
ALGER & ASSOCIATES, Inc.



PROFESSIONAL FINANCIAL AND COMPLIANCE AUDIT SERVICES

VILLAGE OF LOWELLVILLE

MAHONING COUNTY

A&A
REGULAR AUDIT

For the Year Ended

December 31, 2021

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North Canton, OH 44720
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OHIO AUDITOR OF STATE
KEITH FABER



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Village Council
Village of Lowellville
140 East Liberty Street
Lowellville, Ohio 44436

We have reviewed the *Independent Auditor's Report* of the Village of Lowellville, Mahoning County, prepared by Alger & Associates, Inc., for the audit period January 1, 2020 through December 31, 2021. 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 Lowellville 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 23, 2022

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**VILLAGE OF LOWELLVILLE
MAHONING COUNTY**

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ALGER & ASSOCIATES, Inc.

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

Village of Lowellville
Mahoning County
140 E. Liberty Street
Lowellville, OH 44436

To the Members of Council and the Mayor:

Report on the Audit of the Financial Statements

Unmodified and Adverse Opinions

We have audited the financial statements of the Village of Lowellville, Mahoning County, Ohio (the Village), Ohio (the Village), which comprises 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, 2021, and the related notes to the financial statements.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements of the General, Special Revenue, Debt Service, Capital Projects and Custodial Funds, and related notes of the Village as of December 31, 2021, and for the year ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit, described in Note 2.

Additional Opinion Qualification

In our opinion, except for the possible effects of the matter described in the *Basis for Additional Opinion Qualification* section of our report, 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 combined total as of and for the year ended December 31, 2021, and the related notes of the Village of Lowellville, Mahoning County, in accordance with the financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code § 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 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.

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

As described in Note 2 of the financial statements, the financial statements are prepared by the Village on the basis of the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 2 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

Basis for Additional Opinion Qualification

Charges for Services receipts are reported at \$142,094 for the year ended December 31, 2021, which are 100 percent of the total Enterprise Funds operating receipts for each year. The Village contracted with a service organization to provide sewer billing and collection services. The Village did not provide us with evidence we requested regarding the design and proper operation of the service organization's internal controls or with certain information regarding sewer billings receipts. We were therefore unable to obtain sufficient appropriate audit evidence supporting the amounts recorded as charges for services receipts. Consequently, we were unable to determine whether any adjustments to these amounts were necessary.

Emphasis of Matter

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether 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 twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- 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 Entity'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 June 7, 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.

Karen S
Alger, CPA



Digitally signed by Karen S Alger, CPA
DN: cn=Karen S Alger, CPA, o=Alger
& Associates, Inc, ou,
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Date: 2022.07.28 15:28:07 -04'00'

Alger & Associates, Inc.
Certified Public Accountants
North Canton, Ohio
June 7, 2022

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Village of Lowellville, Ohio
Mahoning County
*Combined Statement of Receipts, Disbursements and Changes in Fund
Balances - (Regulatory Cash Basis) All Governmental Fund Types
For the Year Ended December 31, 2021*

	Governmental Fund Types				Total (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
Cash Receipts					
Property and Other Local Taxes	\$182,946	\$8,785	\$7,653		\$199,384
Municipal Income Taxes	478,183				478,183
Intergovernmental	30,867	418,532	476	\$1,500	451,375
Special Assessments	15,899			89,258	105,157
Charges for Services	149,072				149,072
Fines, Licenses and Permits	13,630				13,630
Earnings on Investments	43	4			47
Miscellaneous	24,104	8,039			32,143
<i>Total Cash Receipts</i>	<u>894,744</u>	<u>435,360</u>	<u>8,129</u>	<u>90,758</u>	<u>1,428,991</u>
Cash Disbursements					
Current:					
Security of Persons and Property	650,527				650,527
Public Health Services	4,155	1,667			5,822
Community Environment	5,075				5,075
Basic Utility Services				1,500	1,500
Transportation	93,279	115,507			208,786
General Government	173,610		103		173,713
Capital Outlay	71,647	328,950			400,597
Debt Service:					
Redemption of Principal	15,463		14,064	79,455	108,982
Interest and Other Fiscal Charges	764		1,281	35,461	37,506
<i>Total Cash Disbursements</i>	<u>1,014,520</u>	<u>446,124</u>	<u>15,448</u>	<u>116,416</u>	<u>1,592,508</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(119,776)</u>	<u>(10,764)</u>	<u>(7,319)</u>	<u>(25,658)</u>	<u>(163,517)</u>
Other Financing Receipts (Disbursements)					
Sale of Assets	13,950				13,950
Transfers In		13,500		12,000	25,500
Transfers Out	(25,500)				(25,500)
Other Financing Sources	8,740				8,740
Other Financing Uses	(27,321)	(5,319)			(32,640)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(30,131)</u>	<u>8,181</u>	<u>-</u>	<u>12,000</u>	<u>(9,950)</u>
<i>Net Change in Fund Cash Balances</i>	<u>(149,907)</u>	<u>(2,583)</u>	<u>(7,319)</u>	<u>(13,658)</u>	<u>(173,467)</u>
<i>Fund Cash Balances , January 1</i>	<u>283,469</u>	<u>44,950</u>	<u>11,080</u>	<u>16,996</u>	<u>356,495</u>
<i>Fund Cash Balances , December 31</i>	<u>\$133,562</u>	<u>\$42,367</u>	<u>\$3,761</u>	<u>\$3,338</u>	<u>\$183,028</u>

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

Village of Lowellville, Ohio
Mahoning County
*Combined Statement of Receipts, Disbursements
and Changes in Fund Balance (Regulatory Cash Basis)*
Proprietary Fund Type
For the Year Ended December 31, 2021

