



Dave Yost • Auditor of State

VILLAGE OF LOUDONVILLE
ASHLAND COUNTY

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Dave Yost • Auditor of State

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

To the Village Council:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to an interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your Village to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. Our Report includes an adverse opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

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Dave Yost
Auditor of State

March 30, 2012

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Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

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

To the Village Council:

We have audited the accompanying financial statements of the Village of Loudonville, Ashland County, Ohio, (the Village) as of and for the years ended December 31, 2011 and 2010. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the Village has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Instead of the combined funds the accompanying financial statements present, GAAP require presenting entity wide statements and also presenting the Village's larger (i.e. major) funds separately. While the Village does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require Villages to reformat their statements. The Village has elected not to follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2011 and 2010 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2011 and 2010, or its changes in financial position or cash flows, where applicable for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances as of December 31, 2011 and 2010 of the Village of Loudonville, Ashland County, Ohio, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

As described in Note 2, during 2010 the Village of Loudonville adopted Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 30, 2012, 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. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State

March 30, 2012

**VILLAGE OF LOUDONVILLE
ASHLAND COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2011**

	General	Special Revenue	Capital Projects	Permanent	Totals (Memorandum Only)
Cash Receipts					
Property and Other Local Taxes	\$166,872	\$174,639			\$341,511
Municipal Income Tax	989,059				989,059
Intergovernmental	144,405	268,778	\$600,000		1,013,183
Special Assessments		118			118
Charges for Services	36,112	181,467			217,579
Fines, Licenses and Permits	33,014	20,031			53,045
Earnings on Investments	1,548	76		\$364	1,988
Donations	24,704	3,490	21,600		49,794
Miscellaneous	21,950	31,070			53,020
<i>Total Cash Receipts</i>	<u>1,417,664</u>	<u>679,669</u>	<u>621,600</u>	<u>364</u>	<u>2,719,297</u>
Cash Disbursements					
Current:					
Security of Persons and Property	93,063	693,846			786,909
Public Health Services	5,375		660		6,035
Leisure Time Activities	46,398				46,398
Community Environment	2,722		1,867		4,589
Transportation		210,788	5,311		216,099
General Government	666,226	17,210		42	683,478
Capital Outlay	12,500	219,390	605,632		837,522
Debt Service:					
Principal Retirement	44,364	107,455	600,000		751,819
Interest and Fiscal Charges	3,102	17,122	2,605		22,829
<i>Total Cash Disbursements</i>	<u>873,750</u>	<u>1,265,811</u>	<u>1,216,075</u>	<u>42</u>	<u>3,355,678</u>
<i>Excess of Cash Receipts Over (Under) Cash Disbursements</i>	<u>543,914</u>	<u>(586,142)</u>	<u>(594,475)</u>	<u>322</u>	<u>(636,381)</u>
Other Financing Receipts (Disbursements)					
Note Proceeds			600,000		600,000
Sale of Capital Assets		5,000			5,000
Transfers In	10,541	565,638	5,000		581,179
Transfers Out	(572,488)		(10,541)		(583,029)
Advances In	52,421		54,421		106,842
Advances Out	(54,421)		(52,421)		(106,842)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(563,947)</u>	<u>570,638</u>	<u>596,459</u>		<u>603,150</u>
<i>Net Change in Fund Cash Balances</i>	<u>(20,033)</u>	<u>(15,504)</u>	<u>1,984</u>	<u>322</u>	<u>(33,231)</u>
<i>Fund Cash Balances, January 1</i>	<u>36,785</u>	<u>218,247</u>	<u>22,753</u>	<u>108,090</u>	<u>385,875</u>
Fund Cash Balances, December 31					
Nonspendable	141			108,090	108,231
Restricted		223,387	24,737	322	248,446
Assigned	15,635				15,635
Unassigned (Deficit)	976	(20,644)			(19,668)
<i>Fund Cash Balances, December 31</i>	<u>\$16,752</u>	<u>\$202,743</u>	<u>\$24,737</u>	<u>\$108,412</u>	<u>\$352,644</u>

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

**VILLAGE OF LOUDONVILLE
ASHLAND COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL PROPRIETARY AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2011**

