	-	-	(80,000)	-	(160,000)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(1,038,200)</u>	<u>800,756</u>	<u>40,000</u>	<u>201,500</u>	<u>-</u>	<u>4,056</u>
<i>Net Change in Fund Cash Balances</i>	<u>71,141</u>	<u>335,639</u>	<u>-</u>	<u>133,750</u>	<u>504</u>	<u>541,034</u>
<i>Fund Cash Balances, January 1</i>	<u>709,434</u>	<u>1,182,870</u>	<u>-</u>	<u>213,122</u>	<u>114,877</u>	<u>2,220,303</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 780,575</u>	<u>\$ 1,518,509</u>	<u>\$ -</u>	<u>\$ 346,872</u>	<u>\$ 115,381</u>	<u>\$ 2,761,337</u>

See accompanying notes to the financial statements

Village of Loudonville, Ohio
Ashland County
Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
Proprietary Fund Type
For the Year Ended December 31, 2022

	Enterprise
Operating Cash Receipts	
Charges for Services	\$ 996,070
Miscellaneous	4,464
	1,000,534
 Operating Cash Disbursements	
Personal Services	343,777
Employee Fringe Benefits	144,638
Contractual Services	100,357
Supplies and Materials	227,502
	816,274
 <i>Total Operating Cash Receipts</i>	 1,000,534
 <i>Total Operating Cash Disbursements</i>	 816,274
 <i>Operating Income (Loss)</i>	 184,260
 Non-Operating Receipts (Disbursements)	
Sale of Capital Assets	3,045
Miscellaneous Receipts	64,527
Capital Outlay	(77,245)
Principal Retirement	(126,789)
Interest and Other Fiscal Charges	(28,312)
	(164,774)
 <i>Total Non-Operating Receipts (Disbursements)</i>	 (164,774)
 <i>Net Change in Fund Cash Balances</i>	 19,486
 <i>Fund Cash Balances, January 1</i>	 1,305,030
 <i>Fund Cash Balances, December 31</i>	 \$ 1,324,516

See accompanying notes to the financial statements

Village of Loudonville, Ohio

Ashland County

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

Fiduciary Fund Type

For the Year Ended December 31, 2022

	<u>Other Custodial</u>
Additions	
Other Amounts Collected for Distribution	<u>\$ 24,466</u>
<i>Total Additions</i>	<u>24,466</u>
Deductions	
Distributions as Fiscal Agent	258
Distributions to Other Governments	6,782
Distributions to Other Funds (Primary Gov't)	<u>18,000</u>
<i>Total Deductions</i>	<u>25,040</u>
<i>Net Change in Fund Balances</i>	(574)
<i>Fund Cash Balances, January 1</i>	<u>1,955</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$ 1,381</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, 2022

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, a statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for the proprietary fund type and a statement of additions, deductions and changes in fund balances (regulatory cash basis) fiduciary fund type, which are all organized on a fund type basis.

Fund Accounting

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

General Fund The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Village for any purpose provided it is expended or transferred according to the general laws of Ohio. 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:

American Rescue Plan Fund The American Rescue Plan Fund accounts for received money from the federal government allocated to non-entitlement entities provided by the Coronavirus Local Fiscal Recovery Fund.

Village of Loudonville
Ashland County
Notes to the Financial Statements
For the Year Ended December 31, 2022

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 Fund This fund accounts for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. The Village had the following significant Debt Service Fund:

Maintenance Building Bond Retirement Fund This fund receives transfers from the general fund which is used to pay the bonds for maintenance of the 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 fund:

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, 2022

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 statement of additions, deductions and changes in fund balances (regulatory cash basis) fiduciary fund type. Also, for regulatory purposes, certain deposits and clearing funds are permitted to be presented as custodial fund.

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 2022 budgetary activity appears in Note 3.

Deposits and Investments

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

The Village values certificates of deposit (CDARS) at cost. Investment in STAR Ohio is measured at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides a NAV per share that approximates fair value.

Village of Loudonville
Ashland County
Notes to the Financial Statements
For the Year Ended December 31, 2022

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.

Leases

The Village is the lessee in various leases (as defined by GASB 87) related to vehicles or other equipment under noncancelable leases. Lease disbursements are recognized when they are paid.

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.

Village of Loudonville
Ashland County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 2 - Summary of Significant Accounting Policies (continued)

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

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

Note 3 - Budgetary Activity

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

2022 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 1,611,123	\$ 2,019,214	\$ 408,091
Special Revenue	2,113,997	2,209,355	95,358
Debt Service	40,000	40,000	-
Capital Projects	417,400	415,623	(1,777)
Permanent	1,000	504	(496)
Enterprise	1,019,100	1,068,106	49,006

2022 Budgeted vs. Actual Budgetary Basis Disbursements			
Fund Type	Appropriation Authority	Budgetary Disbursements	Variance
General	\$ 2,073,389	\$ 1,952,658	\$ 120,731
Special Revenue	2,374,646	2,029,231	345,415
Debt Service	40,000	40,000	-
Capital Projects	501,820	307,235	194,585
Permanent	-	-	-
Enterprise	1,275,257	1,085,330	189,927

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 and investments at December 31, 2022 was as follows:

Village of Loudonville
Ashland County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 4 – Deposits and Investments (Continued)

	<u>2022</u>
Demand deposits	\$ 544,265
Certificates of deposit	<u>200,356</u>
Total deposits	744,621
STAR OHIO	<u>3,342,613</u>
Total deposits and investments	<u>\$ 4,087,234</u>

The Village does not use a separate payroll clearing account. The expenditures included in the accompanying financial statement reflect net payroll plus all remitted payroll withholdings. At December 31, 2022, the Village does not have any unremitted employee payroll withholdings.