	Proprietary Fund Type
	Enterprise
Operating Cash Receipts	
Charges for Services	\$142,094
<i>Total Operating Cash Receipts</i>	142,094
Operating Cash Disbursements	
Personal Services	167,313
Employee Fringe Benefits	57,774
Contractual Services	151,618
Supplies and Materials	135,664
<i>Total Operating Cash Disbursements</i>	512,369
<i>Operating Income (Loss)</i>	(370,275)
Non-Operating Receipts (Disbursements)	
Special Assessments	45,424
Earnings on Investments	103
Miscellaneous Receipts	90,000
Capital Outlay	(360,791)
Other Financing Sources	372,890
Other Financing Uses	(49,975)
<i>Total Non-Operating Cash Receipts (Disbursements)</i>	97,651
<i>Net Change in Fund Cash Balances</i>	(272,624)
<i>Fund Cash Balances, January 1</i>	413,918
<i>Fund Cash Balances, December 31</i>	\$141,294

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

Village of Lowellville, Ohio
Mahoning County
Combined Statement of Additions, Deductions and
Changes in Fund Balances (Regulatory Cash Basis)
Fiduciary Fund Type
For the Year Ended December 31, 2021

	Fiduciary Fund Type
	Custodial
<i>Net Change in Fund Balances</i>	\$0
<i>Fund Cash Balances, January 1</i>	1,109
<i>Fund Cash Balances, December 31</i>	\$1,109

See accompanying notes to the basic financial statements

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Village of Lowellville, Ohio
Mahoning County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 1 – Reporting Entity

The Village of Lowellville (the Village), Mahoning 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.

Public Entity Risk Pools and Component Unit

The Village participates in a public entity risk pool and is associated with a Component Unit. The public entity risk pool is the Ohio Plan Risk Management, Inc. (OPRM) a nonassessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments (“Members”). Note 7 and Note 12 to the financial statements provides additional information for these entities.

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

Note 2 - Summary of Significant Accounting Policies

Basis of Presentation

The Village’s financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types, and a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for 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 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.

Debt Service Funds These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. The Village had the following significant Debt Service Fund: Ohio Water Development Authority (OWDA) loan.

Village of Lowellville, Ohio
Mahoning County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 2 - Summary of Significant Accounting Policies *(continued)*

Capital Project Funds These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Village had the following significant capital project funds:

Sanitary Sewer Projects - This fund receives Federal monies to pay for improvements to the wastewater treatment plant.

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:

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

Fiduciary Funds Fiduciary funds include private purpose trust funds, investment trust funds, and custodial funds. Trust funds account for assets held under a trust agreement meeting certain criteria.

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 Mayor's Court activity. As of December 31, 2016, the Village no longer has a functioning Mayor's Court, there remains a residual ending fund balance.

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 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 (C) permit.

Budgetary Process

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

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

Village of Lowellville, Ohio
Mahoning County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 2 - Summary of Significant Accounting Policies *(continued)*

Budgetary Process *(continued)*

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 4.

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.

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.

Village of Lowellville, Ohio
Mahoning County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 2 - Summary of Significant Accounting Policies *(continued)*

Fund Balance

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

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

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

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

Note 3 – Compliance

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the FEMA fund by \$269,245, Special Revenue Fund – EMS by \$1,667, OPWC Capital Project by \$11,784 and Sanitary Sewer Bond (Capital Project) Fund by \$3,160 for the year ended December 31, 2021.

Also contrary to Ohio law, at December 31, 2021, the OPWC Capital Project fund had a cash deficit balance of \$23,568 and Capital Project Fund – Sanitary Sewer Bond fund \$6,266.

Note 4 – Budgetary Activity

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

Fund Type	2021 Budgeted vs. Actual Receipts		
	Budgeted Receipts	Actual Receipts	Variance
General	\$1,175,022	\$917,434	(\$257,588)
Special Revenue	154,988	448,860	293,872
Debt Service	23,983	8,129	(15,854)
Capital Projects	3,000	102,758	99,758
Enterprise	694,837	650,511	(44,326)
Total	\$2,051,830	\$2,127,692	\$75,862

Village of Lowellville, Ohio
Mahoning County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 4 – Budgetary Activity *(continued)*

2021 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,432,273	\$1,067,608	\$364,665
Special Revenue	199,215	451,443	(252,228)
Debt Service	15,448	15,448	0
Capital Projects	101,471	116,416	(14,945)
Enterprise	1,069,516	923,193	146,323
Total	\$2,817,923	\$2,574,108	\$243,815

Note 5 – 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. A summary of the Village's deposit and investment accounts are as follows:

	2021
<i>Cash Management Pool:</i>	
Other time deposits (savings and NOW accounts)	325,431
Total deposits	\$325,431

The Village does not use a separate payroll clearing account. The expenditures included in the accompanying financial statement reflect net payroll plus all remitted payroll withholdings. At December 31, 2021, the Village is holding \$482 in unremitted employee payroll withholdings.

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.

Note 6 – 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.

Village of Lowellville, Ohio
Mahoning County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 6 – Taxes *(continued)*

Income Taxes

The Village levies a municipal income tax of 2 percent on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village.

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

Note 7 – Risk Management

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

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

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

Effective November 1, 2020, the OPRM's property retention increased from 33% to 55%, while the casualty treaty remains unchanged and still assumes 100% of the first \$250,000 casualty treaty. OPRM had 771 members as of December 31, 2020.

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

Assets	\$ 18,826,974
Liabilities	(13,530,267)
Members' Equity	<u>\$ 5,296,707</u>

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

Village of Lowellville, Ohio
Mahoning County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 8 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

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

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

Ohio Police and Fire Retirement System

Some Village’s 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 postretirement health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25 percent of their wages. The Village contributed to OP&F an amount equal to 19.5 percent of full-time police members’ wages. The Village has paid all contributions required through December 31, 2021.

Note 9 – Postemployment Benefits

Both OPERS and OP&F offer 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 2021. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2021. OP&F contributes 0.5 percent to fund these benefits.