	Proprietary Fund Type	Fiduciary Fund Type	Totals
	Enterprise	Agency	(Memorandum Only)
Operating Cash Receipts			
Charges for Services	\$795,841		\$795,841
Mayor's Court Receipts		\$38,075	38,075
Village of Perrysville Taxes		159,154	159,154
Donations	19,336		19,336
Miscellaneous	23,597	400	23,997
<i>Total Operating Cash Receipts</i>	<u>838,774</u>	<u>197,629</u>	<u>1,036,403</u>
Operating Cash Disbursements			
Personal Services	301,941		301,941
Contractual Services	102,780		102,780
Supplies and Materials	97,710		97,710
Refunds	977		977
Distribution of Mayor's Court Receipts		37,701	37,701
Distribution of Village of Perrysville Taxes		159,154	159,154
<i>Total Operating Cash Disbursements</i>	<u>503,408</u>	<u>196,855</u>	<u>700,263</u>
<i>Operating Income</i>	<u>335,366</u>	<u>774</u>	<u>336,140</u>
Non-Operating Receipts (Disbursements)			
Intergovernmental	350,335		350,335
Special Assessments	733		733
Capital Outlay	(582,487)		(582,487)
Principal Retirement	(60,370)		(60,370)
Interest and Other Fiscal Charges	(62,577)		(62,577)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(354,366)</u>		<u>(354,366)</u>
<i>Income (Loss) before Transfers</i>	(19,000)	774	(18,226)
Transfers In	1,850		1,850
<i>Net Change in Fund Cash Balances</i>	(17,150)	774	(16,376)
<i>Fund Cash Balances, January 1</i>	<u>1,605,262</u>	<u>5,945</u>	<u>1,611,207</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$1,588,112</u></u>	<u><u>\$6,719</u></u>	<u><u>\$1,594,831</u></u>

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

**VILLAGE OF LOUDONVILLE
ASHLAND COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2010**

	General	Special Revenue	Capital Projects	Permanent	Totals (Memorandum Only)
Cash Receipts					
Property and Other Local Taxes	\$179,218	\$196,830	\$10,576		\$386,624
Municipal Income Tax	929,294				929,294
Intergovernmental	143,944	217,921	28,012		389,877
Charges for Services	19,641	169,012			188,653
Fines, Licenses and Permits	27,973	18,941			46,914
Earnings on Investments	2,084	124		\$519	2,727
Donations	33,816	14,450	5,122		53,388
Miscellaneous	18,226	20,661			38,887
<i>Total Cash Receipts</i>	<u>1,354,196</u>	<u>637,939</u>	<u>43,710</u>	<u>519</u>	<u>2,036,364</u>
Cash Disbursements					
Current:					
Security of Persons and Property	86,782	674,638			761,420
Public Health Services	5,389				5,389
Leisure Time Activities	72,393				72,393
Community Environment	2,145		608		2,753
Transportation		218,942	22,597		241,539
General Government	801,199	34,280		3,572	839,051
Capital Outlay	10,463	171,589	96,928		278,980
Debt Service:					
Principal Retirement	41,161	79,607			120,768
Interest and Fiscal Charges	5,987	15,916			21,903
<i>Total Cash Disbursements</i>	<u>1,025,519</u>	<u>1,194,972</u>	<u>120,133</u>	<u>3,572</u>	<u>2,344,196</u>
<i>Excess of Cash Receipts Over (Under) Cash Disbursements</i>	<u>328,677</u>	<u>(557,033)</u>	<u>(76,423)</u>	<u>(3,053)</u>	<u>(307,832)</u>
Other Financing Receipts (Disbursements)					
Sale of Capital Assets		5,273			5,273
Transfers In	4,576	466,000	44,111		514,687
Transfers Out	(544,740)	(4,576)			(549,316)
Advances In	10,576		10,576		21,152
Advances Out	(10,576)		(10,576)		(21,152)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(540,164)</u>	<u>466,697</u>	<u>44,111</u>		<u>(29,356)</u>
<i>Net Change in Fund Cash Balances</i>	<u>(211,487)</u>	<u>(90,336)</u>	<u>(32,312)</u>	<u>(3,053)</u>	<u>(337,188)</u>
<i>Fund Cash Balances, January 1</i>	<u>248,272</u>	<u>308,583</u>	<u>55,065</u>	<u>111,143</u>	<u>723,063</u>
Fund Cash Balances, December 31					
Nonspendable	141			108,090	108,231
Restricted		218,247	22,753		241,000
Assigned	18,285				18,285
Unassigned (Deficit)	18,359				18,359
<i>Fund Cash Balances, December 31</i>	<u>\$36,785</u>	<u>\$218,247</u>	<u>\$22,753</u>	<u>\$108,090</u>	<u>\$385,875</u>

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

**VILLAGE OF LOUDONVILLE
ASHLAND COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL PROPRIETARY AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2010**

