

# **VILLAGE OF DANVILLE**

**KNOX COUNTY, OHIO**

**REGULAR AUDIT**

**FOR THE YEARS ENDED  
DECEMBER 31, 2020 AND 2019**



OHIO AUDITOR OF STATE  
KEITH FABER



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Village Council  
Village of Danville  
512 S. Market St  
Danville, OH 43014

We have reviewed the *Independent Auditor's Report* of the Village of Danville, Knox County, prepared by Julian & Grube, Inc., for the audit period January 1, 2019 through December 31, 2020. 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 Danville is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Keith Faber".

Keith Faber  
Auditor of State  
Columbus, Ohio

July 27, 2021

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**VILLAGE OF DANVILLE  
KNOX COUNTY, OHIO**

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## Independent Auditor's Report

Village of Danville  
Knox County  
512 South Market Street  
Danville, Ohio 43014

To the Members of Council and the Mayor:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the cash balances, receipts, and disbursements for each governmental and proprietary fund type as of and for the year ended December 31, 2020 and for each governmental and proprietary fund type as of and for the year ended December 31, 2019 and the related notes of the Village of Danville, Knox County, Ohio.

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

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

### ***Auditor's Responsibility***

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 financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Village of Danville's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Village of Danville's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

As described in Note 2, the financial statements are prepared by the Village of Danville, on the basis of the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is a basis of accounting other than accounting principles generally accepted in the United States of America (GAAP), to meet the requirements of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D).

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 2 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Though the Village of Danville does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis is in the "Unmodified Opinion on Regulatory Basis of Accounting" paragraph below.

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

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village of Danville, as of December 31, 2020 and 2019, or changes in net position, or cash flows thereof for the years then ended.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts, and disbursements for each governmental and proprietary fund type as of and for the year ended December 31, 2020 and for each governmental and proprietary fund type as of and for the year ended December 31, 2019, and the related notes of the Village of Danville, in accordance with the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) as described in Note 2.

***Emphasis of Matters***

As discussed in Note 12 to the financial statements, during 2020, the Village of Danville adopted a change in accounting principle and removed the fund balance classifications from the Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis) – All Governmental Fund Types. As described in Note 13 to the financial statements, during 2020, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Village of Danville. Our opinions are not modified with respect to these matters.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated June 28, 2021, on our consideration of the Village of Danville's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village of Danville's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village of Danville's internal control over financial reporting and compliance.



Julian & Grube, Inc.  
June 28, 2021



**VILLAGE OF DANVILLE  
KNOX COUNTY, OHIO**

COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2020

	Governmental Fund Types				Total (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
Cash receipts:					
Property and Other Local Taxes	\$ 31,194	\$ 56,307	\$ -	\$ -	\$ 87,501
Municipal Income Tax	245,764	122,881	-	-	368,645
Intergovernmental	26,193	167,241	-	-	193,434
Charges for Services	1,181	-	-	-	1,181
Fines, Licenses and Permits	18,734	6,000	-	-	24,734
Earnings on Investments	287	-	-	-	287
Miscellaneous	29,280	68,361	-	-	97,641
Total cash receipts	<u>352,633</u>	<u>420,790</u>	<u>-</u>	<u>-</u>	<u>773,423</u>
Cash disbursements:					
Current:					
Security of Persons and Property	19,426	319,875	-	-	339,301
Public Health Services	289	-	-	-	289
Leisure Time Activities	199	16,147	-	-	16,346
Community Environment	4,000	-	-	-	4,000
Basic Utility Services	-	1,528	-	-	1,528
Transportation	-	70,840	-	-	70,840
General Government	189,572	36,677	-	-	226,249
Capital Outlay	-	59,899	-	-	59,899
Debt Service:					
Principal Retirement	1,301	6,470	-	-	7,771
Interest and Fiscal Charges	245	893	-	-	1,138
Total cash disbursements	<u>215,032</u>	<u>512,329</u>	<u>-</u>	<u>-</u>	<u>727,361</u>
Excess of receipts over (under) disbursements	<u>137,601</u>	<u>(91,539)</u>	<u>-</u>	<u>-</u>	<u>46,062</u>
Other Financing Receipts (Disbursements):					
Other Debt Proceeds	-	62,000	-	-	62,000
Transfers In	-	83,639	-	-	83,639
Transfers Out	(83,639)	-	-	-	(83,639)
Other Financing Sources	3,169	-	-	-	3,169
Other Financing Uses	(70)	(2,462)	-	-	(2,532)
Total Other Financing Receipts (Disbursements)	<u>(80,540)</u>	<u>143,177</u>	<u>-</u>	<u>-</u>	<u>62,637</u>
Net change in fund cash balances	57,061	51,638	-	-	108,699
Fund cash balances, January 1, 2020	<u>76,457</u>	<u>73,692</u>	<u>430</u>	<u>349</u>	<u>150,928</u>
Fund cash balances, December 31, 2020	<u>\$ 133,518</u>	<u>\$ 125,330</u>	<u>\$ 430</u>	<u>\$ 349</u>	<u>\$ 259,627</u>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

