



**bhm cpa group, inc.**  
CERTIFIED PUBLIC ACCOUNTANTS

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VILLAGE OF PROCTORVILLE  
LAWRENCE COUNTY

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

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OHIO AUDITOR OF STATE  
KEITH FABER



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Members of Council  
Village of Proctorville  
409 Elizabeth Street  
Proctorville, Ohio 45669

We have reviewed the *Independent Auditor's Report* of the Village of Proctorville, Lawrence County, prepared by BHM CPA Group, 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 Proctorville is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Keith Faber".

Keith Faber  
Auditor of State  
Columbus, Ohio

August 25, 2021

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**VILLAGE OF PROCTORVILLE**  
**LAWRENCE COUNTY**

*For the Years Ended December 31, 2020 and 2019*  
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**INDEPENDENT AUDITOR'S REPORT**

Village of Proctorville  
Lawrence County  
409 Elizabeth Street  
Proctorville, Ohio 45669

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 combined total as of and for the years ended December 31, 2020 and for each governmental, proprietary and fiduciary fund type as of and for the year ended December 31, 2019, and related notes of the Village of Proctorville, Lawrence County, Ohio (the Village).

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

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

***Auditor's Responsibility***

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

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Village's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Village's internal control. Accordingly, we express no 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 opinions.

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

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

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Village 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 *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 as of December 31, 2020 and 2019, and the respective changes in financial position thereof for the years then ended.

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

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

***Emphasis of Matter***

As discussed in Note 13 to the 2020 financial statements, the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Village. We did not modify our opinion regarding this matter.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated June 25, 2021, 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.



BHM CPA Group, Inc.  
Piketon, Ohio  
June 25, 2021



**VILLAGE OF PROCTORVILLE  
LAWRENCE COUNTY**

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

	<u>Governmental Fund Types</u>			<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	
<b>Cash Receipts:</b>				
Property Taxes	\$ 63,167	\$ 6,267	\$ -	\$ 69,434
Intergovernmental	24,443	98,062	2,130	124,635
Charges for Services	-	-	8,634	8,634
Fines, Licenses, and Permits	133,091	5,541	882	139,514
Miscellaneous	16,260	-	-	16,260
	<u>236,961</u>	<u>109,870</u>	<u>11,646</u>	<u>358,477</u>
<b>Total Cash Receipts</b>				
<b>Cash Disbursements:</b>				
Current:				
Security of Persons and Property	160,777	14,060	-	174,837
Public Health Services	-	19,829	-	19,829
Transportation	-	34,513	-	34,513
General Government	58,501	3,839	-	62,340
Debt Service:				
Redemption of Principal	-	-	9,411	9,411
Interest and Fiscal Charges	-	-	2,589	2,589
	<u>219,278</u>	<u>72,241</u>	<u>12,000</u>	<u>303,519</u>
<b>Total Cash Disbursements</b>				
Net Change in Fund Cash Balances	17,683	37,629	(354)	54,958
Fund Cash Balances, January 1	<u>66,941</u>	<u>31,727</u>	<u>1,991</u>	<u>100,659</u>
Fund Cash Balances, December 31	<u>\$ 84,624</u>	<u>\$ 69,356</u>	<u>\$ 1,637</u>	<u>\$ 155,617</u>

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

**VILLAGE OF PROCTORVILLE  
LAWRENCE 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**

	<b>Proprietary Fund Types</b>
	<b>Enterprise</b>
<b>Operating Cash Receipts:</b>	
Charges for Services	\$ 157,268
Total Operating Cash Receipts	157,268
<b>Operating Cash Disbursements</b>	
Personal services	73,600
Supplies and Materials	37,383
Other	1,837
Total Operating Cash Disbursements	112,820
<i>Operating Income (Loss)</i>	44,448
<b>Non-Operating Receipts (Disbursements)</b>	
Capital Outlay	(6,000)
Principal	(10,700)
Interest	(466)
Other Non-operating Disbursements	(510)
Total Non-Operating Receipts (Disbursements)	(17,676)
<i>Net Change in Fund Cash Balances</i>	26,772
Fund Cash Balances, January 1	35,458
<b>Fund Cash Balances, December 31</b>	<b>\$ 62,230</b>

