

***VILLAGE OF LOUDONVILLE***

**ASHLAND COUNTY, OHIO**

**AUDIT REPORT**

**For the Years Ended December 31, 2013 & 2012**







# Dave Yost • Auditor of State

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, 2012 through December 31, 2013. 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 "Dave Yost".

Dave Yost  
Auditor of State

September 4, 2014

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VILLAGE OF LOUDONVILLE  
ASHLAND COUNTY

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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 Financial Statements***

We have audited the accompanying financial statements and related notes of the Village of Loudonville, Ashland County, (the Village) as of and for the years ended December 31, 2013 and 2012.

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

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

***Auditor's Responsibility***

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

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

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

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

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

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

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

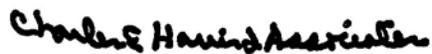
In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2013 and 2012, or changes in financial position or cash flows thereof for the years then ended.

***Opinion on Regulatory Basis of Accounting***

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of the Village of Loudonville, Ashland County as of December 31, 2013 and 2012, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 1.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated June 20, 2014, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.



***Charles E. Harris & Associates, Inc.***  
June 20, 2014

**VILLAGE OF LOUDONVILLE  
ASHLAND COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2013**

	<b>Governmental Fund Types</b>				<b>Totals (Memorandum Only)</b>
	<b>General</b>	<b>Special Revenue</b>	<b>Capital Projects</b>	<b>Permanent</b>	
<b>Cash Receipts</b>					
Property and Other Local Taxes	\$ 149,033	\$ 166,721	-	-	\$ 315,754
Municipal Income Tax	1,043,051	-	-	-	1,043,051
Intergovernmental	117,313	165,739	\$ 52,368	-	335,420
Charges for Services	40,718	206,528	-	-	247,246
Fines, Licenses and Permits	25,278	2,839	-	-	28,117
Earnings on Investments	889	272	-	\$ 238	1,399
Miscellaneous	49,825	7,900	-	-	57,725
<i>Total Cash Receipts</i>	<u>1,426,107</u>	<u>549,999</u>	<u>52,368</u>	<u>238</u>	<u>2,028,712</u>
<b>Cash Disbursements</b>					
Current:					
Security of Persons and Property	68,070	848,837	-	-	916,907
Public Health Services	5,285	16,769	-	-	22,054
Leisure Time Activities	39,267	-	-	-	39,267
Community Environment	5,696	-	-	-	5,696
Transportation	137	275,114	-	-	275,251
General Government	311,116	1,505	-	-	312,621
Capital Outlay	5,604	50,668	55,168	-	111,440
Debt Service:					
Principal Retirement	3,698	85,916	-	-	89,614
Interest and Fiscal Charges	442	9,338	-	-	9,780
<i>Total Cash Disbursements</i>	<u>439,315</u>	<u>1,288,147</u>	<u>55,168</u>	<u>-</u>	<u>1,782,630</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	986,792	(738,148)	(2,800)	238	246,082
<b>Other Financing Receipts (Disbursements)</b>					
Sale of Capital Assets	-	3,670	-	-	3,670
Transfers In	-	789,925	-	-	789,925
Transfers Out	(806,225)	-	-	-	(806,225)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(806,225)</u>	<u>793,595</u>	<u>-</u>	<u>-</u>	<u>(12,630)</u>
<i>Net Change in Fund Cash Balances</i>	180,567	55,447	(2,800)	238	233,452
<i>Fund Cash Balances, January 1</i>	<u>243,307</u>	<u>295,836</u>	<u>24,977</u>	<u>108,736</u>	<u>672,856</u>
<b>Fund Cash Balances, December 31</b>					
Nonspendable	2,247	-	-	108,090	110,337
Restricted	-	351,283	22,177	884	374,344
Committed	2,000	-	-	-	2,000
Assigned	13,284	-	-	-	13,284
Unassigned	406,343	-	-	-	406,343
<i>Fund Cash Balances, December 31</i>	<u>\$ 423,874</u>	<u>\$ 351,283</u>	<u>\$ 22,177</u>	<u>\$ 108,974</u>	<u>\$ 906,308</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  
ALL PROPRIETARY AND FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2013**