**VILLAGE OF DANVILLE  
KNOX COUNTY, OHIO**

COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)  
PROPRIETARY FUND TYPE  
FOR THE YEAR ENDED DECEMBER 31, 2020

	Proprietary Fund Type
	Enterprise
Operating cash receipts:	
Charges for Services	\$ 410,917
Miscellaneous	23,222
Total operating cash receipts	434,139
Operating cash disbursements:	
Personal Services	100,454
Employee Fringe Benefits	63,100
Contractual Services	90,589
Supplies and Materials	36,023
Other	8
Total operating cash disbursements	290,174
Operating income (loss)	143,965
Nonoperating cash receipts/(disbursements):	
Special Assessments	142,141
Capital Outlay	(59,180)
Other Financing Uses	(437)
Principal Retirement	(165,131)
Interest and Other Fiscal Charges	(1,823)
Total nonoperating cash receipts/(disbursements)	(84,430)
Net change in fund cash balances	59,535
Fund cash balances, January 1, 2020	558,956
Fund cash balances, December 31, 2020	\$ 618,491

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

***Village of Danville, Ohio Knox County***  
Notes to the Financial Statements  
For the Year Ended December 31, 2020

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**Note 1 – Reporting Entity**

The Village of Danville, Knox County, Ohio (the Village), is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village is directed by a six-member Council elected at large for four year terms. The Mayor is elected to a four-year term, serves as the President of Council and votes only to break a tie. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the Village. The Village provides general government services, water and sewer utilities, maintenance of Village streets and bridges, park operations and police services. The Eastern Knox County Joint Fire District provides fire and EMS services to the Village.

**Joint Ventures, Jointly Governed Organizations, Public Entity Risk Pools and Related Organizations**

The Village participates in a joint venture, public entity risk pool and is associated with a related organization. Notes 6, 10 and 11 to the financial statements provide additional information for these entities. The Village's management believes these financial statements present all activities for which the Village is financially accountable.

**Note 2 – Summary of Significant Accounting Policies**

**Basis of Presentation**

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

**Fund Accounting**

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

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

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

**Police Fund** – The Police Fund accounts for and reports restricted income tax monies received from residents of the Village for police protection and services within the Village.

**Debt Service Fund** – This fund is to account for and report financial resources restricted for the payment of debt obligations.

**Capital Projects Fund** – This fund accounts for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities or other capital assets.

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

***Village of Danville, Ohio Knox County***  
Notes to the Financial Statements  
For the Year Ended December 31, 2020

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

Fiduciary Funds – Fiduciary funds include private purpose trust funds and custodial funds. Trust funds account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Village’s own programs. Custodial funds are used to report fiduciary activity that is not required to be reported in a trust fund. The Village does not have any fiduciary funds.

Basis of Accounting

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

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

Budgetary Process

The Ohio Revised Code requires that each fund be budgeted annually.

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. Unencumbered appropriations lapse at year end.

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

Encumbrances - The Ohio Revised Code requires the Village to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated. The Village did not encumber all commitments required by Ohio law. Management has included audit adjustments in the accompanying budgetary presentations for material items that should have been encumbered.

A summary of 2020 budgetary activity appears in Note 3.

Capital Assets

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

Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

**Village of Danville, Ohio Knox County**  
Notes to the Financial Statements  
For the Year Ended December 31, 2020

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**Fund Balance**

Fund balance is divided into five classifications based primarily on the extent to which the Village must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

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

**Restricted** - Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

**Committed** - Council can *commit* amounts via formal action (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.

**Assigned** - Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end.

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

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

For regulatory purposes, limited disclosure related to fund balance is included in Note 16.

**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 does not have investments.

**Note 3 - Budgetary Activity**

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

2020 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$304,480	\$355,802	\$51,322
Special Revenue	461,603	566,429	104,826
Enterprise	555,598	576,280	20,682
Total	\$1,321,681	\$1,498,511	\$176,830

**Village of Danville, Ohio Knox County**  
Notes to the Financial Statements  
For the Year Ended December 31, 2020

2020 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$362,959	\$299,185	\$63,774
Special Revenue	534,585	520,636	13,949
Debt Service	430	0	430
Enterprise	967,678	520,707	446,971
Total	\$1,865,652	\$1,340,528	\$525,124

**Note 4 – Deposits**

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

Demand deposits	2020 \$878,118
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Deposits

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

**Note 5 – Taxes**

Property Taxes

Real property taxes become a lien on January 1 preceding the October 1 date for which the Council adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction amounts the State pays as Intergovernmental Receipts. Payments are due to the County 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.

Income Taxes

The Village levies a 1.5 percent income tax whose proceeds are placed into the General Fund and Police Fund. The Village levies and collects the tax on all income earned within the Village as well as on incomes of residents earned outside the Village. In the latter case, the Village allows a credit of the lesser of actual taxes paid to another Village or 100 percent of the 1.5 percent tax rate on taxable income. Employers within the Village are required to withhold income tax on employee earnings and remit the tax to the Village at least quarterly. Corporations and other individual taxpayers are also required to pay their estimated tax at least quarterly and file a final return annually. The Village has contracted with the Regional Income Tax Agency (RITA) to collect payments and process tax returns.

**Village of Danville, Ohio Knox County**  
Notes to the Financial Statements  
For the Year Ended December 31, 2020

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**Note 6 – Risk Management**

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

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

OPRM coverage programs are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss. Effective November 1, 2017, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. The OPRM is also participated in a property primary excess of loss treaty. This treaty reimbursed the OPRM 30% for losses between \$200,000 and \$1,000,000. The reimbursement is based on the amount of loss between \$200,000 and \$1,000,000. Effective November 1, 2018, the OPRM the property retention remained unchanged, however, the Plan assumed 100% of the first \$250,000 casualty treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. Effective November 1, 2019, the OPRM's property retention increased from 30% to 33%, while the casualty treaty remains unchanged and still assumes 100% of the first \$250,000 casualty treaty. OPRM had 776 members as of December 31, 2019, the latest information available.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2019, the latest information available.