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

**VILLAGE OF PROCTORVILLE  
LAWRENCE COUNTY**

**COMBINED STATEMENT OF ADDITIONS, DEDUCTIONS, AND  
CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)  
ALL FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2020**

	<b>Fiduciary Fund Types</b>
	<b>Custodial</b>
	<b>Other Custodial</b>
<b>Additions:</b>	
Fines, Licenses and Permits for Distribution	\$ 150,077
Total Operating Cash Receipts	150,077
<b>Deductions:</b>	
Distributions to Other Funds (Primary Gov't)	9,132
Other Distributions	146,554
Total Operating Cash Disbursements	155,686
<i>Net Change in Fund Cash Balances</i>	(5,609)
Fund Cash Balances, January 1	6,378
<b>Fund Cash Balances, December 31</b>	<b>\$ 769</b>

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

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

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**Note 1 - Reporting Entity**

The Village of Proctorville (the Village), Lawrence 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 and sewer utilities, park operations, and police services.

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

The Village participates in the Public Entities Pool of Ohio (PEP), a risk sharing pool available to Ohio local governments. Note 6 to the financial statements provides additional information for this entity.

**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) all fiduciary fund types which are all organized on a fund type basis.

***Fund Accounting***

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

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

***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 Fund*** 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.

***Fire Fighting Fund*** This fund receives tax money for providing fire protection to the Village.

***Police Vehicle Fund*** This Fund receives a fixed amount per citation to provide for the future purchase of police vehicles.

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

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**Mayor's Court Computer Fund** This fund receives a fixed amount per citation for the operation of software & hardware for Mayor's Court and recordkeeping.

**Corona Virus Relief Fund** This fund receives revenue from the federal government through allocations apportioned through the State of Ohio & the Lawrence County Auditor's Office based on formulas derived based on Local Government funds.

**Debt Service Fund** This fund accounts for and reports financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

**Enterprise Funds** These funds account for operations that are similar to private business enterprises, where management intends to recover the significant costs of providing certain goods or services through user charges. The Village had the following significant Enterprise Funds:

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

**Fiduciary Funds** Fiduciary funds include custodial funds.

Custodial funds are purely custodial in nature and are used to report fiduciary activity that is not required to be reported in a trust fund. The Village's custodial fund accounts for the activities of the Village's Mayor's Court.

***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 Board 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 fund, function or object level of control, and appropriations may not exceed estimated resources. The Village Council must annually approve appropriation measures and subsequent amendments. Appropriations lapse at year end.

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

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

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**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. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year.

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.

**Fund Balance**

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

**Nonspendable** The Village classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact. For regulatory purposes nonspendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the Village and the nonexpendable portion of the corpus in permanent funds.

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

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

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

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

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

**Note 3 - Budgetary Activity**

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

2020 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$234,575	\$236,961	\$2,386
Special Revenue	102,185	109,870	7,685
Debt Service	11,600	11,646	46
Enterprise	146,750	157,268	10,518
Total	\$495,110	\$515,745	\$20,635

2020 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$272,000	\$219,278	\$52,722
Special Revenue	119,340	72,241	47,099
Debt Service	13,402	12,000	1,402
Enterprise	150,600	130,496	20,104
Total	\$555,342	\$434,015	\$121,327

**Note 4 – Deposits and Investments**

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

	2020
Demand deposits	\$218,616
Total deposits	\$218,616

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

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***Deposits***

Deposits are insured by the Federal Deposit Insurance Corporation.

**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.

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

**Note 6 - Risk Management**

Workers' Compensation coverage is provided by the State of Ohio. The Village pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs (if material).