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

Note 10 – Debt

Debt outstanding at December 31, 2021, was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Ohio Water Development Authority Loan 5480	\$10,110	0%
Ohio Water Development Authority Loan 6820	945,987	2.57 - 3.34%
Ohio Water Development Authority Loan 7149	147,102	2.92
Ohio Public Works Commission Loan CF32U	88,384	0%
2018 Police Cruiser	6,280	4.06%
2019 Ford Dump Truck	34,514	3.09%
Total	<u>\$1,232,377</u>	

Village of Lowellville, Ohio
Mahoning County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 10 – Debt *(continued)*

The Ohio Water Development Authority (OWDA) loan 5480 pertains to a wastewater treatment plant flooding abatement project. The OWDA approved a total loan of \$158,394 to the Village for this project. Of this amount, \$134,606 included American Recovery and Reinvestment Act (ARRA) principal forgiveness monies which the Village is not required to pay back. The remaining portion of \$23,787 to finance this project will be a loan to be paid in semi-annual installments for a period of twenty years. Sewer receipts collateralize the loan. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

The Ohio Water Development Authority (OWDA) loan 6820 pertains to the wastewater treatment plant improvements. The OWDA approved a total loan of \$1,317,585 in loans to the Village for this project. In 2018, OWDA adjusted the principal down by \$63. The Village will be reimbursed annually by BFI for all future principal and interest payments related to this debt.

The Ohio Water Development Authority (OWDA) loan 7149 pertains to the McGill and Walnut streets drainage improvements. The OWDA approved a total loan of \$194,017.

The Ohio Public Works Commission (OPWC) Loan CF32U issued in 2018 pertains to the 2017 Road Improvements project. The loan was approved in the amount of \$117,845 and the Village will repay the loan in semiannual installments of \$5,892 over a period of ten years.

The Village purchased a 2018 Police Cruiser in March of 2018. The total amount including finance charges is \$47,683. The Village will pay the loan in semi-annual payments of \$6,378.08 for a period of 4 years.

The Village purchased a 2019 Ford Dump Truck in May of 2019. The total amount including finance charges is \$86,285. The Village will pay the loan in semi-annual payments of \$8,628.50 plus interest for a period of 4 years

Amortization

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

Year Ending December 31:	OWDA Loan #5480	OWDA Loan #6820	OWDA Loan #7149	OPWC Loan	2018 Police Cruiser	2019 Ford Dump Truck
2022	\$1,189	\$89,258	\$12,876	\$11,784	\$6,378	\$18,251
2023	1,189	89,258	12,876	11,784		17,682
2024	1,189	89,258	12,876	11,784		
2025	1,189	89,258	12,876	11,784		
2026	1,189	89,258	12,876	11,784		
2027-2031	4,165	446,288	64,382	29,464		
2032-2036		267,772	51,507			
Total	\$10,110	\$1,160,350	\$180,269	\$88,384	\$6,378	\$35,933

Village of Lowellville, Ohio
Mahoning County
Notes to the Financial Statements
For the Year Ended December 31, 2021

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:

Fund Balances	General	Special Revenue	Debt Service	Capital Projects	Total
Outstanding Encumbrance	267	-	-	-	267
<i>Total</i>	<u>\$267</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$267</u>

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

Note 12 – Component Unit

During 2020, the Village established the Lowellville Forward Corporation, a Community Improvement Corporation (CIC) according to the provisions of Chapter 1724 of the Ohio Revised Code. The purpose of the CIC is for the development of the Village center area and industrial and other commercial property located within the village limits. The CIC is a component unit of the Village, as the Village is financially accountable for the CIC under the criteria of Governmental Accounting Standards Board Statement No. 14. The Village appoints five of the nine CIC Board of Trustee members and presently, a majority of the CIC funding is received from the Village. No financial activity during 2021.

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. Ohio’s state of emergency ended in June, 2021 while the national state of emergency continues. During 2021, the Village received COVID-19 funding. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Village. The impact on the Village’s future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated

The 2021 the Village received CARES Act funding. Of the amounts received, \$0 was sub-granted to other governments and organization, \$0 was returned to the granting agency, and \$62,513 was spent on-behalf of other governments. These amounts are reflected as other financing uses expenditures in the Coronavirus Relief Special Revenue Fund on the accompanying financial statements.

Village of Lowellville, Ohio
Mahoning County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 14 – Subsequent Events

As of December 31, 2016, the Village no longer has a functioning Mayor's Court. There remains a residual balance of \$1,109 for which the Village will be going to the Court of Common Pleas to transfer back to General Fund. The Village has yet to take the request to the Court of Common Pleas.



ALGER & 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 Lowellville
Mahoning County
140 E. Liberty Street
Lowellville, OH 44436

To the Members of Council and the Mayor:

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 combined total as of and for the year ended December 31, 2021 and the related notes to the financial statements of the Village of Lowellville, Mahoning County, Ohio, (the Village) and have issued our report thereon dated June 7, 2022, wherein we noted as described in Note 2 to the financial statements, the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit. We also qualified our opinion due to the lack of sufficient appropriate audit evidence supporting the amounts recorded as charges for services receipts in the Enterprise Funds. In addition, we noted as described in Note 13 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures which may 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 opinions on 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings as items 2021-001 through 2021-005 that we consider to be material weaknesses.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings as items 2021-001 through 2021-003.

Purpose of this Report

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

**Karen S
Alger, CPA**  Digitally signed by Karen S Alger, CPA
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Alger & Associates, Inc.
Certified Public Accountants
North Canton, Ohio

June 7, 2022

**Village of Lowellville, Ohio
Mahoning County**

*Schedule of Findings
December 31, 2021*

FINDING NUMBER 2021-001

Noncompliance Citation/Material Weakness - Negative Fund Balance

Ohio Rev. Code Section 5705.10 (I), states money paid into a fund shall be used only for the purposes for which such fund is established. A negative fund cash balance indicates that money from one fund was used to cover the expenses of another fund. The Village had negative fund balances at December 31, 2020 in the Capital Project – Sanitary Sewer Bond fund #4901 of (\$6,266) and Capital Project – OPWC fund #4903 of (\$23,568).

A negative cash fund balance is an indication that revenues from other sources were used to pay obligations of this fund. Fund activity should be monitored to prevent future expenditures in excess of available resources. In those cases where additional funds are required, the resources should either be transferred or advanced to the fund in accordance with the Ohio Revised Code.

We recommend the Village monitor their fund balances to ensure that money from various funds is not used to pay obligations of other funds.