Assets	\$ 15,920,504
Liabilities	( 11,329,011)
Members' Equity	<u> \$ 4,591,493</u>

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

**Note 7 – Defined Benefit Pension Plans**

**Ohio Public Employees Retirement System**

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

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10% of their gross salaries and the Village contributed an amount equaling 14% of participants' gross salaries. The Village has paid all contributions required through December 31, 2020.

**Social Security**

Nine Village employees contribute to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Village contributed an amount equal to 6.2 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2020.

**Village of Danville, Ohio Knox County**  
Notes to the Financial Statements  
For the Year Ended December 31, 2020

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**Ohio Police and Fire Retirement System**

Some Village full-time Police Officers belong to the Ohio Police and Fire Pension Fund (OP&F). OP&F is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan’s benefits, which include postemployment health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25 percent of their wages. The Village contributed to OP&F an amount equal to 19.5 percent of full-time police members’ wages. The Village has paid all contributions required through December 31, 2020.

**Note 8 – Postemployment Benefits**

Both OPERS and OP&F offers a cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2020. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2020. OP&F contributes 0.5 percent to fund these beliefs.

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

**Note 9 – Debt**

Debt outstanding at December 31, 2020 was as follows:

	Principal	Interest Rate
OPWC Loan (CQ06E) - Water Supply Improvements	\$124,255	0.00%
2007 OWDA (4489) - Water System Improvements	59,665	2.00%
2009 OWDA (5043) - WTP Improvements	159,003	0.00%
2012 OWDA (6077) - Collection System Rehab. & Repair	151,390	0.00%
2017 OWDA (7821) - Sanitary Sewer Trenchless Rehabilitation	144,864	0.00%
2018 OWDA (7894) - WWTP Upgrade	1,858,086	0.00%
2019 OWDA (8637) - WTP Upgrades - Planning	2,655	0.00%
Total	\$2,499,918	

In 2010, the Ohio Public Works Commission (OPWC) loan was issued for water supply improvements. The Village will repay the loan in semiannual installments of \$6,540 over 20 years. The loan will be paid from water user charges.

In 2007, the Ohio Water Development Authority (OWDA) loan 4489 was issued for water system improvements. The Village will repay the loan in semiannual installments of \$5,301 at 2% interest for 20 years. The loan will be paid from water user charges. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

In 2009, the OWDA loan 5043 was issued for water supply improvements. The Village will repay the loan in semiannual installments of \$4,297 over 30 years. The loan will be paid from water user charges. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.



***Village of Danville, Ohio Knox County***  
Notes to the Financial Statements  
For the Year Ended December 31, 2020

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In 2012, the OWDA approved up to \$351,340 in loans to the Village for project 6077. The Village will repay the loans in semiannual installments of \$6,534, over 20 years. The loan will be paid from sewer user charges. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

In 2017, the OWDA approved up to \$182,123 in loans to the Village for project 7821. The Village will repay the loans in semiannual installments of \$4,553, over 20 years. The loan will be paid from sewer user charges. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

In 2018, the OWDA approved up to \$2,217,658 in loans to the Village for project 7894. The Village will repay the loans in semiannual installment of \$55,441, over 20 years. The loan will be paid from sewer user charges. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

In 2019, the OWDA approved up to \$50,675 in loans to the Village for project 8637. The loan is not finalized, but future loan payments will be paid from water user charges. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

Amortization

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

Year ending December 31:	OPWC Loans	OWDA Loans
2021	\$13,080	\$151,107
2022	13,080	151,297
2023	13,080	151,491
2024	13,080	151,689
2025	13,080	151,891
2026-2030	58,855	718,699
2031-2035	-	669,053
2036-2039	-	482,719
Total	\$124,255	\$2,627,946

Leases

The Village leases police vehicles under noncancelable leases. The Village disbursed \$13,387 in principal and interest to pay lease costs for the year ended December 31, 2020.

During fiscal year 2020, the Village entered into a new lease agreement for a police vehicle. The Village will repay the lease in annual payments at a 4% interest. The lease will mature during fiscal year 2027.

Year ending December 31:	Leases
2021	\$22,363
2022	22,363
2023	15,516
2024	15,516
2025	15,516
2026-2027	<u>20,722</u>
Total	<u>\$111,996</u>

***Village of Danville, Ohio Knox County***  
Notes to the Financial Statements  
For the Year Ended December 31, 2020

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**Note 10 – Joint Venture**

Eastern Knox County Joint Fire District

The Eastern Knox County Joint Fire District (the “District”) is a jointly governed organization pursuant to Ohio Revised Code Section 505.3371. The District was formed in 2001 and consists of Brown, Butler, Harrison, Howard, Jefferson, and Union Townships and the Villages of Brinkhaven and Danville. The Board consists of a trustee/council person from each township and village and an “at large” member appointed by the vote of the District Board. Revenues are generated from a five mil operating levy.

**Note 11 – Related Organization**

Knox County Regional Planning Commission

The Council appoints one member of the Commission. There is no financial interdependency between the Village and the Commission.

**Note 12 – Change in Accounting Principle**

For 2020, the Village made a change to their cash basis reporting model. This change includes removing the fund balance classifications from the Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis) – All Governmental Fund Types.

**Note 13 – COVID-19**

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Village. In addition, the impact on the Village’s future operating costs, revenues, and additional recovery from emergency funding, either federal or state cannot be estimated.

**Note 14 – Compliance**

Contrary to Ohio Revised Code Section 5705.41(B) and 5705.40, budgetary expenditures exceeded appropriation authority in certain funds.

Contrary to Ohio Revised Code Section 5705.41(D), 34.78% of expenditures were not timely certified.