**Risk Pool Membership**

The Village is a member of the Public Entities Pool of Ohio (The Pool). The Pool assumes the risk of loss up to the limits of the (local entity's) policy. The Pool covers the following risks:

- General liability and casualty
- Public official's liability
- Cyber
- Law enforcement liability
- Automobile liability
- Vehicles
- Property
- Equipment breakdown

The Pool reported the following summary of actuarially-measured liabilities and the assets available to pay those liabilities as of December 31:

	<u>2020</u>
Cash and Investments	\$ 40,318,971
Actuarial Liabilities	\$ 14,111,510



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

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**Note 7 - Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

Thirteen 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.

**Note 8 - Postemployment Benefits**

OPERS offers 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 2020.

**Note 9 – Debt**

Debt outstanding at December 31, 2020 was as follows:

	Principal	Interest Rate
Various Purpose Revenue Bonds	\$10,900	2%
Citizens Deposit Bank Mortgage	18,002	4%
Citizens Deposit Bank Line of Credit	16,969	6%*
Total	\$45,871	

\*The interest rate on the line of credit was 4.75% per annum at the start of the agreement and is subject to change every day after January 17, 2017 within range of 10.75% to 4.75%. Interest is calculated by the lender based on the Wall Street Journal Prime Lender Rate.

Various Purpose Revenue Bonds

The Village issued \$200,000 in Various Purpose Revenue Bonds in 2011. The proceeds of the bonds were used to redeem prior Village debt related to water plant improvements and to acquire police vehicles. The Village collateralized these bonds with revenues for the Village.

Citizens Deposit Bank Mortgage

The Village took out a twenty-year mortgage through Citizens Deposit bank in 2014 to purchase the Village hall. The loan amount was \$42,000 with an interest rate of 4.49% effective for 2017. The loan is secured by the deed to the property.

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

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**Citizens Deposit Bank Line of Credit**

The Village borrowed \$30,000 on a line of credit from Citizens Deposit bank in 2017 to be used for budget equalization and to meet the obligations of the Village at the discretion of the Mayor and Clerk Treasurer, upon consultation of Council.

***Leases***

The Village leases buildings, vehicles and other equipment under noncancelable leases. The Village disbursed \$1.00 to pay lease costs for the year ended December 31, 2020.

***Amortization***

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

Year Ending December 31:	Various Purpose Revenue Bonds	Citizens Deposit Bank Mortgage	Citizens Deposit Bank Line of Credit
2020	\$ 11,166	\$ 2,883	\$ 6,360
2021	11,101	2,883	6,360
2022	-	2,883	6,360
2023	-	2,883	6,360
2024	-	2,883	-
2025-2029	-	14,415	-
2028-2032	-	2,833	-
Total	<u>\$ 22,267</u>	<u>\$ 31,663</u>	<u>\$ 25,440</u>

**Note 10 – Related Party Transactions**

The Village of Proctorville has had no related party transactions during the calendar year.

**Note 11 – Fund Balances**

The fund balance of special revenue funds is either restricted or committed. The fund balance of debt service funds are restricted committed or assigned.

**Note 12 – Change in Accounting Principles**

For 2020, the Village has made changes to their cash basis reporting model. These changes include modifications to the definition of fiduciary funds, adding a separate Combined Statement of Additions, Deductions and Changes in Fund Balances (Regulatory Cash Basis) -- All Fiduciary Fund Types, and removing the fund balance classifications from the Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis) – All Governmental Fund Types.

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

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**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 will 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.