FINDING NUMBER 2021-002

Noncompliance Citation/Material Weakness Expenditures Exceeding Appropriations

Ohio Rev. Code § 5705.41 (B) prohibits a subdivision or taxing unit from making any expenditures of money unless it has been appropriated. Expenditures exceeded appropriations for Special Revenue Fund – FEMA by \$269,245, Special Revenue Fund – EMS by \$1,667, OPWC Capital Project by \$11,784 and Sanitary Sewer Bond (Capital Project) Fund by \$3,160 after expenditures were adjusted through audit adjustments.

Failure to have adequate appropriations in place at the time expenditures are made could cause expenditures to exceed available resources, further resulting in deficit spending practices.

The Village should closely monitor expenditures and appropriations and make the necessary appropriations amendments, if possible, to reduce the likelihood of expenditures exceeding appropriations. Additionally, the Clerk-Treasurer should deny payment requests exceeding appropriations when appropriations are inadequate to cover the expenditure.

FINDING NUMBER 2021-003

Noncompliance Citation/Material Weakness – Financial Statement Reclassifications and Adjustments

Ohio Administrative Code Section 117-2-02(A) states all local public offices shall maintain an accounting system and accounting records sufficient to enable the public office to identify, assemble, analyze, classify, record and report its transactions, maintain accountability for the related assets, document compliance with finance-related legal and contractual requirements and prepare financial statements required by rule 117-2-03 of the Administrative Code.

All receipts/disbursements should be properly classified as to the type of receipt/disbursement based on its source and purpose.

The following financial statement reclassifications and adjustments were identified and adjusted/reclassified:

- The Clerk-Treasurer posted revenues of \$269,245 to the General Fund – Intergovernmental Account, however, this should have been posted to the FEMA Special Revenue Fund – Intergovernmental Account.

Village of Lowellville, Ohio
Mahoning County

Schedule of Findings
December 31, 2021

FINDING NUMBER 2021-003 (continued)

Noncompliance Citation/Material Weakness – Financial Statement Reclassifications & Adjustments
(continued)

- The Clerk-Treasurer posted the expenditure of \$269,245 to the General Fund Capital Outlay rather than the FEMA Special Revenue Capital Outlay.
- The Clerk-Treasurer posted a revenue of \$1,667 to the General Fund – Intergovernmental account. This should have been posted to EMS Special Revenue – Intergovernmental account. The \$1,667 expenditure was also posted to the General Fund – General Government account. This should have been posted to the Special Revenue – Public Health account.
- The Clerk-Treasurer posted a revenue of \$1,751 to the General Fund – Property Tax account. This should have been posted to the Sewer Capital Enterprise Fund – Special Assessments.
- Receipts for \$3,352 was posted to Sanitary Sewer Bond Fund (Capital Project Fund). This should have been posted to Sewer Operating Enterprise Fund. (OWDA loan payment).
- Receipts for \$11,784 OPWC payment was charged to General Fund – Other Financing Uses. This should have been posted to OPWC Capital Project Fund.
- The Clerk-Treasurer posted revenues of \$4,230 to the General Fund Property Tax. \$3,982 should have been posted to General Fund Intergovernmental and \$248 should have been posted to Debt Service Fund Intergovernmental account.
- The Clerk-Treasurer posted \$4,230 for homestead revenue to General Fund Property Tax. \$3,969 should have been posted to General Fund Intergovernmental and \$228 should have been posted top Debt Service Fund – Intergovernmental account.
- Receipts of \$90,000 was posted to the Sewer Capital Improvement Enterprise Fund -Special Assessment account. This should have been posted to Sewer Capital Improvement Enterprise Fund – Miscellaneous account. This was for sanitary & storm damages & repairs.
- Revenue from the sale of property in the amount of \$11,500 and rental and insurance claims totaling \$6,543 was improperly posted to Charges for Services rather than Sale of Capital Assets and Miscellaneous Receipts, respectively, within the General Fund.
- Donations of \$12,000 were improperly posted to Other Financing Sources rather than Miscellaneous Receipts within the General Fund.
- Special Assessment receipts totaling \$4,412 were improperly posted to Charges for Services rather than Miscellaneous Receipts within the Sewer Operating Fund - Enterprise.
- Second half property tax of \$10,583 was improperly posted as Charges for Services rather than the Property Tax receipt account, within the Sewer Operating – Enterprise Fund.
- Second half property tax - Special Assessment were improperly posted as Charges for Services rather than Special Assessment Receipts within the Sewer Operating Fund – Enterprise.
- The 2021 principal and interest payments for the 2018 Police Cruiser debt of \$12,271 and \$485 respectively, were improperly posted to the Security of Person & Property for \$11,529 and Other Financing Uses for \$1,227 account rather than in the Principal Retirement account and the Interest and Fiscal Charges account, within the General Fund.
- The first 2021 principal and interest payments for the Dump Truck debt of \$3,192 and \$279 respectively, was improperly posted to the Security of Person & Property account rather than as Principal Retirement account and the Interest and Fiscal Charges account within the General Fund.

**Village of Lowellville, Ohio
Mahoning County**

*Schedule of Findings
December 31, 2021*

FINDING NUMBER 2021-003 (continued)

**Noncompliance Citation/Material Weakness – Financial Statement Reclassifications & Adjustments
(continued)**

- 2021 interest payment for the Dump Truck debt of \$1,281, was improperly posted to the Principal Retirement account rather than the Interest and Fiscal Charges account within the Debt Service Fund.
- A posting of receipts totaling \$27,500 from AWIN Management Inc, was posted to Special Assessment receipts rather than Other Financing Sources receipt account within the Sewer Capital Improvement fund.
- The Clerk-Treasurer closed out \$1,109 Mayor’s Court residual bank account and receipted the amount into General Fund without Common Pleas Court authorization to transfer the money; therefore, the financial statements reported it in the Fiduciary reducing General Fund cash balance.
- Clerk-Treasurer wrote a check from the General Fund to the money market account in the Capital Project Fund for \$12,000. Clerk-Treasurer did not obtain approval of a transfer for these funds. We have adjusted the fund balances to reflect the proper accounting treatment.