Contrary to Ohio Revised Code Section 5705.10 the Village expended funds for purposes that did not agree to the purposes for which those funds were established. The Village also experienced negative fund balances throughout the year.

**Note 15 –Miscellaneous Receipts**

Miscellaneous receipts for the General and Special Revenue funds consists primarily of Ohio Bureau of Workers Compensation refunds.

**Village of Danville, Ohio Knox County**  
Notes to the Financial Statements  
For the Year Ended December 31, 2020

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**Note 16 –Fund Balances**

Included in fund balance are amounts the Village cannot spend. Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end the balances of these amounts were as follows:

Fund Balances	General	Special Revenue	Debt Service	Capital Projects	Total
Outstanding Encumbrances	\$ 444	\$ 5,845	\$ -	\$ -	\$ 6,289
<i>Total</i>	<u>\$ 444</u>	<u>\$ 5,845</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,289</u>

The fund balance of special revenue funds is either restricted or committed. The fund balance of debt service funds and capital projects fund are restricted, committed or assigned. These restricted, committed and assigned amounts in the special revenue, debt service, and capital projects funds would include the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

**VILLAGE OF DANVILLE  
KNOX COUNTY, OHIO**

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

	Governmental Fund Types				Total (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
Cash receipts:					
Property and Other Local Taxes	\$ 30,993	\$ 56,393	\$ -	\$ -	\$ 87,386
Municipal Income Tax	230,300	115,151	-	-	345,451
Intergovernmental	23,864	69,251	-	-	93,115
Charges for Services	1,104	6,500	-	-	7,604
Fines, Licenses and Permits	16,533	-	-	-	16,533
Earnings on Investments	341	-	-	-	341
Miscellaneous	1,473	31,169	-	-	32,642
Total cash receipts	<u>304,608</u>	<u>278,464</u>	<u>-</u>	<u>-</u>	<u>583,072</u>
Cash disbursements:					
Current:					
Security of Persons and Property	14,943	278,336	-	-	293,279
Leisure Time Activities	5,988	20,494	-	-	26,482
Community Environment	1,495	-	-	-	1,495
Transportation	-	66,243	-	-	66,243
General Government	201,383	-	-	-	201,383
Capital Outlay	-	200	-	-	200
Debt Service:					
Principal Retirement	1,266	6,203	-	-	7,469
Interest and Fiscal Charges	280	1,160	-	-	1,440
Total cash disbursements	<u>225,355</u>	<u>372,636</u>	<u>-</u>	<u>-</u>	<u>597,991</u>
Excess of receipts over (under) disbursements	<u>79,253</u>	<u>(94,172)</u>	<u>-</u>	<u>-</u>	<u>(14,919)</u>
Other Financing Receipts (Disbursements):					
Sale of Assets	275	275	-	-	550
Transfers In	-	136,500	-	-	136,500
Transfers Out	(136,500)	-	-	-	(136,500)
Other Financing Sources	4,456	-	-	-	4,456
Other Financing Uses	(336)	-	-	-	(336)
Total Other Financing Receipts (Disbursements)	<u>(132,105)</u>	<u>136,775</u>	<u>-</u>	<u>-</u>	<u>4,670</u>
Net change in fund cash balances	(52,852)	42,603	-	-	(10,249)
Fund cash balances, January 1, 2019	<u>129,309</u>	<u>31,089</u>	<u>430</u>	<u>349</u>	<u>161,177</u>
Fund cash balances:					
Restricted	-	73,692	-	349	74,041
Assigned	76,457	-	430	-	76,887
Fund cash balances, December 31, 2019	<u>\$ 76,457</u>	<u>\$ 73,692</u>	<u>\$ 430</u>	<u>\$ 349</u>	<u>\$ 150,928</u>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

**VILLAGE OF DANVILLE  
KNOX COUNTY, OHIO**

COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)  
PROPRIETARY FUND TYPE  
FOR THE YEAR ENDED DECEMBER 31, 2019

	Proprietary Fund Type
	Enterprise
Operating cash receipts:	
Charges for Services	\$ 399,411
Miscellaneous	7,503
Total operating cash receipts	406,914
Operating cash disbursements:	
Personal Services	88,503
Employee Fringe Benefits	57,756
Contractual Services	93,117
Supplies and Materials	29,873
Other	19
Total operating cash disbursements	269,268
Operating income (loss)	137,646
Nonoperating cash receipts/(disbursements):	
Other Debt Proceeds	180,000
Special Assessments	136,722
Intergovernmental	9,600
Capital Outlay	(229,281)
Sale of Assets	550
Other Financing Uses	(2,188)
Principal Retirement	(110,909)
Interest and Other Fiscal Charges	(2,110)
Total nonoperating cash receipts/(disbursements)	(17,616)
Net change in fund cash balances	120,030
Fund cash balances, January 1, 2019	438,926
Fund cash balances, December 31, 2019	\$ 558,956

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

***Village of Danville, Ohio Knox County***  
Notes to the Financial Statements  
For the Year Ended December 31, 2019

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**Note 1 – Reporting Entity**

The Village of Danville, Knox County, Ohio (the Village), is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village is directed by a six-member Council elected at large for four year terms. The Mayor is elected to a four-year term, serves as the President of Council and votes only to break a tie. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the Village. The Village provides general government services, water and sewer utilities, maintenance of Village streets and bridges, park operations, and police services. The Eastern Knox County Joint Fire District provides fire and EMS services to the Village.