	<b>Proprietary Fund Types</b>	<b>Fiduciary Fund Types</b>	<b>Totals (Memorandum Only)</b>
	<b>Enterprise</b>	<b>Agency</b>	
<b>Operating Cash Receipts</b>			
Property and Other Local Taxes	-	\$ 164,019	\$ 164,019
Charges for Services	\$ 804,623	-	804,623
Fines, Licenses and Permits	-	33,526	33,526
Miscellaneous	700	15,632	16,332
<i>Total Operating Cash Receipts</i>	<u>805,323</u>	<u>213,177</u>	<u>1,018,500</u>
<b>Operating Cash Disbursements</b>			
Personal Services	276,464	-	276,464
Employee Fringe Benefits	107,055	-	107,055
Contractual Services	93,052	-	93,052
Supplies and Materials	90,033	-	90,033
Distribution of Mayor's Court Receipts	-	32,184	32,184
Distribution of Village of Perrysville Taxes	-	164,019	164,019
Other	-	15,132	15,132
<i>Total Operating Cash Disbursements</i>	<u>566,604</u>	<u>211,335</u>	<u>777,939</u>
<i>Operating Income (Loss)</i>	238,719	1,842	240,561
<b>Non-Operating Receipts (Disbursements)</b>			
Miscellaneous Receipts	750	-	750
Capital Outlay	(28,099)	-	(28,099)
Principal Retirement	(64,494)	-	(64,494)
Interest and Other Fiscal Charges	(58,380)	-	(58,380)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(150,223)</u>	<u>-</u>	<u>(150,223)</u>
<i>Income (Loss) before Transfers</i>	88,496	1,842	90,338
Transfers In	55,040	-	55,040
Transfers Out	(38,740)	-	(38,740)
<i>Net Change in Fund Cash Balances</i>	104,796	1,842	106,638
<i>Fund Cash Balances, January 1</i>	<u>1,695,528</u>	<u>1,550</u>	<u>1,697,078</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 1,800,324</u>	<u>\$ 3,392</u>	<u>\$ 1,803,716</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  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2012**

	<b>Governmental Fund Types</b>				<b>Totals (Memorandum Only)</b>
	<b>General</b>	<b>Special Revenue</b>	<b>Capital Projects</b>	<b>Permanent</b>	
<b>Cash Receipts</b>					
Property and Other Local Taxes	\$ 153,618	\$ 167,456	-	-	\$ 321,074
Municipal Income Tax	976,745	-	-	-	976,745
Intergovernmental	164,783	179,316	\$ 1,498	-	345,597
Charges for Services	28,500	211,473	-	-	239,973
Fines, Licenses and Permits	21,498	2,104	-	-	23,602
Earnings on Investments	1,711	54	-	\$ 324	2,089
Miscellaneous	95,699	18,568	2,800	-	117,067
<i>Total Cash Receipts</i>	<u>1,442,554</u>	<u>578,971</u>	<u>4,298</u>	<u>324</u>	<u>2,026,147</u>
<b>Cash Disbursements</b>					
Current:					
Security of Persons and Property	69,005	683,791	-	-	752,796
Public Health Services	5,300	17,901	-	-	23,201
Leisure Time Activities	39,224	-	-	-	39,224
Community Environment	4,304	-	593	-	4,897
Transportation	243	173,773	-	-	174,016
General Government	612,017	-	-	-	612,017
Capital Outlay	4,240	23,184	12,165	-	39,589
Debt Service:					
Principal Retirement	3,558	81,445	-	-	85,003
Interest and Fiscal Charges	582	12,626	-	-	13,208
<i>Total Cash Disbursements</i>	<u>738,473</u>	<u>992,720</u>	<u>12,758</u>	<u>-</u>	<u>1,743,951</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	704,081	(413,749)	(8,460)	324	282,196
<b>Other Financing Receipts (Disbursements)</b>					
Sale of Capital Assets	35,550	2,466	-	-	38,016
Transfers In	-	504,376	10,700	-	515,076
Transfers Out	(533,076)	-	-	-	(533,076)
Advances In	20,000	-	-	-	20,000
Advances Out	-	-	(2,000)	-	(2,000)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(477,526)</u>	<u>506,842</u>	<u>8,700</u>	<u>-</u>	<u>38,016</u>
<i>Net Change in Fund Cash Balances</i>	226,555	93,093	240	324	320,212
<i>Fund Cash Balances, January 1</i>	<u>16,752</u>	<u>202,743</u>	<u>24,737</u>	<u>108,412</u>	<u>352,644</u>
<b>Fund Cash Balances, December 31</b>					
Nonspendable	2,193	-	-	108,090	110,283
Restricted	-	295,836	24,977	646	321,459
Committed	6,268	-	-	-	6,268
Assigned	16,187	-	-	-	16,187
Unassigned	218,659	-	-	-	218,659
<i>Fund Cash Balances, December 31</i>	<u>\$ 243,307</u>	<u>\$ 295,836</u>	<u>\$ 24,977</u>	<u>\$ 108,736</u>	<u>\$ 672,856</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  
ALL PROPRIETARY AND FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2012**