Deposits

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

Investments

Investments in STAR Ohio are not evidenced by securities that exist in physical or book-entry form.

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.

Village of Loudonville
Ashland County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 5 – Taxes (Continued)

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.

Effective November 1, 2016, the OPRM elected to participate in a property loss corridor deductible. The property corridor includes losses paid between 70% and 75%. In 2018, the casualty loss corridor was eliminated and the property corridor was adjusted to losses paid between 65% and 70%. Effective November 1, 2019, the property loss corridor was adjusted to losses between 60% and 67.5% and has remain unchanged. OPRM had 773 members as of December 31, 2022.

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

Assets	\$ 21,662,291
Liabilities	<u>(18,158,351)</u>
Members' Equity	<u>\$ 3,503,940</u>

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

Village of Loudonville
Ashland County
Notes to the Financial Statements
For the Year Ended December 31, 2022

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, 2022.

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, 2022.

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, 2022.

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 2022. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4% during calendar year 2022. OP&F contributed 0.5% to fund these benefits.

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

Village of Loudonville
Ashland County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 9 – Debt

Debt outstanding at December 31, 2022 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
OWDA Loan - Water Plant	\$190,005	4.00%
OWDA Loan - Reservoir Project	581,499	2.70%
OPWC Loan - Water Treatment Plant Loan	39,125	0.00%
OWDA Loan - Storm Sewer	511,666	0.71%
Maintenance Building General Obligation Bonds	31,797	4.00%
Dump Truck	10,556	4.00%
Cruiser	23,103	2.47%
Total	<u>\$1,387,751</u>	

The Ohio Water Development Authority (OWDA) loans are for the water plant project, the water reservoir project, and the storm sewer project. The OWDA loans for the water projects are collateralized by water receipts, and the OWDA loan for the storm sewer project is collateralized by storm sewer 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.

Financed Purchases

The Village has entered into financed purchases agreements for vehicles (Dump Truck and Cruiser) where ownership of the underlying asset transfers to the Village by the end of the contract. The Village disbursed \$10,978 to pay these costs for the fiscal year ended December 31, 2022.

Amortization

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

Year Ending December 31:	OWDA Water Plant	OPWC Water Plant	OWDA Storm Sewer	OWDA Reservoir Project	Maintenance Building Bonds	Cruiser	Dump Truck
2023	\$ 67,504	\$ 15,650	\$ 58,788	\$ 42,881	\$ 32,061	\$ 11,982	\$ 10,978
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	0	0	58,788	42,881	0	0	0
2028 - 2032	0	0	235,153	214,404	0	0	0
2033 - 2037	0	0	0	214,404	0	0	0
2038 - 2042	0	0	0	85,762	0	0	0
Total	\$ 203,555	\$ 39,125	\$ 529,093	\$ 728,975	\$ 32,061	\$ 23,964	\$ 10,978

Village of Loudonville
Ashland County
Notes to the Financial Statements
For the Year Ended December 31, 2022

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 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:

Fund Balances	General	Special Revenue	Capital Projects	Permanent	Total
Nonspendable:					
Unclaimed Monies	\$ 36	\$ -	\$ -	\$ -	\$ 36
Corpus	-	-	-	100,356	100,356
Outstanding Encumbrances	<u>4,585</u>	<u>155,515</u>	<u>25,362</u>	<u>-</u>	<u>185,462</u>
Total	<u>\$ 4,621</u>	<u>\$ 155,515</u>	<u>\$ 25,362</u>	<u>\$ 100,356</u>	<u>\$ 285,854</u>

The fund balance of special revenue funds is either restricted or committed. The fund balance of debt service and capital projects funds 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, debt service, 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 ended in April 2023. During 2022, the Village received \$376,275 as an on-behalf of grant from another government, the Ashland County Commissioners. This amount was recorded in the applicable Special Revenue Fund. (American Rescue Plan Act Fund 2153)

**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, 2023 and 2022 and the related notes to the financial statements of the Village of Loudonville, Ashland County, (the Village) and have issued our report thereon dated May 21, 2024, wherein we noted the Village followed financial reporting provisions Ohio Rev. Code § 117.38 and Ohio Admin. Code 117-2-03(C) permit.

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.

May 21, 2024

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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 7/16/2024

65 East State 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