

VILLAGE OF LOUDONVILLE

ASHLAND COUNTY, OHIO

REGULAR AUDIT

For the Years Ended December 31, 2021 and 2020



INDEPENDENT AUDITOR'S REPORT

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

To the Village Council:

Report on the Audit of the Financial Statements

Unmodified and Adverse Opinions

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

Unmodified Opinion on Regulatory Basis of Accounting

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* section of our report, the accompanying financial statements do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village, as of December 31, 2021, or the changes in financial position or, where applicable cash flows, thereof for the year then ended.

Basis for Opinions

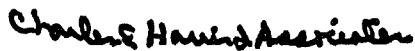
We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 25, 2022, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.



Charles E. Harris & Associates, Inc.
April 25, 2022

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

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

See accompanying notes to the financial statements

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

Note 1 - Reporting Entity

The Village of Loudonville (the Village), Ashland County, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly-elected six-member Council directs the Village. The Village provides water, sewer and storm drain utilities, street maintenance and repair, park operations, police services, emergency medical services, fire protection services, theatre operations, cemetery operations, swimming pool operations, and planning and zoning. The Village contracts with the Holmes County Sheriff's department to provide emergency dispatch services to the Village. The Village appropriates general fund money to support a volunteer fire department.

Public Entity Risk Pool

The Village participates in the Ohio Plan Risk Management, Inc. (OPRM), a public entity risk pool. Note 6 to the financial statements provide additional information for this entity.

The Village's management believes these financial statements present all activities for which the Village is financially accountable.

Note 2 - Summary of Significant Accounting Policies

Basis of Presentation

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

Fund Accounting

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

General Fund The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Village for any purpose provided it is expended or transferred according to the general laws of Ohio. Unclaimed monies are reported in the General Fund. The Income Tax Fund has been mapped to the General Fund for the purpose of reporting total receipts and disbursements at year-end.

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

Street Construction Maintenance and Repair The Street Construction Maintenance and Repair Fund accounts for and reports that portion of the State gasoline tax and motor vehicle license registration fees restricted for construction, maintenance, and repair of streets within the Village.

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

Note 2 - Summary of Significant Accounting Policies (continued)

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

Basis of Accounting

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

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

Budgetary Process

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

Appropriations Budgetary disbursements (that is, disbursements and encumbrances) may not exceed appropriations at the object level of control, and appropriations may not exceed estimated resources. Village Council must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end.

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

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

A summary of 2021 budgetary activity appears in Note 3.

Deposits and Investments

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

The Village values certificates of deposit (CDARS) at cost.

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

Note 3 - Budgetary Activity

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

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

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

Note 4 – Deposits and Investments

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

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

Deposits

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

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

Note 6 - Risk Management (Continued)

OPRM coverage programs are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss. Effective November 1, 2017, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. Effective November 1, 2018, the OPRM the property retention remained unchanged, however, the Plan assumed 100% of the first \$250,000 casualty treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 774 members as of December 31, 2018 (latest information available).

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2020.

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

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

Note 7 - Defined Benefit Pension Plans

Ohio Public Employees Retirement System

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

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10% of their gross salaries and the Village contributed an amount equaling 14% of participants' gross salaries. The Village has paid all contributions required through December 31, 2021.

Ohio Police and Fire Retirement System

The Village's certified full-time Fire Fighter/Paramedics and full-time Police Officers belong to the Ohio Police and Fire Pension Fund (OP&F). OP&F is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include post-retirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25% of their wages. The Village contributed to OP&F an amount equal to 19.5% of full-time police members' wages and 24% of full-time fire fighter/paramedics' wages. The Village has paid all contributions required through December 31, 2021.

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

Note 9 – Debt (Continued)

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

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

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

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

Note 10 – Contingent Liabilities

The Village may be a defendant in lawsuits. Although management cannot presently determine the outcome of these suits, management believes that the resolution of these matters will not materially adversely affect the Village’s financial condition.

Note 11 – Fund Balances

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

5510 Pearl Road Ste 102
Parma OH 44129-2550
Phone - (216) 575-1630
Fax - (216) 436-2411

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

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
REQUIRED BY GOVERNMENT AUDITING STANDARDS**

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

To the Village Council:

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

Report on Internal Control Over Financial Reporting

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

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

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

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

INDEPENDENT AUDITORS' REPORT

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

To the Village Council:

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 25, 2022, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.