There were various other immaterial reclassifications/adjustments made to the financial statements and/or books totaling \$932.

Not posting receipts and disbursements accurately resulted in the financial statements requiring several adjustments and reclassifications. The Village has made the adjustments to their accounting system. The financial statements reflect all adjustments and reclassifications.

To help ensure accuracy and reliability in the financial reporting process, we recommend that management perform a detailed review of its draft financial statements. Such review should include procedures to ensure that all sources of revenues and expenses are properly identified and classified on the financial statements.

We also recommend the Clerk-Treasurer refer to the Ohio Village Handbook accounting manual and Uniform Accounting Network Accounting (UAN) manual for guidance to determine the proper establishment of receipt and disbursement accounts and posting of receipts and disbursements. In addition, the Board should review monthly receipt and disbursement reports to help ensure transactions are properly classified. This may help ensure the Village’s financial activity is accurately reported.

FINDING NUMBER 2021-004

Material Weakness - Footnotes to the Financial Statements

In our audit engagement letter, as required by AU-C Section 210, Terms of Engagement, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; 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 as discussed in AU-C Section 210 paragraphs. A14 &. A16.

**Village of Lowellville, Ohio
Mahoning County**

*Schedule of Findings
December 31, 2021*

FINDING NUMBER 2021-004 *(continued)*

Material Weakness - Footnotes to the Financial Statements *(continued)*

Footnotes to the financial statements are an integral part to the financial statements and are the responsibility of management for the preparation and fair presentation. On review of the footnotes accompanying the financial statements submitted to the Hinkle system, the footnotes were not updated with the current information. The Clerk-Treasurer submitted the 2020 footnotes with the 2021 financial statements.

The accompanying financial statements' footnotes have been adjusted for these errors. It is possible that the lack of a final financial statement and footnotes review prior to filing may have contributed to these errors not being detected. Financial reporting errors impact the users' understanding of the financial statements and the ability of Council and management to make sound financial decisions.

Prior to filing, the annual financial statements, the Clerk-Treasurer should update and review all the footnotes before submitting to the Hinkle system, and accounting records should be reviewed for errors and omissions. The current and updated footnotes are found on the Auditor of State's website at <https://ohioauditor.gov/references.html>.

FINDING NUMBER 2021-005

Material Weakness – Sewer Billings and Collections

U.S. Attestation Standards (clarified) Section 320 (AT-C 320) codifies standards for reporting on an Examination of Controls at service organizations. An unmodified Type Two Report on Management's Description of a Service Organization's System and the Suitability of Design and Operating Effectiveness of Controls in accordance with AT-C 320 should help provide the City with reasonable assurance that sewer billings and collections conform to the contract.

The Village has delegated the processing of sewer billings and collections, which is a significant accounting function, to a third-party administrator, Aqua Utility Services. The following internal control weaknesses were noted with regard to the processing of sewer billings and collections:

- Aqua Utility Services is able to provide monthly billing and collection reports to the Village for review, but the Village does not request these reports.
- The Village has not established procedures to determine whether the service organization has sufficient controls in place and operating effectively to reduce the risk that sewer billings and collections have been completely and accurately processed in accordance with the contract between the Village and Aqua Utility Services.

Aqua Utility Services processed \$142,094 in 2021 in utility receipts for the Village. Due to the lack of controls over the billing and collections of these receipts we were unable to determine if sewer bills and collections were processed properly.

These conditions may not assure the completeness and accuracy of sewer billings and collections processed by the third-party administrator.

**Village of Lowellville, Ohio
Mahoning County**

*Schedule of Findings
December 31, 2021*

FINDING NUMBER 2021-005 (continued)

Material Weakness – Sewer Billings and Collections (continued)

The Village should request standing data from the service organization, including the name and address of the people being billed. The Village should assign personnel to review the standing data to ensure residents of the Village that should be charged for sewer usage are being charged. The Village should also request billing information from the service organization to ensure correct rates are being used and are being calculated properly according to usage.

Additionally, the Village should request a Type Two SOC 1 report or Agreed Upon Procedures report in its contract with Aqua Utility Services. The Village should review the SOC 1 report timely. The report should follow American Institute of Certified Public Accountants standards and be performed by a firm registered and considered in good standing with the Accountancy Board of the respective state. In addition, if agreed upon procedures are to be done, the Auditor of State's office should be consulted prior to entering into a contract for these services.

Officials Response: We did not receive a response from the Village on any of the above findings.

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Village of Lowellville, Ohio
Mahoning County

Schedule of Prior Audit Findings
December 31, 2021

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2020-001	Noncompliance Citation/Material Weakness – ORC §5705.10 (I) Negative Fund Balance ORC §5705.41(B)	No	Not Corrected repeated as 2021-001
2020-002	Noncompliance Citation/Material Weakness ORC §5705.39 Appropriations Exceeding Estimated Resources	No	Not Corrected repeated as 2021-002
2020-003	Noncompliance Citation/Material Weakness – Financial Reporting Ohio Admin Code §117-2-02(A)	No	Not Corrected repeated as 2021-003
2020-004	Material Weakness – Footnotes to the Financial Statements.	No	Not Corrected repeated as 2021-004
2020-005	Material Weakness - Budgetary Measurers Lack of control over posting of estimated resources to the accounting system.	Yes	No Longer Valid;
2020-006	Material Weakness – Sewer Billings and Collections Lack of controls over water and sewer	No	Not Corrected repeated as 2021-005



ALGER & ASSOCIATES, Inc.



PROFESSIONAL FINANCIAL AND COMPLIANCE AUDIT SERVICES

VILLAGE OF LOWELLVILLE

MAHONING COUNTY

A&A
REGULAR AUDIT

For the Year Ended

December 31, 2020

6927 Burgundy Ave NW
North Canton, OH 44720
Phone (330) 353-5851
Fax (330) 768-7574

VILLAGE OF LOWELLVILLE
MAHONING COUNTY

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ALGER & ASSOCIATES, Inc.
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

Village of Lowellville
Mahoning County
140 E. Liberty Street
Lowellville, OH 44436

To the Members of Council and the Mayor:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements for each governmental and proprietary fund type and the fiduciary fund type combined total as of and for the year ended December 31, 2020 and the related notes of the Village of Lowellville, Mahoning 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(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 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(C), 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(C) 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 the respective changes in financial position or cash flows thereof for the year then ended.