	<b>Proprietary Fund Types</b>	<b>Fiduciary Fund Types</b>	<b>Totals (Memorandum Only)</b>
	<b>Enterprise</b>	<b>Agency</b>	
<b>Operating Cash Receipts</b>			
Property and Other Local Taxes	-	\$ 152,930	\$ 152,930
Charges for Services	\$ 807,601	-	807,601
Fines, Licenses and Permits	-	28,936	28,936
Miscellaneous	950	16,919	17,869
<i>Total Operating Cash Receipts</i>	<u>808,551</u>	<u>198,785</u>	<u>1,007,336</u>
<b>Operating Cash Disbursements</b>			
Personal Services	271,119	-	271,119
Employee Fringe Benefits	97,642	-	97,642
Contractual Services	96,806	-	96,806
Supplies and Materials	106,052	-	106,052
Distribution of Mayor's Court Receipts	-	29,797	29,797
Distribution of Village of Perrysville Taxes	-	152,930	152,930
Other	-	21,227	21,227
<i>Total Operating Cash Disbursements</i>	<u>571,619</u>	<u>203,954</u>	<u>775,573</u>
<i>Operating Income (Loss)</i>	236,932	(5,169)	231,763
<b>Non-Operating Receipts (Disbursements)</b>			
Intergovernmental	9,864	-	9,864
Miscellaneous Receipts	16,805	-	16,805
Capital Outlay	(33,266)	-	(33,266)
Principal Retirement	(62,394)	-	(62,394)
Interest and Other Fiscal Charges	(60,525)	-	(60,525)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(129,516)</u>	<u>-</u>	<u>(129,516)</u>
<i>Income (Loss) before Transfers and Advances</i>	107,416	(5,169)	102,247
Transfers In	220,275	-	220,275
Transfers Out	(202,275)	-	(202,275)
Advances Out	(18,000)	-	(18,000)
<i>Net Change in Fund Cash Balances</i>	107,416	(5,169)	102,247
<i>Fund Cash Balances, January 1</i>	<u>1,588,112</u>	<u>6,719</u>	<u>1,594,831</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 1,695,528</u>	<u>\$ 1,550</u>	<u>\$ 1,697,078</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, 2013 AND 2012**

**1. Summary of Significant Accounting Policies**

**A. Description of the Entity**

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 9 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. Deposits and Investments**

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

The Village values certificates of deposit at cost.

**D. Fund Accounting**

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

**1. General Fund**

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

**VILLAGE OF LOUDONVILLE  
ASHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013 AND 2012  
(Continued)**

**1. Summary of Significant Accounting Policies (continued)**

**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.

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 fund:

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.