Charles E. Harris & Associates

Charles E. Harris & Associates, Inc.
April 25, 2022

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

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

See accompanying notes to the financial statements

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

Note 1 - Reporting Entity

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Public Entity Risk Pool

The Village participates in the Ohio Plan Risk Management, Inc. (OPRM), a public entity risk pool. Note 6 to the financial statements provide additional information for this entity.

The Village's management believes these financial statements present all activities for which the Village is financially accountable.

Note 2 - Summary of Significant Accounting Policies

Basis of Presentation

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

Fund Accounting

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

Street Construction Maintenance and Repair The street construction maintenance and repair fund accounts for and reports that portion of the State gasoline tax and motor vehicle license registration fees restricted for construction, maintenance, and repair of streets within the Village.

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

Note 2 - Summary of Significant Accounting Policies (continued)

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

Basis of Accounting

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

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

Budgetary Process

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

Appropriations Budgetary disbursements (that is, disbursements and encumbrances) may not exceed appropriations at the object level of control, and appropriations may not exceed estimated resources. Village Council must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end.

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

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

A summary of 2020 budgetary activity appears in Note 3.

Deposits and Investments

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

The Village values certificate of deposit (CDARS) at cost.

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

Note 3 - Budgetary Activity

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

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

2020 Budgeted vs. Actual Budgetary Basis Disbursements

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

Note 4 – Deposits and Investments

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

Demand deposits	2020 \$2,906,817
Certificates of deposit	400,599
Total deposits	\$3,307,416

Deposits

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

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

Note 6 - Risk Management (Continued)

OPRM coverage programs are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss. Effective November 1, 2017, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. Effective November 1, 2018, the OPRM the property retention remained unchanged, however, the Plan assumed 100% of the first \$250,000 casualty treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 774 members as of December 31, 2018 (latest information available).

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2020.

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

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

Note 7 - Defined Benefit Pension Plans

Ohio Public Employees Retirement System

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

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

Ohio Police and Fire Retirement System

The Village's certified full-time Fire Fighter/Paramedics and full-time Police Officers belong to the Ohio Police and Fire Pension Fund (OP&F). OP&F is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include post-retirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25% of their wages. The Village contributed to OP&F an amount equal to 19.5% of full-time police members' wages and 24% of full-time fire fighter/paramedics' wages. The Village has paid all contributions required through December 31, 2020.

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

Note 9 – Debt (Continued)

The USDA Mortgage Revenue Bonds relate to a storm sewer replacement project. The bonds are collateralized by revenues of the storm sewer system. As required by the mortgage revenue bond covenant, the Village has established and funded a debt service reserve fund and a debt service sinking fund, included as enterprise funds.

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

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

Year Ending December 31:	OWDA Water Plan	OPWC Water Plan	USDA Mortgage Revenue Bonds	OWDA Reservoir Project	Maintenance Building Bonds	Cruiser	Dump Truck
2021	\$66,863	\$15,650	\$38,700	\$42,881	\$38,918	\$10,725	\$10,978
2022	67,176	15,650	38,700	42,881	38,918	0	10,978
2023	67,503	15,650	38,700	42,881	38,918	0	10,978
2024	67,846	15,650	38,700	42,881	38,918	0	0
2025	68,205	7,825	38,700	42,881	6,357	0	0
2026-2030	0	0	193,300	214,404	0	0	0
2031-2035	0	0	193,000	214,404	0	0	0
2036-2040	0	0	192,600	171,524	0	0	0
2041-2042	0	0	77,000	0	0	0	0
Total	<u>\$337,593</u>	<u>\$70,425</u>	<u>\$849,400</u>	<u>\$814,737</u>	<u>\$162,029</u>	<u>\$10,725</u>	<u>\$32,934</u>

Note 10 – Contingent Liabilities

The Village may be a defendant in lawsuits. Although management cannot presently determine the outcome of these suits, management believes that the resolution of these matters will not materially adversely affect the Village's financial condition.

Note 11 – Fund Balance

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

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
REQUIRED BY GOVERNMENT AUDITING STANDARDS

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

To the Village Council:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the cash balances, receipts, and disbursements for each governmental and proprietary fund type and the fiduciary fund type as of and for the year ended December 31, 2020 and the related notes of the Village of Loudonville, Ashland County (the Village), and have issued our report thereon dated April 25, 2022, wherein we noted that the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit. We also noted the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Village and several changes to its reporting model.

Internal Control Over Financial Reporting

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

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

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