Basis for Additional Opinion Qualification

Charges for Services receipts are reported at \$183,855 for the year ended December 31, 2020, which are 100 percent of the total Enterprise Funds operating receipts for each year. The Village contracted with a service organization to provide sewer billing and collection services. The Village did not provide us with evidence we requested regarding the design and proper operation of the service organization's internal controls or with certain information regarding sewer billings receipts. We were therefore unable to obtain sufficient appropriate audit evidence supporting the amounts recorded as charges for services receipts. Consequently, we were unable to determine whether any adjustments to these amounts were necessary.

Additional Opinion Qualification

In our opinion, except for the possible effects of the matter described in the *Basis for Additional Opinion Qualification* paragraph, the financial statements referred to above present fairly, in all material respects, the cash balances of the Enterprise Funds of the Village of Lowellville, Mahoning County, as of December 31, 2020, and its receipts and disbursements for the year then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit, described in Note 2.

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 of the General, Special Revenue, Debt Service, Capital Projects and Custodial Funds, and related notes of the Village as of December 31, 2020, and for the year ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit, described in Note 2.

Emphasis of Matter

As discussed in Note 14 to the financial statements, the Village made changes to its reporting model. We did not modify our opinion regarding this matter.

As discussed in Note 15 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may 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 7, 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.

**Karen S
Alger, CPA**

Digitally signed by Karen S Alger,
CPA
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Alger & Associates, Inc.
Certified Public Accountants
North Canton, Ohio

June 7, 2022

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Village of Lowellville, Ohio
Mahoning 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*

	Governmental Fund Types				Total (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
Cash Receipts					
Property and Other Local Taxes	\$155,663	\$8,894	\$6,650		\$171,207
Municipal Income Taxes	490,300				490,300
Intergovernmental	178,868	94,713		\$1,500	275,081
Special Assessments	20,468			89,258	109,726
Charges for Services	132,276				132,276
Fines, Licenses and Permits	14,726				14,726
Earnings on Investments	185	18			203
Miscellaneous	16,790	7,315			24,105
<i>Total Cash Receipts</i>	<u>1,009,276</u>	<u>110,940</u>	<u>6,650</u>	<u>90,758</u>	<u>1,217,624</u>
Cash Disbursements					
Current:					
Security of Persons and Property	347,869				347,869
Public Health Services	78				78
Community Environment	4,825				4,825
Basic Utility Services				1,500	1,500
Transportation	78,206	103,126			181,332
General Government	183,961	252	258		184,471
Capital Outlay	366,239	18,589			384,828
Debt Service:					
Redemption of Principal	29,948		9,719	77,432	117,099
Interest and Other Fiscal Charges	2,999			37,677	40,676
<i>Total Cash Disbursements</i>	<u>1,014,125</u>	<u>121,967</u>	<u>9,977</u>	<u>116,609</u>	<u>1,262,678</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(4,849)</u>	<u>(11,027)</u>	<u>(3,327)</u>	<u>(25,851)</u>	<u>(45,054)</u>
Other Financing Receipts (Disbursements)					
Sale of Asssets	49,701				49,701
Transfers In		12,000		17,892	29,892
Transfers Out	(29,892)				(29,892)
Other Financing Sources	102,443	76,878			179,321
Other Financing Uses	(34,385)	(57,685)			(92,070)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>87,867</u>	<u>31,193</u>	<u>-</u>	<u>17,892</u>	<u>136,952</u>
<i>Net Change in Fund Cash Balances</i>	83,018	20,166	(3,327)	(7,959)	91,898
<i>Fund Cash Balances , January 1 Restated (see Note 3)</i>	<u>200,451</u>	<u>24,784</u>	<u>14,407</u>	<u>24,955</u>	<u>264,597</u>
<i>Fund Cash Balances , December 31</i>	<u><u>\$283,469</u></u>	<u><u>\$44,950</u></u>	<u><u>\$11,080</u></u>	<u><u>\$16,996</u></u>	<u><u>\$356,495</u></u>

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

Village of Lowellville, Ohio
Mahoning County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balance (Regulatory Cash Basis)
Proprietary Fund Type
For the Year Ended December 31, 2020

	Proprietary Fund Type
	Enterprise
Operating Cash Receipts	
Charges for Services	\$183,855
<i>Total Operating Cash Receipts</i>	183,855
Operating Cash Disbursements	
Personal Services	134,535
Employee Fringe Benefits	56,959
Contractual Services	144,899
Supplies and Materials	119,906
Other	50
<i>Total Operating Cash Disbursements</i>	456,349
<i>Operating Income (Loss)</i>	(272,494)
Non-Operating Receipts (Disbursements)	
Earnings on Investments	259
Capital Outlay	(24,462)
Other Financing Sources	381,687
Other Financing Uses	(61,680)
<i>Total Non-Operating Cash Receipts (Disbursements)</i>	295,804
<i>Net Change in Fund Cash Balances</i>	23,310
<i>Fund Cash Balances, January 1</i>	390,608
<i>Fund Cash Balances, December 31</i>	\$413,918

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

Village of Lowellville, Ohio
Mahoning County
Combined Statement of Additions, Deductions and
Changes in Fund Balances (Regulatory Cash Basis)
Fiduciary Fund Type
For the Year Ended December 31, 2020

	Fiduciary Fund Type
	Custodial
<i>Net Change in Fund Balances</i>	\$0
<i>Fund Cash Balances, January 1</i>	1,109
<i>Fund Cash Balances, December 31</i>	\$1,109

See accompanying notes to the basic financial statements

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Village of Lowellville, Ohio
Mahoning County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 1 – Reporting Entity

The Village of Lowellville (the Village), Mahoning 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.

Public Entity Risk Pools and Component Unit

The Village participates in a public entity risk pool and is associated with a Component Unit. The public entity risk pool is the Ohio Plan Risk Management, Inc. (OPRM) a nonassessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments (“Members”). Note 8 and Note 13 to the financial statements provides additional information for these entities.