**Joint Ventures, Jointly Governed Organizations, Public Entity Risk Pools and Related Organizations**

The Village participates in a joint venture, public entity risk pool and is associated with a related organization. Notes 6, 10 and 11 to the financial statements provide additional information for these entities. The Village's management believes these financial statements present all activities for which the Village is financially accountable.

**Note 2 – Summary of Significant Accounting Policies**

**Basis of Presentation**

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

**Fund Accounting**

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

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

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

**Police Fund** – The Police Fund accounts for and reports restricted income tax monies received from residents of the Village for police protection and services within the Village.

**Debt Service Fund** – This fund is to account for and report financial resources restricted, committed, or assigned for the payment of debt obligations.

**Capital Projects Fund** – This fund accounts for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities or other capital assets.

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

***Village of Danville, Ohio Knox County***  
Notes to the Financial Statements  
For the Year Ended December 31, 2019

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

Fiduciary Funds – Fiduciary funds include private purpose trust funds and custodial funds. Trust funds account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Village’s own programs. Custodial funds are used to report fiduciary activity that is not required to be reported in a trust fund. The Village does not have any fiduciary funds.

Basis of Accounting

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

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

Budgetary Process

The Ohio Revised Code requires that each fund be budgeted annually.

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. Unencumbered appropriations lapse at year end.

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

Encumbrances - The Ohio Revised Code requires the Village to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated. The Village did not encumber all commitments required by Ohio law. Management has included audit adjustments in the accompanying budgetary presentations for material items that should have been encumbered.

A summary of 2019 budgetary activity appears in Note 3.

Capital Assets

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

Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

**Village of Danville, Ohio Knox County**  
Notes to the Financial Statements  
For the Year Ended December 31, 2019

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**Fund Balance**

Fund balance is divided into five classifications based primarily on the extent to which the Village must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

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

**Restricted** - Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

**Committed** - Council can *commit* amounts via formal action (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.

**Assigned** - Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. The Village assigned fund balance in the general fund to cover a gap between estimated revenues and appropriations in the 2020 appropriation budget.

**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.

**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 does not have investments

**Note 3 - Budgetary Activity**

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

2019 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$294,908	\$309,339	\$14,431
Special Revenue	339,512	415,239	75,727
Enterprise	667,600	733,786	66,186
Total	\$1,302,020	\$1,458,364	\$156,344



**Village of Danville, Ohio Knox County**  
Notes to the Financial Statements  
For the Year Ended December 31, 2019

2019 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$422,751	\$362,791	\$59,960
Special Revenue	351,451	372,893	(21,442)
Debt Service	430	-	430
Enterprise	938,954	616,318	322,636
Total	\$1,713,586	\$1,352,002	\$361,584

**Note 4 – Deposits**

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

Demand deposits	2019 \$709,884
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Deposits

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

**Note 5 – Taxes**

Property Taxes

Real property taxes become a lien on January 1 preceding the October 1 date for which the Council adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction amounts the State pays as Intergovernmental Receipts. Payments are due to the County 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.

Income Taxes

The Village levies a 1.5 percent income tax whose proceeds are placed into the General Fund and Police Fund. The Village levies and collects the tax on all income earned within the Village as well as on incomes of residents earned outside the Village. In the latter case, the Village allows a credit of the lesser of actual taxes paid to another Village or 100 percent of the 1.5 percent tax rate on taxable income. Employers within the Village are required to withhold income tax on employee earnings and remit the tax to the Village at least quarterly. Corporations and other individual taxpayers are also required to pay their estimated tax at least quarterly and file a final return annually. The Village has contracted with the Regional Income Tax Agency (RITA) to collect payments and process tax returns.

**Village of Danville, Ohio Knox County**  
Notes to the Financial Statements  
For the Year Ended December 31, 2019

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**Note 6 – Risk Management**

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

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

OPRM coverage programs are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss. Effective November 1, 2017, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. The OPRM is also participated in a property primary excess of loss treaty. This treaty reimbursed the OPRM 30% for losses between \$200,000 and \$1,000,000. The reimbursement is based on the amount of loss between \$200,000 and \$1,000,000. Effective November 1, 2018, the OPRM the property retention remained unchanged, however, the Plan assumed 100% of the first \$250,000 casualty treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. Effective November 1, 2019, the OPRM's property retention increased from 30% to 33%, while the casualty treaty remains unchanged and still assumes 100% of the first \$250,000 casualty treaty. OPRM had 776 members as of December 31, 2019.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2019.

Assets	\$ 15,920,504
Liabilities	( 11,329,011)
Members' Equity	<u> \$ 4,591,493</u>

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

**Note 7 – Defined Benefit Pension Plans**

**Ohio Public Employees Retirement System**

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

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

**Social Security**

Eight Village employees contribute to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Village contributed an amount equal to 6.2 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2019.

**Village of Danville, Ohio Knox County**  
Notes to the Financial Statements  
For the Year Ended December 31, 2019

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**Ohio Police and Fire Retirement System**

Some Village full-time Police Officers belong to the Ohio Police and Fire Pension Fund (OP&F). OP&F is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan’s benefits, which include postemployment health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25 percent of their wages. The Village contributed to OP&F an amount equal to 19.5 percent of full-time police members’ wages. The Village has paid all contributions required through December 31, 2019.

**Note 8 – Postemployment Benefits**

Both OPERS and OP&F offers a cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2019. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2019. OP&F contributes 0.5 percent to fund these beliefs.