	Proprietary Fund Type	Fiduciary Fund Type	Totals
	Enterprise	Agency	(Memorandum Only)
Operating Cash Receipts			
Charges for Services	\$798,307		\$798,307
Mayor's Court Receipts		\$33,430	33,430
Village of Perrysville Taxes		145,042	145,042
Donations	9,801		9,801
Miscellaneous	23,787		23,787
<i>Total Operating Cash Receipts</i>	<u>831,895</u>	<u>178,472</u>	<u>1,010,367</u>
Operating Cash Disbursements			
Personal Services	292,650		292,650
Contractual Services	97,117		97,117
Supplies and Materials	167,839		167,839
Refunds	241		241
Distribution of Mayor's Court Receipts		32,556	32,556
Distribution of Village of Perrysville Taxes		145,042	145,042
<i>Total Operating Cash Disbursements</i>	<u>557,847</u>	<u>177,598</u>	<u>735,445</u>
<i>Operating Income</i>	<u>274,048</u>	<u>874</u>	<u>274,922</u>
Non-Operating Receipts (Disbursements)			
Intergovernmental	33,314		33,314
Capital Outlay	(23,979)		(23,979)
Principal Retirement	(58,417)		(58,417)
Interest and Other Fiscal Charges	(64,540)		(64,540)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(113,622)</u>		<u>(113,622)</u>
<i>Income before Transfers</i>	160,426	874	161,300
Transfers In	34,629		34,629
<i>Net Change in Fund Cash Balances</i>	195,055	874	195,929
<i>Fund Cash Balances, January 1</i>	<u>1,410,207</u>	<u>5,071</u>	<u>1,415,278</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$1,605,262</u></u>	<u><u>\$5,945</u></u>	<u><u>\$1,611,207</u></u>

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

**VILLAGE OF LOUDONVILLE
ASHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010**

1. Summary of Significant Accounting Policies

A. Description of the Village

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of Loudonville, Ashland County, Ohio, (the Village) as a body corporate and politic. A publicly-elected six-member Council directs the Village. The Village provides water, sewer, and storm drainage utilities, park operations, street maintenance and repair, police and fire services, emergency medical services, theatre operations, cemetery operations, planning, and zoning.

The Village participates in the Ohio Government Risk Management Plan public entity risk pool. Note 10 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.

B. Accounting Basis

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

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

C. Cash

Certificates of deposit are valued at cost.

D. Fund Accounting

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

1. General Fund

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

2. Special Revenue Funds

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

Street Construction, Maintenance and Repair Fund - This fund receives gasoline tax and motor vehicle tax money for constructing, maintaining, and repairing Village streets.

**VILLAGE OF LOUDONVILLE
ASHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

D. Fund Accounting (Continued)

2. Special Revenue Funds (Continued)

Police Levy Fund - This fund receives levy monies for operating and maintaining the Village Police Department.

3. Capital Project Funds

These funds account for receipts restricted to acquiring or constructing major capital projects (except those financed through enterprise or trust funds). The Village had the following significant capital project funds:

Street Improvement Fund - This fund receives local income taxes transferred from the General Fund and permissive sales taxes which are used for improvements to Village streets.

Riverside Park Bridge Fund - This fund receives grant monies to construct a bridge at Riverside Park.

Cultural Facility Project Fund - This fund receives grant monies and donations to renovate the Village Hall/Theatre.

4. Permanent Fund

These funds account for assets held under a trust agreement that are legally restricted to the extent that only earnings, not principal, are available to support the Village's programs. The Village had the following permanent fund:

Cemetery Endowment Fund - This fund receives interest earned on the nonexpendable corpus from a trust agreement. These earnings are used for the general maintenance and upkeep of the Village's cemetery.

5. 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 - This fund receives charges for services from residents to cover water service costs.

Sewer Fund - This fund receives charges for services from residents to cover sewer service costs.

Storm Drainage Revenue Fund - This fund receives grant monies from the Ohio Public Works Commission to make improvements to the storm drains.

**VILLAGE OF LOUDONVILLE
ASHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

D. Fund Accounting (Continued)

6. Fiduciary Funds

Fiduciary funds include agency funds. Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Village disburses these funds as directed by the individual, organization or other government.

The Village's agency funds account for its Mayor's Court, which receives money from fines and forfeitures, for income taxes collected on behalf of the Village of Perrysville, and for contractor deposits which are refunded after satisfactory repairs are made to the streets.

E. Budgetary Process

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

1. Appropriations

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

2. Estimated Resources

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

3. 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. The Village did not encumber all commitments required by Ohio law.