**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, 2013 AND 2012  
(Continued)**

**1. Summary of Significant Accounting Policies (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.

A summary of 2013 and 2012 budgetary activity appears in Note 3.

**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:

**VILLAGE OF LOUDONVILLE  
ASHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013 AND 2012  
(Continued)**

**1. Summary of Significant Accounting Policies (continued)**

**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 or ordinance). The Village must adhere to these commitments unless the Council amends the resolution or ordinance. 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.

**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.

**VILLAGE OF LOUDONVILLE  
ASHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013 AND 2012  
(Continued)**

**2. 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:

	2013	2012
Demand deposits	\$2,350,160	\$2,010,216
Certificates of Deposit	\$359,864	\$359,718
Total deposits	\$2,710,024	\$2,369,934

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

**3. Budgetary Activity**

Budgetary activity for the years ending December 31, 2013 and 2012 follows:

2013 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,380,922	\$1,426,107	\$45,185
Special Revenue	1,372,957	1,343,594	(29,363)
Capital Projects	83,500	52,368	(31,132)
Enterprise	875,440	861,113	(14,327)
Permanent	200	238	38
Total	\$3,713,019	\$3,683,420	(\$29,599)

2013 Budgeted vs. Actual Budgetary Basis Disbursements			
Fund Type	Appropriation Authority	Budgetary Disbursements	Variance
General	\$1,493,147	\$1,258,824	\$234,323
Special Revenue	1,411,646	1,340,181	71,465
Capital Projects	105,000	55,168	49,832
Enterprise	991,933	781,498	210,435
Permanent	0	0	0
Total	\$4,001,726	\$3,435,671	\$566,055

**VILLAGE OF LOUDONVILLE  
ASHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013 AND 2012  
(Continued)**

**3. Budgetary Activity (continued)**

2012 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,853,329	\$1,478,104	(\$375,225)
Special Revenue	1,054,002	1,085,813	31,811
Capital Projects	12,500	14,998	2,498
Enterprise	877,687	1,055,495	177,808
Permanent	200	324	124
Total	\$3,797,718	\$3,634,734	(\$162,984)

2012 Budgeted vs. Actual Budgetary Basis Disbursements			
Fund Type	Appropriation Authority	Budgetary Disbursements	Variance
General	\$1,788,143	\$1,287,736	\$500,407
Special Revenue	1,018,346	1,006,851	11,495
Capital Projects	14,617	12,758	1,859
Enterprise	1,082,965	946,066	136,899
Permanent	100	0	100
Total	\$3,904,171	\$3,253,411	\$650,760

**4. 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.

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

**5. 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, 2013 AND 2012  
(Continued)**

**6. Debt**

Debt outstanding at December 31, 2013 was as follows:

	Principal	Interest Rate
OWDA Loan	\$627,568	4.56%
OPWC Water Treatment Plant Loan	179,975	0%
Mortgage Revenue Bonds	621,700	4.50%
Total	\$1,429,243	

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 relate 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, 2013 are \$38,931 and \$38, respectively.

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

Year ending December 31:	OWDA Loan	OPWC Water Treatment Loan	Mortgage Revenue Bonds
2014	\$ 68,484	\$ 15,650	38,876
2015	68,484	15,650	38,786
2016	68,484	15,650	38,777
2017	68,484	15,650	38,857
2018	68,484	15,650	38,725
2019-2023	342,319	78,250	194,010
2024-2028	136,967	23,475	193,978
2029-2033			194,046
2034-2038			194,005
2039-2042	-	-	155,186
Total	\$ 821,706	\$ 179,975	\$ 1,125,246

**VILLAGE OF LOUDONVILLE  
ASHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013 AND 2012  
(Continued)**

**7. Capital Leases**

The Village has entered into various capital leases for equipment. Future minimum lease payments are as follows:

Year ending December 31:	Pumper Truck	Ambulance #1	Durapatcher	Dump Truck	Phone System	Ambulance #2	Police Cruiser
2014	\$ 34,815	\$ 22,464	\$ 4,865	\$ 15,780	\$ 4,141	\$ 29,902	\$ 8,322
2015	34,815		4,865	15,780	4,140	29,902	8,322
2016	34,815					29,902	8,322
2017						29,901	
2018						29,901	
Total	<u>\$ 104,445</u>	<u>\$ 22,464</u>	<u>\$ 9,730</u>	<u>\$ 31,560</u>	<u>\$ 8,281</u>	<u>\$ 149,508</u>	<u>\$ 24,966</u>

Principal paid on leases was \$174,617 in 2012 and 2013.

**8. Retirement Systems**

The Village's full-time police officers and full-time firefighters and paramedics belong to the 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. From January 1, 2012 through July 1, 2013, OP&F plan members were required to contribute 10% of their annual covered salary. From July 2, 2013 through December 31, 2013, OP&F plan members were required to contribute 10.75% of their annual covered salary. Throughout 2013, the Village was required to contribute 19.5% for police officers and 24% for firefighters and paramedics. For 2013 and 2012, 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, 2013.

**9. Risk Management**

**Risk Pool Membership**

The Village belongs to the Ohio Plan Risk Management, Inc. (OPRM) - formerly known as 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 is legally separate from its member governments.

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

**VILLAGE OF LOUDONVILLE  
ASHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013 AND 2012  
(Continued)**

**9. Risk Management (continued)**

OPRM coverage programs are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss, except OPRM retains 41.5% (effective November 1, 2011) of the premium and losses on the first \$250,000 casualty treaty and 10% of the first \$1,000,000 property treaty. Effective November 1, 2012 the plan increased its retention to 50% of the first \$250,000 casualty treaty. The Plan's property retention remained unchanged from prior years. This change was made to balance the reinsurance market conditions. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 767 and 765 members as of December 31, 2012 and 2011, respectively.

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, 2012 and 2011 (the latest information available).

	<u>2012</u>	<u>2011</u>
Assets	\$13,100,381	\$12,501,280
Liabilities	(6,687,193)	(5,328,761)
Members' Equity	<u>\$6,413,188</u>	<u>\$7,172,519</u>

You can read the complete audited financial statements for OPRM at the Plan's website, [www.ohioplan.org](http://www.ohioplan.org).

**10. Contingent Liabilities**

Management believes there are no pending claims or lawsuits.

**11. Interfund Transfers and Advances**

The Village had transfers and advances during both 2012 and 2013 that were to subsidize operations or to pay debt. All interfund activity was made in accordance with the Ohio Revised Code.

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

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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, OH 44842

To the Village Council:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the Village of Loudonville, Ashland County (the Village) as of and for the years ended December 31, 2013 and 2012, and the related notes to the financial statements and have issued our report thereon dated June 20, 2014, wherein we noted the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

***Internal Control Over Financial Reporting***

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

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

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

***Compliance and Other Matters***

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

***Purpose of this Report***

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

*Charles E. Harris and Associates*

***Charles E. Harris and Associates, Inc.***  
June 20, 2014

**VILLAGE OF LOUDONVILLE  
ASHLAND, OHIO**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
December 31, 2013 and 2012**

FINDING NUMBER	FUNDING SUMMARY	FULLY CORRECTED?	Not Corrected. Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain
2011-001	Material Weakness – Bank Reconciliations	Yes	Finding No Longer Valid
2011-002	Material Weakness – Transaction Posting	Yes	Finding No Longer Valid
2011-003	Material Weakness/Non-compliance – On Behalf Grants	Yes	Finding No Longer Valid
2011-004	Noncompliance – Budgetary Accounting Records	Yes	Finding No Longer Valid
2011-005	Noncompliance – Appropriations vs. Actual Resources	Yes	Finding No Longer Valid
2011-006	Noncompliance – Appropriations vs. Estimated Resources	Yes	Finding No Longer Valid

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# Dave Yost • Auditor of State

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  
SEPTEMBER 16, 2014