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

**Note 9 – Debt**

Debt outstanding at December 31, 2019 was as follows:

	Principal	Interest Rate
OPWC Loan (CQ06E) - Water Supply Improvements	\$130,795	0.00%
2007 OWDA (4489) - Water System Improvements	68,935	2.00%
2009 OWDA (5043) - WTP Improvements	167,597	0.00%
2012 OWDA (6077) - Collection System Rehab. & Repair	164,457	0.00%
2017 OWDA (7821) - Sanitary Sewer Trenchless Rehabilitation	153,970	0.00%
2018 OWDA (7894) - WWTP Upgrade	1,968,970	0.00%
2019 OWDA (8637) - WTP Upgrades - Planning	7,723	0.00%
Total	\$2,662,447	

In 2010, the Ohio Public Works Commission (OPWC) loan was issued for water supply improvements. The village will repay the loan in semiannual installments of \$6,540 over 20 years. The loan will be paid from water user charges.

In 2007, the Ohio Water Development Authority (OWDA) loan 4489 was issued for water system improvements. The Village will repay the loan in semiannual installments of \$5,301 at 2% interest for 20 years. The loan will be paid from water user charges. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

In 2009, the OWDA loan 5043 was issued for water supply improvements. The Village will repay the loan in semiannual installments of \$4,297 over 30 years. The loan will be paid from water user charges. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

***Village of Danville, Ohio Knox County***  
Notes to the Financial Statements  
For the Year Ended December 31, 2019

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In 2012, the OWDA approved up to \$351,340 in loans to the Village for project 6077. The Village will repay the loans in semiannual installments of \$6,534, over 20 years. The loan will be paid from sewer user charges. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

In 2017, the OWDA approved up to \$182,123 in loans to the Village for project 7821. The Village will repay the loans in semiannual installments of \$4,553, over 20 years. The loan will be paid from sewer user charges. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

In 2018, the OWDA approved up to \$2,217,658 in loans to the Village for project 7894. The Village will repay the loans in semiannual installment of \$55,441, over 20 years. The loan will be paid from sewer user charges. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

In 2019, the OWDA approved up to \$50,675 in loans to the Village for project 8637. The loan is not finalized, but future loan payments will be paid from water user charges. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements. The future debt service requirement for this loan is not presented in 2019 because the final amortization schedule had not been provided to the Village as of the end of the year.

Amortization

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

Year ending December 31:	OPWC Loans	OWDA Loans
2020	\$13,080	\$150,927
2021	13,080	151,107
2022	13,080	151,297
2023	13,080	151,491
2024	13,080	151,689
2025-2029	65,395	728,940
2030-2034	-	682,120
2035-2039	-	611,303
Total	\$130,795	\$2,778,874

Leases

The Village leases police vehicles under noncancelable leases. The Village disbursed \$12,002 in principal and interest to pay lease costs for the year ended December 31, 2019.

Year ending December 31:	Leases
2020	\$12,002
2021	12,002
2022	12,002
2023	5,155
2024	5,155
2025	5,155
Total	\$51,471

***Village of Danville, Ohio Knox County***  
Notes to the Financial Statements  
For the Year Ended December 31, 2019

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**Note 10 – Joint Venture**

Eastern Knox County Joint Fire District

The Eastern Knox County Joint Fire District (the “District”) is a jointly governed organization pursuant to Ohio Revised Code Section 505.3371. The District was formed in 2001 and consists of Brown, Butler, Harrison, Howard, Jefferson, and Union Townships and the Villages of Brinkhaven and Danville. The Board consists of a trustee/council person from each township and village and an “at large” member appointed by the vote of the District Board. Revenues are generated from a five mil operating levy.

**Note 11 – Related Organization**

Knox County Regional Planning Commission

The Council appoints one member of the Commission. There is no financial interdependency between the Village and the Commission.

**Note 12 – Compliance**

Contrary to Ohio Revised Code Section 5705.41(B) and 5705.40, budgetary expenditures exceeded appropriation authority in certain funds.

Contrary to Ohio Revised Code Section 5705.41(D), 35.71% of expenditures were not timely certified.

Contrary to Ohio Revised Code Section 5705.10 the Village expended funds for purposes that did not agree to the purposes for which those funds were established. The Village also experienced negative fund balances throughout the year.

**Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other  
Matters Based on an Audit of Financial Statements Performed in Accordance with  
*Government Auditing Standards***

Village of Danville  
Knox County  
512 South Market Street  
Danville, Ohio 43014

To the Members of Council and the Mayor:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the cash balances, receipts, and disbursements for each governmental and proprietary fund type of the Village of Danville, Knox County, Ohio, as of and for the year ended December 31, 2020 and for each governmental and proprietary fund type as of and for the year ended December 31, 2019, and the related notes to the financial statements and have issued our report thereon dated June 28, 2021, wherein we noted as described in Note 2 to the financial statements, the Village of Danville followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Furthermore, as discussed in Note 12 to the financial statements, during 2020, the Village of Danville adopted a change in accounting principle and removed the fund balance classifications from the Combined Statement of Receipts Disbursements and Changes in Fund Balances (Regulatory Cash Basis) – All Governmental Fund Types. As described in Note 13 to the financial statements, during 2020, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Village of Danville.

***Internal Control over Financial Reporting***

In planning and performing our audit of the financial statements, we considered the Village of Danville’s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village of Danville’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Village of Danville’s internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and therefore, material weakness or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses as items 2020-001, and 2020-003 through 2020-005 that we consider to be material weaknesses.

Village of Danville

Knox County

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters

Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

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### ***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the Village of Danville's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and are disclosed in the accompanying schedule of findings and responses as items 2020-002 through 2020-005.

### ***Village of Danville's Responses to Findings***

The Village of Danville's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. The Village of Danville's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

### ***Purpose of this Report***

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village of Danville's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village of Danville's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Julian & Grube, Inc.