A summary of 2011 and 2010 budgetary activity appears in Note 3.

VILLAGE OF LOUDONVILLE
ASHLAND COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)

1. Summary of Significant Accounting Policies (Continued)

F. 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:

1. **Nonspendable**

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

2. **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.

3. **Committed**

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

4. **Assigned**

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

5. **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.

**VILLAGE OF LOUDONVILLE
ASHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

G. Property, Plant, and Equipment

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

H. 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.

2. Change in Accounting Principle and Restatement of Cash Fund Balances

For fiscal year 2010, the Village reclassified certain funds as required by the revised fund classification guidance in Governmental Accounting Standard Board (GASB) Statement No. 54. Additionally, the Village reclassified its Cemetery Fund previously reported as an Enterprise Fund to a Special Revenue Fund. These reclassifications had the following effect on cash fund balances previously reported:

<u>Fund Type:</u>	<u>Cash Fund Balance at December 31, 2009</u>	<u>Adjustment for Change in Fund Structure</u>	<u>Cash Fund Balance at January 1, 2010</u>
Special Revenue	\$305,051	\$3,532	\$308,583
Capital Projects	49,158	5,907	55,065
Enterprise	1,419,646	(9,439)	1,410,207

3. Equity in Pooled Deposits

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

	<u>2011</u>	<u>2010</u>
Demand deposits	\$1,514,291	\$1,514,629
Certificates of deposit	433,184	482,453
Total deposits	<u>\$1,947,475</u>	<u>\$1,997,082</u>

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

**VILLAGE OF LOUDONVILLE
ASHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)**

4. Budgetary Activity

Budgetary activity for the years ended December 31, 2011 and 2010 follows:

2011 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,887,254	\$1,428,205	(\$459,049)
Special Revenue	1,326,637	1,250,307	(76,330)
Capital Projects	699,561	1,226,600	527,039
Enterprise	1,422,869	1,191,692	(231,177)
Permanent	600	364	(236)
Total	\$5,336,921	\$5,097,168	(\$239,753)

2011 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,952,085	\$1,461,873	\$490,212
Special Revenue	1,345,545	1,273,065	72,480
Capital Projects	700,814	1,226,790	(525,976)
Enterprise	1,802,687	1,337,476	465,211
Permanent	300	42	258
Total	\$5,801,431	\$5,299,246	\$502,185

2010 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$2,029,320	\$1,358,772	(\$670,548)
Special Revenue	1,359,517	1,109,212	(250,305)
Capital Projects	713,767	87,821	(625,946)
Enterprise	1,124,197	899,838	(224,359)
Permanent	2,400	519	(1,881)
Total	\$5,229,201	\$3,456,162	(\$1,773,039)

2010 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$2,191,431	\$1,588,544	\$602,887
Special Revenue	1,541,841	1,228,088	313,753
Capital Projects	1,059,077	121,857	937,220
Enterprise	1,520,656	778,049	742,607
Permanent	4,000	3,572	428
Total	\$6,317,005	\$3,720,110	\$2,596,895

**VILLAGE OF LOUDONVILLE
ASHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)**

4. Budgetary Activity (Continued)

The excess budgetary expenditures over appropriations for Capital Projects in 2011 resulted from an adjustment made during the Village's audit.

Contrary to Ohio Rev. Code Section 5705.42, the Village did not initially record Ohio Department of Transportation on-behalf grants as a receipt and disbursement in the Village's accounting records.

Contrary to Ohio Rev. Code Section 5705.36(A)(4), the Village had three funds at December 31, 2011 and four funds at December 31, 2010 with appropriations exceeding actual resources.

Contrary to Ohio Rev. Code Section 5705.39, the Village had three funds at December 31, 2010 with appropriations exceeding estimated resources.

Contrary to Ohio Admin. Code Section 117-2-02(c)(1), the Village's appropriations and estimated receipts did not agree to the system reports.

5. Property Tax

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

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

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

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

6. Local Income Tax

The Village levies a municipal income tax of 1.75 percent on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village.

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

**VILLAGE OF LOUDONVILLE
ASHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)**

7. Debt

Debt outstanding at December 31, 2011 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
OWDA Loan	\$702,956	4.56%
OPWC Water Treatment Plant Loan	211,275	0%
Mortgage Revenue Bonds	<u>641,900</u>	4.50%
Total	<u><u>\$1,556,131</u></u>	

The 2006 Ohio Water Development Authority (OWDA) loan relates to construction of a water plant project. The OWDA loan is collateralized by water and sewer receipts. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

The 2005 Ohio Public Works Commission (OPWC) loan, relates to the water plant improvement project.