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**VILLAGE OF PROCTORVILLE  
LAWRENCE COUNTY**

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

	<u>Governmental Fund Types</u>			<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	
<b>Cash Receipts:</b>				
Property Taxes	\$ 58,546	\$ 5,975	\$ -	\$ 64,521
Intergovernmental	25,698	40,808	1,389	67,895
Charges for Services	-	-	8,761	8,761
Fines, Licenses, and Permits	179,185	6,261	1,381	186,827
Miscellaneous	13,304	-	-	13,304
	<u>276,733</u>	<u>53,044</u>	<u>11,531</u>	<u>341,308</u>
<b>Total Cash Receipts</b>				
<b>Cash Disbursements:</b>				
Current:				
Security of Persons and Property	160,659	6,899	-	167,558
Transportation	-	32,449	-	32,449
General Government	62,994	-	-	62,994
Debt Service:				
Redemption of Principal	-	-	8,043	8,043
Interest and Fiscal Charges	-	-	2,723	2,723
	<u>223,653</u>	<u>39,348</u>	<u>10,766</u>	<u>273,767</u>
<b>Total Cash Disbursements</b>				
Excess of Receipts Over/(Under) Disbursements	53,080	13,696	765	67,541
<b>Other Financing Receipts (Disbursements):</b>				
Other Uses	(17)	-	-	(17)
	<u>(17)</u>	<u>-</u>	<u>-</u>	<u>(17)</u>
<b>Total Other Financing Receipts (Disbursements)</b>				
Net Change in Fund Cash Balances	53,063	13,696	765	67,524
Fund Cash Balances, January 1	13,878	18,031	1,226	33,135
	<u>13,878</u>	<u>18,031</u>	<u>1,226</u>	<u>33,135</u>
<b>Fund Cash Balances, December 31</b>				
Restricted	-	31,727	1,991	33,718
Unassigned	66,941	-	-	66,941
	<u>66,941</u>	<u>-</u>	<u>-</u>	<u>66,941</u>
<b>Fund Cash Balances, December 31</b>	<u>\$ 66,941</u>	<u>\$ 31,727</u>	<u>\$ 1,991</u>	<u>\$ 100,659</u>

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

**VILLAGE OF PROCTORVILLE  
LAWRENCE COUNTY**

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

	<u>Proprietary Fund Types</u>		<u>Fiduciary Fund Types</u>		<b>Totals (Memorandum Only)</b>
	<u>Enterprise</u>		<u>Custodial</u>		
<b>Operating Cash Receipts:</b>					
Charges for Services	\$	147,668	\$	-	\$ 147,668
Total Operating Cash Receipts		147,668		-	147,668
<b>Operating Cash Disbursements</b>					
Personal services		70,672		-	70,672
Contractual services		4,100		-	4,100
Supplies and Materials		52,276		-	52,276
Other		2,565		-	2,565
Total Operating Cash Disbursements		129,613		-	129,613
<i>Operating Income (Loss)</i>		18,055		-	18,055
<b>Non-Operating Receipts (Disbursements)</b>					
Capital Outlay		(4,800)		-	(4,800)
Principal		(11,211)		-	(11,211)
Interest		(909)		-	(909)
Other Non-operating Receipts		-		213,176	213,176
Other Non-operating Disbursements		(11,145)		(214,637)	(225,782)
Total Non-Operating Receipts (Disbursements)		(28,065)		(1,461)	(29,526)
<i>Net Change in Fund Cash Balances</i>		(10,010)		(1,461)	(11,471)
Fund Cash Balances, January 1		45,468		7,839	53,307
<b>Fund Cash Balances, December 31</b>	<b>\$</b>	<b>35,458</b>	<b>\$</b>	<b>6,378</b>	<b>\$ 41,836</b>

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

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

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**Note 1 - Reporting Entity**

The Village of Proctorville (the Village), Lawrence 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 and sewer utilities, park operations, and police services.

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

The Village participates in the Public Entities Pool of Ohio (PEP), a risk sharing pool available to Ohio local governments. Note 6 to the financial statements provides additional information for this entity.

**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 and 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.

***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 Fund*** 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.

***Fire Fighting Fund*** This fund receives tax money for providing fire protection to the Village.

***Police Vehicle Fund*** This Fund receives a fixed amount per citation to provide for the future purchase of police vehicles.