June 28, 2021

**VILLAGE OF DANVILLE  
KNOX COUNTY, OHIO**

**SCHEDULE OF FINDINGS AND RESPONSES  
DECEMBER 31, 2020 AND 2019**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>	
Finding Number	2020-001

Material Weakness - Financial Statement Presentation:

Accurate financial reporting is required in order to provide management and other stakeholders with objective and timely information to enable well-informed decisions. Presentation of materially correct financial statements and the related footnotes is the responsibility of management. This responsibility remains intact even if management decides to outsource this function for efficiency purposes or any other reason. In either case, it is important that control procedures are developed related to the financial statements that enable management to identify, prevent, detect and correct potential misstatements in the financial statements and footnotes. In general, an accounting and information system should be designed to provide management with accurate and timely information.

Certain adjustments were made to the financial statements and note disclosures to properly state amounts for the years ended December 31, 2020 and 2019.

Control procedures not properly developed related to the financial statements limit management’s ability to identify, prevent, detect, and correct potential misstatements in the financial statements and footnotes. Additionally, management will not have the necessary information to make timely and well-informed business decisions.

We recommend the Village implement additional control procedures that enable management to more timely prevent or detect and correct potential misstatements in the financial statements and related notes prior to presenting them to the auditors. A second review of the monthly cash activity and financial statements by someone other than the individual preparing them would be beneficial.

Client Response: The Fiscal Officer will work to provide a sound fiscal environment for the Village and has implemented additional policies and procedures to help with financial statement presentation.

Finding Number	2020-002
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Noncompliance – Purchase Order Noncompliance:

Ohio Revised Code Section 5705.41(D) requires that no orders or contracts involving the expenditure of money are to be made unless there is a certificate of the fiscal officer that the amount required for the order or contract has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances.

The Village had 34.78% and 35.71% of expenditures that were not timely certified for the years ended December 31, 2020 and 2019, respectively.

Without timely certification, the Village may expend more funds than available in the Treasury, in the process of collection or in the funds appropriated. It may also result in unnecessary purchases, and could lead to negative fund balances.



**VILLAGE OF DANVILLE  
KNOX COUNTY, OHIO**

**SCHEDULE OF FINDINGS AND RESPONSES  
DECEMBER 31, 2020 AND 2019**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS – (Continued)	
Finding Number	2020-002 – (Continued)

We recommend that all orders or contracts involving the expenditure of money be timely certified to ensure all monies expended are lawfully appropriated and available in the treasury or in the process of collection. A policy and procedure statement adopted by the Council and distributed at least annually may be beneficial. The Village should consider using “Then” and “Now” certificates where applicable.

Client Response: The Village is continually trying to improve its ordering and purchasing process to decrease its noncompliance percentage.

Finding Number	2020-003
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Material Weakness/Noncompliance - Appropriations:

Ohio Revised Code Section 5705.41(B) requires that no subdivision is to expend money unless it has been appropriated.

The Village had disbursements exceeding appropriations in the following funds for the years ended December 31, 2020 and 2019:

	<u>2019</u>			
<u>Fund</u>	<u>Appropriations</u>	<u>Disbursements</u>	<u>Excess</u>	
<u>Special Revenue Funds:</u>				
State Highway	\$ 6,860	\$ 11,393	\$ 4,533	
Parks and Recreation	14,895	20,493	5,598	
Police	254,330	272,880	18,550	
School Resource Officer	13,898	28,986	15,088	
	<u>2020</u>			
<u>Fund</u>	<u>Appropriations</u>	<u>Disbursements</u>	<u>Excess</u>	
<u>Special Revenue Funds:</u>				
Parks and Recreation	\$ 12,086	\$ 16,147	\$ 4,061	
Coronavirus Relief Fund	65,918	83,747	17,829	

This disclosure is presented at the fund level due to the practicality of presenting at the legal level of control; however, noncompliance at the legal level of control was also noted.

With disbursements exceeding appropriations, the Village is expending monies that have not been appropriated and approved by the Village Council. This may result in unnecessary purchases or overspending which may lead to a fund deficit.

We recommend the Village comply with the Ohio Revised Code and the Auditor of State Bulletin 97-010 by monitoring disbursements so they do not exceed lawful appropriations and amending the budget prior to year-end. This may be achieved by monitoring the budget more closely on a continual basis and making appropriation amendments as necessary to the passage of permanent appropriations.

Client Response : The Village is actively seeking to resolve this.

**VILLAGE OF DANVILLE  
KNOX COUNTY, OHIO**

**SCHEDULE OF FINDINGS AND RESPONSES  
DECEMBER 31, 2020 AND 2019**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS – (Continued)</b>	
Finding Number	2020-004

Material Weakness/Noncompliance – Supplemental Appropriations:

Ohio Revised Code Section 5705.40 outlines the requirements for amending and supplementing appropriations. This section requires that any amendments to an appropriation measure be made by Council resolution and comply with the same provisions of the law as used in making the original appropriations.

The Village did not properly modify its appropriations throughout the 2019 and 2020. Due to not properly modifying appropriations, disbursements exceeded appropriations in the State Highway, Parks and Recreation, Police, and School Resource Officer funds during 2019 and Parks and Recreation and Coronavirus Relief funds during 2020.

By not timely and properly modifying the Village’s appropriations, the Village is not adequately monitoring appropriations versus disbursements. With disbursements exceeding appropriations, overspending may occur which may result in a negative fund balance.