The Storm Sewer Mortgage Revenue Bonds, relates to a sanitary sewer replacement project. The bonds are collateralized by a lien on the related properties and 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 balances in these funds at December 31, 2011 are \$38,931 and \$0, respectively.

The Village received an anticipation note of \$600,000 during 2011 to renovate the Village Hall and Theatre. The note was repaid during the year.

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

Year ending December 31:	<u>OWDA Loans</u>	<u>OPWC Water Treatment Plant Loan</u>	<u>Mortgage Revenue Bonds</u>
2012	\$68,484	\$15,650	\$38,785
2013	68,484	15,650	38,740
2014	68,484	15,650	38,876
2015	68,484	15,650	38,786
2016	68,484	15,650	38,777
2017 - 2021	342,419	78,250	194,010
2022 - 2026	273,935	54,775	193,978
2027 - 2031			194,046
2032 - 2036			193,998
2037 - 2041			194,005
2042			38,770
Total	<u><u>\$958,774</u></u>	<u><u>\$211,275</u></u>	<u><u>\$1,202,771</u></u>

**VILLAGE OF LOUDONVILLE
ASHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)**

8. Capital Leases

In prior years and in the current year, the Village entered into various capital leases for equipment. Future minimum lease payments are as follows:

Year ending December 31:	Pumper Truck	Police Cruiser	Ambulance	Durapatcher	Police Cruiser	Dump Truck	Phone System
2012	\$34,815	\$7,821	\$22,464	\$4,865	\$8,331	\$15,780	\$4,141
2013	34,815		22,464	4,865	8,331	15,780	4,141
2014	34,815		22,464	4,865		15,780	4,141
2015	34,815			4,865		15,780	4,140
2016	34,815						
Total minimum payments required	<u>174,075</u>	<u>7,821</u>	<u>67,392</u>	<u>19,460</u>	<u>16,662</u>	<u>63,120</u>	<u>16,563</u>
Less: amount representing interest	(19,107)	(264)	(5,036)	(1,804)	(950)	(5,846)	(1,482)
Future minimum lease payments	<u><u>\$154,968</u></u>	<u><u>\$7,557</u></u>	<u><u>\$62,356</u></u>	<u><u>\$17,656</u></u>	<u><u>\$15,712</u></u>	<u><u>\$57,274</u></u>	<u><u>\$15,081</u></u>

9. Retirement Systems

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

The Ohio Revised Code also prescribes contribution rates. For 2011 and 2010, OP&F participants contributed 10% of their wages. For 2011 and 2010, the Village contributed to OP&F an amount equal to 19.5% of full-time police members' and paramedics' wages. For 2011 and 2010, 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, 2011.

10. Risk Management

Risk Pool Membership

Prior to 2009, the Village belonged to the Ohio Government Risk Management Plan (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 was legally separate from its member governments.

On January 1, 2009, through an internal reorganization, the Plan created three separate non-profit corporations including:

- Ohio Plan Risk Management, Inc. (OPRM) - formerly known as the Ohio Risk Management Plan;
- Ohio Plan Healthcare Consortium, Inc. (OPHC) - formerly known as the Ohio Healthcare Consortium; and
- Ohio Plan, Inc. - mirrors the oversight function previously performed by the Board of Directors. The Board of Trustees consists of eleven (11) members that include appointed and elected officials from member organizations.

**VILLAGE OF LOUDONVILLE
ASHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)**

10. Risk Management (Continued)

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio. These coverage programs, referred to as Ohio Plan Risk management (“OPRM”), 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, except OPRM retains 40% (17.5% through October 31, 2010 and 15% through October 31, 2009) of the premium and losses on the first \$250,000 casualty treaty and 10% of the first \$1,000,000 property treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 761 members as of December 31, 2010 (the latest information available). The Village participates in this coverage.

The Plan formed the Ohio Plan Healthcare Consortium (“OPHC”), as authorized by Section 9.833 of the Ohio Revised Code. The OPHC was established to provide cost effective employee benefit programs for Ohio political sub-divisions and is a self-funded, group purchasing consortium that offers medical, dental, vision and prescription drug coverage as well as life insurance for its members. The OPHC is sold through seventeen appointed independent agents in the State of Ohio. Coverage programs are developed specific to each member’s healthcare needs and the related premiums for coverage are determined through the application of uniform underwriting criteria. Variable plan options are available to members. These plans vary primarily by deductibles, coinsurance levels, office visit co-pays and out-of pocket maximums. OPHC had 65 members as of December 31, 2010 (the latest information available). The Village does not participate in this coverage.