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

Note 2 - Summary of Significant Accounting Policies

Basis of Presentation

The Village’s financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types, and a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for 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 - 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.

Debt Service Funds - These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. The Village had the following significant Debt Service Fund: Ohio Water Development Authority (OWDA) loans.

Village of Lowellville, Ohio
Mahoning County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 2 - Summary of Significant Accounting Policies *(continued)*

Capital Project Funds - These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Village had the following significant capital project fund:

Sanitary Sewer Projects - This fund receives Federal monies to pay for improvements to the wastewater treatment plant.

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 Fund:

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

Fiduciary Funds Fiduciary funds include private purpose trust funds, investment trust funds, and custodial funds. Trust funds account for assets held under a trust agreement meeting certain criteria.

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 Mayor's Court activity. As of December 31, 2016, the Village no longer has a functioning Mayor's Court, there remains a residual ending fund balance.

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 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 (C) permit.

Budgetary Process

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

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

Village of Lowellville, Ohio
Mahoning County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 2 - Summary of Significant Accounting Policies *(continued)*

Budgetary Process *(continued)*

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 5.

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.

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.

Village of Lowellville, Ohio
Mahoning County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 2 - Summary of Significant Accounting Policies *(continued)*

Fund Balance *(continued)*

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

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

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

For regulatory purposes, limited disclosure related to fund balance is included in Note 12.

Note 3 – Prior Period Adjustment

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Project</u>	<u>Total</u>
Fund Cash Balance December 31, 2019	\$199,117	\$26,118	\$14,407	\$12,955	\$252,597
Money Market not recorded on prior year books				12,000	12,000
Close Mayor's Court Computer Fund	<u>1,334</u>	<u>(1,334)</u>	<u> </u>	<u> </u>	<u>0</u>
Adjusted Fund Cash Balance December 31, 2019	<u>\$200,451</u>	<u>\$24,784</u>	<u>\$14,407</u>	<u>\$24,955</u>	<u>\$264,597</u>

Note 4 – Compliance

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the Capital Project fund by \$3,137 and the Village had negative fund balances in the Capital Project Sanitary Sewer Bond fund #4901 of (\$4,392) and Capital Projects OPWC fund #4903 of (\$11,784).

Village of Lowellville, Ohio
Mahoning County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 5 – 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	\$1,206,400	\$1,161,420	(\$44,980)
Special Revenue	124,556	199,818	75,262
Debt Service	23,314	6,650	(16,664)
Capital Projects	91,297	108,650	17,353
Enterprise	640,827	565,801	(75,026)
Total	\$2,086,394	\$2,042,339	(\$44,055)

2020 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,284,383	\$1,083,905	\$200,478
Special Revenue	213,144	184,970	28,174
Debt Service	10,800	9,977	823
Capital Projects	113,472	116,609	(3,137)
Enterprise	785,228	542,491	242,737
Total	\$2,407,027	\$1,937,952	\$469,075

Note 6 – 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. A summary of the Village's deposit and investment accounts are as follows:

	2020
<i>Cash Management Pool:</i>	
Demand deposits	\$482,608
Other time deposits (savings and NOW accounts)	288,914
Total deposits	771,522

The Village does not use a separate payroll clearing account. The expenditures included in the accompanying financial statement reflect net payroll plus all remitted payroll withholdings. At December 31, 2020, the Village has remitted all employee payroll withholdings.

Village of Lowellville, Ohio
Mahoning County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 6 – Deposits and Investments *(continued)*

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.

Note 7 – 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.

Income Taxes

The Village levies a municipal income tax of 2 percent on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village.

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

Note 8 – Risk Management

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

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

Village of Lowellville, Ohio
Mahoning County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 8 – 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. The OPRM is also participated in a property primary excess of loss treaty. This treaty reimbursed the OPRM 30% for losses between \$200,000 and \$1,000,000. The reimbursement is based on the amount of loss between \$200,000 and \$1,000,000. Effective November 1, 2018, the OPRM the property retention remained unchanged, however, the Plan assumed 100% of the first \$250,000 casualty treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. Effective November 1, 2019, the OPRM’s property retention increased from 30% to 33%, while the casualty treaty remains unchanged and still assumes 100% of the first \$250,000 casualty treaty. Effective November 1, 2020, the OPRM’s property retention increased from 33% to 55%, while the casualty treaty remains unchanged and still assumes 100% of the first \$250,000 casualty treaty. OPRM had 771 members as of December 31, 2020.

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

Assets	\$ 18,826,974
Liabilities	<u>(13,530,267)</u>
Members’ Equity	<u>\$ 5,296,707</u>

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

Note 9 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

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

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

Ohio Police and Fire Retirement System

Some Village’s 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 postretirement health care and survivor and disability benefits.

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

Village of Lowellville, Ohio
Mahoning County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 10 – Postemployment Benefits

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

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

Note 11 – Debt

Debt outstanding at December 31, 2020, was as follows:

	Principal	Interest Rate
Ohio Water Development Authority Loan 5480	\$11,299	0%
Ohio Water Development Authority Loan 6820	1,004,071	2.57 - 3.34%
Ohio Water Development Authority Loan 7149	155,498	2.92
Ohio Public Works Commission Loan CF32U	100,168	0%
2018 Police Cruiser	18,552	4.06%
2019 Ford Dump Truck	51,771	3.09%
Total	\$1,341,359	

* Village made final pymt of \$10,517; the pay off amt on the Silverado, per the bank for a savings of \$855

The Ohio Water Development Authority (OWDA) loan 5480 pertains to a wastewater treatment plant flooding abatement project. The OWDA approved a total loan of \$158,394 to the Village for this project. Of this amount, \$134,606 included American Recovery and Reinvestment Act (ARRA) principal forgiveness monies which the Village is not required to pay back. The remaining portion of \$23,787 to finance this project will be a loan to be paid in semi-annual installments for a period of twenty years. Sewer receipts collateralize the loan. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

The Ohio Water Development Authority (OWDA) loan 6820 pertains to the wastewater treatment plant improvements. The OWDA approved a total loan of \$1,317,585 in loans to the Village for this project. In 2018, OWDA adjusted the principal down by \$63. The Village will be reimbursed annually by BFI for all future principal and interest payments related to this debt.