***Mayor's Court Computer Fund*** This fund receives a fixed amount per citation for the operation of software & hardware for Mayor's Court and recordkeeping.

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

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***Debt Service Fund*** This fund accounts for and reports financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

***Enterprise Funds*** These funds account for operations that are similar to private business enterprises, where management intends to recover the significant costs of providing certain goods or services through user charges. The Village had the following significant Enterprise Funds:

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

***Fiduciary Funds*** Fiduciary funds include custodial funds.

Custodial funds are purely custodial in nature and are used to report fiduciary activity that is not required to be reported in a trust fund. The Village's custodial fund accounts for the activities of the Village's Mayor's Court.

***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 Board 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 fund, function or object level of control, and appropriations may not exceed estimated resources. The Village Council must annually approve appropriation measures and subsequent amendments. Appropriations lapse at year end.

***Estimated Resources*** Estimated resources include estimates of cash to be received (budgeted receipts) plus 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. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year.

A summary of 2019 budgetary activity appears in Note 3.



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

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***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.

***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*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Village Council or a Village official delegated that authority by resolution, or by State Statute.

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

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

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

**Note 3 - Budgetary Activity**

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

2019 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$236,075	\$276,733	\$40,658
Special Revenue	49,373	53,044	3,671
Debt Service	10,570	11,531	961
Enterprise	147,250	147,668	418
Total	\$443,268	\$488,976	\$45,708

2019 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$249,500	\$223,670	\$25,830
Special Revenue	52,050	39,348	12,702
Debt Service	11,200	10,766	434
Enterprise	170,690	157,678	13,012
Total	\$483,440	\$431,462	\$51,978

**Note 4 – Deposits and Investments**

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

	2019
Demand deposits	\$142,495
Total deposits	\$142,495

***Deposits***

Deposits are insured by the Federal Deposit Insurance Corporation.

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

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**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.

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

**Note 6 - Risk Management**

Workers' Compensation coverage is provided by the State of Ohio. The Village pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs (if material).

The Village is a member of the Public Entities Pool of Ohio (The Pool). The Pool assumes the risk of loss up to the limits of the Village's policy. The Pool covers the following risks:

- General liability and casualty
- Public official's liability
- Cyber
- Law enforcement liability
- Automobile liability
- Vehicles
- Property
- Equipment breakdown

The Pool reported the following summary of assets and actuarially-measured liabilities available to pay those liabilities as of December 31:

	<u>2019</u>
Cash and Investments	\$ 38,432,610
Actuarial Liabilities	\$ 14,705,917

**Note 7 - Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

Thirteen (13) 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

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

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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, 2019.

**Note 8 - Postemployment Benefits**

OPERS offers 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.

**Note 9 – Debt**

Debt outstanding at December 31, 2019 was as follows:

	Principal	Interest Rate
Various Purpose Revenue Bonds	\$21,600	2%
Citizens Deposit Bank Mortgage	22,343	4%
Citizens Deposit Bank Line of Credit	22,039	6%*
Total	\$65,982	

\*The interest rate on the line of credit was 4.75% per annum at the start of the agreement and is subject to change every day after January 17, 2017 within range of 10.75% to 4.75%. Interest is calculated by the lender based on the Wall Street Journal Prime Lender Rate.

Various Purpose Revenue Bonds

The Village issued \$200,000 in Various Purpose Revenue Bonds in 2011. The proceeds of the bonds were used to redeem prior Village debt related to water plant improvements and to acquire police vehicles. The Village collateralized these bonds with revenues for the Village.

Citizens Deposit Bank Mortgage

The Village took out a twenty-year mortgage through Citizens Deposit bank in 2014 to purchase the Village hall. The loan amount was \$42,000 with an interest rate of 4.49% effective for 2017. The loan is secured by the deed to the property.