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

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

The Pool’s audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31: 2010 and 2009 (the latest information available), and include amounts for both OPRM and OPHC:

	2010		2009	
	OPRM	OPHC	OPRM	OPHC
Assets	\$12,036,541	\$1,355,131	\$11,176,186	\$1,358,802
Liabilities	(4,845,056)	(1,055,096)	(4,852,485)	(1,253,617)
Members’ Equity	<u>\$7,191,485</u>	<u>\$300,035</u>	<u>\$6,323,701</u>	<u>\$105,185</u>

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

**VILLAGE OF LOUDONVILLE
ASHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)**

11. Contingent Liabilities

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

12. Interfund Transfers

During 2011 the following transfers were made:

<u>Transfers To</u>	<u>Transfers From</u>			Total
	General	Riverside Park Bridge Capital Projects Fund	Cultural Facility Project Capital Projects Fund	
General Fund		\$8,500	\$2,041	\$10,541
Special Revenue:				
Street Construction Maintenance & Repair	\$171,338			171,338
Police Levy	330,500			330,500
Emergency Medical Services	63,800			63,800
Total Special Revenue	565,638			565,638
Capital Projects:				
Street Improvement	3,000			3,000
Public Restroom/Visitor Center	2,000			2,000
Total Capital Projects	5,000			5,000
Enterprise Fund:				
Theater	1,850			1,850
Total	\$572,488	\$8,500	\$2,041	\$583,029

**VILLAGE OF LOUDONVILLE
ASHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)**

12. Interfund Transfers (Continued)

During 2010 the following transfers were made:

<u>Transfers To</u>	<u>Transfers From</u>		Total
	General	FEMA Grant Special Revenue Fund	
General Fund		\$4,576	\$4,576
Special Revenue:			
Street Construction Maintenance & Repair	\$70,000		70,000
Police Levy	326,000		326,000
Cemetery	5,000		
Emergency Medical Services	65,000		65,000
Total Special Revenue	466,000		466,000
Capital Projects:			
Street Improvement	12,271		12,271
Riverside Park Bridge Fund	15,000		
Cultural Facility Project	16,840		16,840
Total Capital Projects	44,111		44,111
Enterprise Fund:			
Swimming Pool	27,629		27,629
Theater	7,000		7,000
Total Enterprise	34,629		34,629
Total	\$544,740	\$4,576	\$549,316

Transfers represent the allocation of unrestricted receipts collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. The transfers from the Special Revenue Fund to the General Fund were to close out excess project funds upon completion of the related projects.



Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' 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 the financial statements of the Village of Loudonville, Ashland County, Ohio, (the Village) as of and for the years ended December 31, 2011 and 2010, and have issued our report thereon dated March 30, 2012, wherein we noted the Village followed accounting practices the Auditor of State prescribes or permits rather than accounting principles generally accepted in the United States of America. We also noted the Village restated its fund balances due to changes in fund structure as a result of implementing Governmental Accounting Standards Board (GASB) Statement 54. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of opining on the effectiveness of the Village's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Village's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. Therefore, we cannot assure that we have identified all deficiencies, significant deficiencies or material weaknesses. However, as described in the accompanying schedule of findings we identified certain deficiencies in internal control over financial reporting, that we consider material weaknesses.

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 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 timely corrected. We consider findings 2011-001 through 2011-003 described in the accompanying schedule of findings to be material weaknesses.

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, providing an opinion 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 instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2011-003 through 2011-006.

We also noted certain matters not requiring inclusion in this report that we reported to the Village's management in a separate letter dated March 30, 2012.

The Village's response to the findings identified in our audit is described in the accompanying schedule of findings. We did not audit the Village's response and, accordingly, we express no opinion on it.

We intend this report solely for the information and use of management, Village Council, and others within the Village. We intend it for no one other than these specified parties.



Dave Yost
Auditor of State

March 30, 2012

**VILLAGE OF LOUDONVILLE
ASHLAND COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2011 AND 2010**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2011-001

Material Weakness – Bank Reconciliations:

A necessary step in the internal control over financial reporting is to reconcile the bank balance to the accounting record's cash balance. Bank reconciliation means accounting for the differences between the bank statement's balances and the cash and investment balances according to the entity's records at a specific point in time.

The general checking account bank reconciliation was not completed accurately or timely from January 2010 through September 2011. From October 2011 to December 2011, the checking account was reconciled and all reconciling items were identified. The Fiscal Officer was also able to go back and identify the errors for the December 31, 2010 reconciliation, and the adjustments were made in 2011 to correct these errors.