We recommend the Village comply with Ohio Revised Code and Auditor of State Bulletin 97-010 by monitoring disbursements so they do not exceed lawful appropriations. This may be achieved by monitoring the budget more closely on a continual basis and making appropriation amendments as necessary, subsequent to the passage of permanent appropriations.

*Client Response:* The Village is aware of the requirement for Council approval and is currently implementing additional policies and procedures to have all supplemental appropriations properly approved prior to including in the Village UAN computer system.

Finding Number	2020-005
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Material Weakness/Noncompliance – Use of Revenues:

Ohio Revised Code Section 5705.10 in part requires that on a cash basis, no fund shall have a negative fund balance during the year or at year end. Additionally, Ohio Revised Code Section 5705.10(I) provides that money paid into any fund shall be used only for the purposes for which such fund was established.

The Village had negative fund balances during 2019 for the State Highway fund and 2020 for the Police fund. The Village also made purchases from funds that did not agree to the purposes for which such funds were established during 2019 and 2020. The Village has posted these adjustments to its financial statements and to its accounting system.

Various funds have spent other funds’ balances. This could indicate insufficient monitoring of appropriations and related expenditures and continual review of cash management. No fund should have a negative cash fund balance throughout the year or at year end. Furthermore, no fund should expend money for any other purpose then for which the fund was established.

VILLAGE OF DANVILLE  
KNOX COUNTY, OHIO

SCHEDULE OF FINDINGS AND RESPONSES  
DECEMBER 31, 2020 AND 2019

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS – (Continued)	
Finding Number	2020-005 – (Continued)

We recommend the Village properly expend monies only after funds have been received and subsequent to proper appropriation. If funds are anticipated, but not yet received and expenditures are necessary, the Village should advance or transfer funds from the General Fund with proper Council approval. Additionally, the Village should closely monitor the receipts and disbursements within each fund to ensure the activity meets the funds intended purpose. This can be accomplished by having someone review all transactions other than the individual that initially recording them into the Village's accounting system.

Client Response: The Village is actively seeking to resolve this.

**VILLAGE OF DANVILLE  
KNOX COUNTY, OHIO**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2020 AND 2019**

<b>Finding Number</b>	<b>Year Initially Occurred</b>	<b>Finding Summary</b>	<b>Status</b>	<b>Additional Information</b>
2018-001	2015	<u>Material Weakness - Financial Statement Presentation</u> - A monitoring system by the Fiscal Officer and Village Council should be in place to prevent or detect material misstatements for the accurate presentation to the Village's financial statements. The Village had several audit adjustments.	Not Corrected	Finding repeated as 2020-001 as the Village's financial report required audit adjustments.
2018-002	2015	<u>Material Weakness/Noncompliance</u> – Ohio Revised Section 5705.36, requires Fiscal Officers to certify to the County Auditor the total amount from all sources which are available for expenditures from each fund in the tax budget along with any unencumbered balances that existed at the end of the preceding year. During the year ended December 31, 2018, the Village's appropriations exceeded estimated resources.	Partially Corrected	Finding reissued as a Management Letter Comment.
2018-003	2015	<u>Material Weakness/Noncompliance</u> – Ohio Revised Code Section 5705.39 requires that total appropriations from each fund should not exceed total estimated sources. The Village had appropriations in excess of estimated resources at December 31, 2018.	Partially Corrected	Finding reissued as a Management Letter Comment.
2018-004	2015	<u>Material Weakness/Noncompliance</u> – Ohio Revised Code Section 5705.41(B) requires that no subdivision is to expend money unless it has been appropriated. The Village had disbursements exceeding appropriations at December 31, 2018.	Not Corrected	Finding repeated as 2020-003 as disbursements exceeded appropriations.
2018-005	2015	<u>Material Weakness/Noncompliance</u> – Ohio Revised Code Section 5705.40 outlines the requirements for amending and supplementing appropriations. This section requires that any amendments to an appropriation measure must be made by Council resolution and comply with the same provisions of the law as used in developing the original appropriations. The Village did not properly modify its appropriations throughout the year ended December 31, 2018.	Not Corrected	Finding repeated as 2020-004 as appropriations were not timely amended.
2018-006	2017	<u>Material Weakness/Noncompliance</u> – Ohio Revised Code Section 5705.41(D) requires that no orders or contracts involving expenditure of monies are to be made unless there is a certificate of the fiscal officer that the amount required for the order or contract has been lawfully appropriated and is in the treasury.	Not Corrected	Finding repeated as 2020-002 as purchase orders were not timely certified.

**VILLAGE OF DANVILLE  
KNOX COUNTY, OHIO**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2020 AND 2019**

<b>Finding Number</b>	<b>Year Initially Occurred</b>	<b>Finding Summary</b>	<b>Status</b>	<b>Additional Information</b>
2018-007	2018	<u>Material Weakness/Noncompliance</u> – Ohio Revised Code Section 5705.10 requires that on a cash basis, no fund shall have a negative fund balance during the year or at year end.	Not Corrected	Finding repeated at 2020-005 as negative fund balances were noted and activity did not meet the restricted purpose of certain funds.
2018-008	2018	<u>Material Weakness/Noncompliance</u> – Ohio Revised Code Section 5705.36(A)(4) states that the revenue that is collected shall be more than the appropriations set by the Village Council.	Corrective Action Taken and Finding Fully Corrected	N/A

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# OHIO AUDITOR OF STATE KEITH FABER



**VILLAGE OF DANVILLE**

**KNOX COUNTY**

**AUDITOR OF STATE OF OHIO CERTIFICATION**

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



**Certified for Release 8/10/2021**

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This report is a matter of public record and is available online at  
[www.ohioauditor.gov](http://www.ohioauditor.gov)