Citizens Deposit Bank Line of Credit

The Village borrowed \$30,000 on a line of credit from Citizens Deposit bank in 2017 to be used for budget equalization and to meet the obligations of the Village at the discretion of the Mayor and Clerk Treasurer, upon consultation of Council. No amortization schedule has been provided.

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

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***Leases***

The Village leases buildings, vehicles and other equipment under noncancelable leases. The Village disbursed \$1.00 to pay lease costs for the year ended December 31, 2019.

***Amortization***

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

Year Ending December 31:	Various Purpose Revenue Bonds	Citizens Deposit Bank Mortgage	Citizens Deposit Bank Line of Credit
2020	\$11,166	\$2,883	\$6,360
2021	11,101	2,883	6,360
2022	-	2,883	6,360
2023	-	2,883	6,360
2024	-	2,883	-
2025-2029	-	14,415	-
2028-2032	-	2,883	-
Total	<u>\$22,267</u>	<u>\$31,663</u>	<u>\$25,440</u>

**Note 10 – Contingent Liabilities**

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

**Note 11 – Related Party Transactions**

The Village of Proctorville has had no related party transactions during the calendar year.

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

Village of Proctorville  
Lawrence County  
409 Elizabeth Street  
Proctorville, Ohio 45669

To the Village Council:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements for each governmental and proprietary fund type and the fiduciary fund type combined total as of and for the year ended December 31, 2020 and for each governmental, proprietary and fiduciary fund type as of and for the year ended December 31, 2019, and related notes of the Village of Proctorville, Lawrence County, (the Village) and have issued our report thereon dated June 25, 2021, wherein we noted the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code section 117-2-03(D) permit. We also noted the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Village.

***Internal Control Over Financial Reporting***

As part of our financial statement audit, we considered the Village's internal control over financial reporting (internal control) as a basis for designing 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 internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings that we consider a material weakness. We consider finding 2020-001 to be a material weakness.

***Compliance and Other Matters***

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

***Purpose of this Report***

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

A handwritten signature in black ink that reads "BHM CPA Group". The letters are cursive and somewhat stylized.

BHM CPA Group, Inc.  
Piketon, Ohio  
June 25, 2021



**Village of Proctorville  
Lawrence County  
Schedule of Findings  
December 31, 2020 and 2019**

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**1. SUMMARY OF AUDIT FINDINGS**

**FINDING NUMBER 2020-001**

**MATERIAL WEAKNESS – FINANCIAL REPORTING**

Sound financial reporting is the responsibility of the fiscal officer and Village Council and is essential to ensure information provided to the readers of the financial statements is complete and accurate.

Material and immaterial misstatements were identified during the course of the audit which have not been prevented or detected by the Village's internal controls over financial reporting. Misstatements were identified in the following areas:

- Intergovernmental Receipts
- Other Financing Sources
- Other Financing Uses
- Interest
- Principal
- Fund Balance
- Risk Management Disclosures
- Debt Disclosures
- Fines, Licenses and Permits for Distribution
- Distributions to Other Funds (Primary Gov't)
- Other Distributions

To ensure the Village's financial statements and notes to the financial statements are complete and accurate, we recommend the Fiscal Officer review the Ohio Village Officer's Handbook for guidance on the correct line item to post various receipts and expenditures of the Village.

**Client Response:** We did not receive a response from Officials to this finding.

**Village of Proctorville  
Lawrence County  
Schedule of Prior Audit Findings  
December 31, 2020 and 2019**

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<b>Finding Number</b>	<b>Finding Summary</b>	<b>Fully Corrected?</b>	<b>Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:</b>
2018-001	Material Weakness – Financial Reporting	No	Reissued as finding 2020-001

# OHIO AUDITOR OF STATE KEITH FABER



**VILLAGE OF PROCTORVILLE**

**LAWRENCE 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 9/7/2021**

88 East Broad Street, Columbus, Ohio 43215  
Phone: 614-466-4514 or 800-282-0370

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