Additionally, the Village used a separate payroll checking account as a clearing account for its payroll and related withholding checks. Typically, payroll clearing accounts reconcile to a \$0 balance (i.e. the outstanding checks should equal the bank balance).

The payroll account was not reconciled during 2010, and attempts to reconcile 2011 resulted in a variance of \$3,979 as of December 31, 2011, which was transferred back to the general checking account to allow the payroll account to have a \$0 balance.

Without complete and accurate monthly bank reconciliations, the Village's internal control is significantly weakened which could hinder management's timely detection of errors or irregularities. The Village should perform complete monthly bank reconciliations in a timely manner for the general checking and payroll accounts. Also, copies of the monthly bank reconciliations and listing of outstanding checks and other reconciling items should be provided to the Council or Finance Committee each month for review. All unreconciled differences should be resolved as quickly as possible so they are not carried forward month-to-month and all reconciling matters should be appropriately documented.

FINDING NUMBER 2011-002

Material Weakness – Transaction Posting:

Our receipt and disbursement testing revealed the Village recorded several transactions incorrectly. Mispostings identified included, but were not limited, to the following:

- In 2010, \$36,910 of homestead and rollback receipts were incorrectly posted to the General Fund, Police Levy Fund, and Fire Levy Fund's Tax Receipts rather than Intergovernmental Receipts. These amounts were adjusted to the financial statements.
- In 2010, \$4,079 of grant receipts and \$14,250 of donations were incorrectly posted to the General Fund and Fire Levy Fund's Miscellaneous Receipts rather than Intergovernmental Receipts and Donation Receipts, respectively. The \$4,079 amount was not significant and was reported to management as an unadjusted item. The \$14,250 amount was adjusted to the financial statements.
- In 2011, a \$600,000 revenue anticipation note was obtained from a local bank to finance a state reimbursable grant project. The bank paid the vendor on the Village's behalf, and when the Village received its reimbursement from the State grant, the Village paid off bank note. The Village recorded \$600,000 of intergovernmental revenue for the grant receipts and \$600,000 of debt payments, but did not initially record \$600,000 of note proceeds and \$600,000 of capital outlay expenditures for the on-behalf of payments in the capital projects fund. These amounts were adjusted to the financial statements.
- In 2011 and 2010, \$124,577 and \$95,523, respectively, of principal and interest disbursements were incorrectly posted to various disbursement line items rather than debt service principal and interest disbursement line items. These amounts were adjusted to the financial statements.

The Village should exercise due care when posting transactions to help ensure receipts and disbursements are posted to the correct fund and account. Additionally, the Village Council or the Finance Committee should review monthly receipt and disbursement activity reports to help ensure transactions are properly accounted for and classified. This will help more accurately reflect the Village's financial activity and will aid in more accurate financial reporting.

FINDING NUMBER 2011-003

Material Weakness/Noncompliance Finding – On Behalf Grants:

Ohio Rev. Code Section 5705.42 requires in part, when the state or any department, division, agency authority or unit thereof makes a grant or loan of money to any political subdivision of this state to aid in paying the cost of any program, activity, or function of such subdivision, the amount is deemed appropriated and shall be recorded by the subdivision.

In 2010, the Village received \$28,012 of Ohio Department of Transportation (ODOT) moneys for bikeways involved with the Riverside Park Bridge Project. Under the terms of this agreement, ODOT makes some project payments directly to the vendor/contractor(s) on the Village's behalf. The Village did not recognize the \$28,012 as receipts and disbursements in their general ledger, thus understating their receipts and disbursements. An adjustment was made to the financial statements to recognize these receipts and disbursements.

FINDING NUMBER 2011-003 (Continued)

Any payments made on behalf of the Village by another party should be recorded by the Village as a receipt and disbursement in the same year the activity occurred. Failure to do so results in an understatement of receipts and disbursements. The Village should refer to Auditor of State Bulletin 2002-004 for additional guidance.

FINDING NUMBER 2011-004

Noncompliance Finding – Budgetary Accounting Records:

Ohio Admin. Code Section 117-2-02(c)(1) requires all local public offices to integrate the budgetary accounts, at the legal level of control or lower, into the financial accounting system. This includes designing an accounting system to provide ongoing and timely information on unrealized budgetary receipts and remaining uncommitted balances of appropriations.

Our testing revealed weaknesses with respect to the Village's budgetary processes, including, but not limited to the following:

- The December 31, 2010 estimated receipts from the Certificate of Estimated Resources did not agree to the accounting system for all funds tested. Variances ranged from (\$9,888) to \$110,778.
- The December 31, 2010 appropriations from the original appropriation ordinance plus amendments to appropriations did not agree to the accounting system for all funds tested. Variances ranged from (\$720) to \$943,501.

The Village should periodically review the computerized budgetary reports to ensure appropriation and estimated receipt amounts are posted accurately and timely. This will help the Village better monitor its budget performance and help ensure compliance with budgetary laws and regulations.

FINDING NUMBER 2011-005

Noncompliance Finding – Appropriations versus Actual Resources:

Ohio Rev. Code Section 5705.36(A)(4) requires upon determination by the fiscal officer of a subdivision that the revenue to be collected by the subdivision will be less than the amount included in an official certificate and the amount of the deficiency will reduce available resources below the level of current appropriations, the fiscal officer shall certify the amount of the deficiency to the commission, and the commission shall certify an amended certificate reflecting the deficiency.

FINDING NUMBER 2011-005 (Continued)

At December 31, 2011, total appropriations exceeded total actual resources (fund balance plus actual receipts) as follows:

<u>Funds</u>	<u>Total Actual Resources</u>	<u>Total Appropriations</u>	<u>Variance</u>
General Fund	\$866,463	\$934,531	(\$68,068)
<u>Special Revenue Funds:</u>			
Street Construction			
Maintenance & Repair	442,022	441,766	(256)
Police Levy	471,643	455,390	(16,253)

At December 31, 2010, total appropriations exceeded total actual resources (fund balance plus actual receipts) as follows:

<u>Funds</u>	<u>Total Actual Resources</u>	<u>Total Appropriations</u>	<u>Variance</u>
General Fund	\$1,025,703	\$2,022,591	(\$996,888)
<u>Special Revenue Funds:</u>			
Street Construction			
Maintenance & Repair	289,229	485,586	(196,357)
Police Levy	463,526	477,541	(14,015)
<u>Capital Projects Fund:</u>			
Cultural Facility Project	32,073	931,693	(899,620)

Village Council should monitor appropriations versus available resources to help avoid overspending. Additionally, if actual revenues are less than expected a reduced certificate of estimated resources should be obtained from the County Auditor and appropriations should be reduced accordingly.

FINDING NUMBER 2011-006

Noncompliance Finding - Appropriations versus Estimated Resources:

Ohio Rev. Code Section 5705.39 requires total appropriations from each fund to not exceed total estimated resources. This section also requires the Village to obtain a County Auditor's certificate showing total appropriations from each fund do not exceed the total official estimate or amended official estimate when amending estimated resources.

FINDING NUMBER 2011-006 (Continued)

At December 31, 2010, total appropriations exceeded total estimated resources as follows:

<u>Funds</u>	<u>Total Estimated Resources</u>	<u>Total Appropriations</u>	<u>Variance</u>
General Fund	\$1,116,041	\$2,022,591	(\$906,550)
Special Revenue Fund: Street Construction Maintenance and Repair	459,123	485,586	(26,463)
Capital Projects Fund: Cultural Facility Project	650,000	931,693	(281,693)

In addition, the Village did not always obtain certificates from the County Auditor showing appropriations from each fund do not exceed the total Amended Official Estimate of Resources for certain appropriation and estimated resource amendments. The Village Council should monitor appropriations versus estimated resources to help avoid overspending.

Officials' Response (Findings 2011-001 to 2011-006): The Loudonville Mayor and Village Council identified several deficiencies in the Village's financial reporting, and in August of 2011, took steps to remedy the deficiencies. Some of the deficiencies were corrected by year end, and others were corrected after year end, or are in the process of being corrected.

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**VILLAGE OF LOUDONVILLE
ASHLAND COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2011 AND 2010**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2009-001	Ohio Rev. Code Section 5705.42 – The Village did not record certain OPWC and ODOT monies paid on the Villages behalf.	No	Not Corrected. Repeated as 2011-003.
2009-002	Ohio Rev. Code Section 5705.14, .15 and .16 – The Village had transfers which were not in accordance with these ORC sections.	Yes	Finding no longer valid.
2009-003	Cash Reconciliation – The Village did not have complete and accurate bank reconciliations.	No	Not Corrected. Repeated as 2001-001.
2009-004	Mayor’s Court Procedures – The gross Mayor’s court receipt and disbursement activity was not initially posted to the Village’s accounting records	Yes	Finding no longer valid.

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VILLAGE OF LOUDONVILLE

ASHLAND COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
MAY 1, 2012