The Ohio Water Development Authority (OWDA) loan 7149 pertains to the McGill and Walnut streets drainage improvements. The OWDA approved a total loan of \$194,017.

Village of Lowellville, Ohio
Mahoning County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 11 – Debt *(continued)*

The Ohio Public Works Commission (OPWC) Loan CF32U issued in 2018 pertains to the 2017 Road Improvements project. The loan was approved in the amount of \$117,845 and the Village will repay the loan in semiannual installments of \$5,892 over a period of ten years.

The Village purchased a 2016 Chevy Silverado in January of 2017. The total amount including finance charges is \$40,798.80. During 2020, the Village paid off the loan early. Per the bank a saving of \$855.

The Village purchased a 2018 Police Cruiser in March of 2018. The total amount including finance charges is \$47,683. The Village will pay the loan in semi-annual payments of \$6,378.08 for a period of 4 years.

The Village purchased a 2019 Ford Dump Truck in May of 2019. The total amount including finance charges is \$86,285. The Village will pay the loan in semi-annual payments of \$8,628.50 plus interest for a period of 4 years.

Amortization

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

Year Ending	OWDA	OWDA	OWDA	OPWC	2018 Police	2019 Ford
December 31:	Loan #5480	Loan #6820	Loan #7149	Loan	Cruiser	Dump
				CR32U		Truck
2021	\$1,189	\$89,258	\$12,876	\$11,785	\$12,756	\$18,819
2022	1,189	89,258	12,876	11,784	6,378	18,251
2023	1,189	89,258	12,876	11,784		17,682
2024	1,189	89,258	12,876	11,784		
2025	1,189	89,258	12,876	53,031		
2026-2030	5,354	446,288	64,382			
2031-2036		357,030	64,383			
Total	\$11,299	\$1,249,608	\$193,145	\$100,168	\$19,134	\$54,752

Note 12 – 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 unexpended 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:

Fund Balances	General	Special	Debt	Capital	Total
		Revenue	Service	Projects	
Outstanding Encumbrance	5,503	5,318	-	-	10,821
Total	\$5,503	\$5,318	\$0	\$0	\$10,821

Village of Lowellville, Ohio
Mahoning County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 12 – Fund Balances *(continued)*

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

Note 13 – Component Unit

During 2020, the Village established the Lowellville Forward Corporation, a Community Improvement Corporation (CIC) according to the provisions of Chapter 1724 of the Ohio Revised Code. The purpose of the CIC is for the development of the Village center area and industrial and other commercial property located within the village limits. The CIC is a component unit of the Village, as the Village is financially accountable for the CIC under the criteria of *Governmental Accounting Standards Board Statement No. 14*. The Village appoints five of the nine CIC Board of Trustee members and presently, a majority of the CIC funding is received from the Village. No financial activity during 2020.

Note 14 – 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.

Note 15 – 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. The Village's investment portfolio fluctuates with market conditions, and due to market volatility, the amount of gains or losses that will be realized in subsequent periods, if any, cannot be determined. 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.

During 2020, the Village received CARES Act funding. Of the amounts received, \$0 was sub-granted to other governments and organization, \$0 was returned to the granting agency, and \$57,937 was spent on-behalf of other governments. These amounts are reflected as other financing uses expenditures in the Coronavirus Relief Special Revenue Fund on the accompanying financial statements.

Note 16 – Subsequent Events

As of December 31, 2016, the Village no longer has a functioning Mayor's Court. There remains a residual balance of \$1,109 for which the Village will be going to the Court of Common Pleas to transfer back to General Fund. The Village has yet to take the request to the Court of Common Pleas.



ALGER & 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 Lowellville
Mahoning County
140 E. Liberty Street
Lowellville, OH 44436

To the Members of Council and the Mayor:

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 the related notes to the financial statements of the Village of Lowellville, Mahoning County, Ohio, (the Village) and have issued our report thereon dated June 7, 2022, wherein we noted as described in Note 2 to the financial statements, the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit. We also qualified our opinion due to the lack of sufficient appropriate audit evidence supporting the amounts recorded as charges for services receipts in the Enterprise Funds. In addition, as described in Note 14 to the financial statements, the Village made changes to its reporting model. Furthermore, we noted in Note 15 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures which may impact subsequent periods of the Village.

Report on 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 opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Village's internal control. Accordingly, we have not opined on it.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings that we consider material weaknesses. We consider findings 2020-001 through 2020-006 to be material weaknesses.


Report on 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 instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2020-001 through 2020-003.

Purpose of this Report

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

Karen S Alger,
CPA



Digitally signed by Karen S Alger, CPA
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Associates, Inc, ou,
email=ksalger46@att.net, c=US
Date: 2022.07.28 14:12:47 -0400'

Alger & Associates, Inc.
Certified Public Accountants
North Canton, Ohio

June 7, 2022

Village of Lowellville, Ohio
Mahoning County

Schedule of Findings
December 31, 2020

**FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

FINDING NUMBER 2020-001

Noncompliance Citation/Material Weakness - Negative Fund Balance

Ohio Rev. Code Section 5705.10 (I), states money paid into a fund shall be used only for the purposes for which such fund is established. A negative fund cash balance indicates that money from one fund was used to cover the expenses of another fund. The Village had negative fund balances at December 31, 2020 in the Capital Project – Sanitary Sewer Bond fund #4901 of (\$4,392) and Capital Project – OPWC fund #4903 of (\$11,784).

A negative cash fund balance is an indication that revenues from other sources were used to pay obligations of this fund. Fund activity should be monitored to prevent future expenditures in excess of available resources. In those cases where additional funds are required, the resources should either be transferred or advanced to the fund in accordance with the Ohio Revised Code.

In addition, **Ohio Rev. Code § 5705.41 (B)** prohibits a subdivision or taxing unit from making any expenditures of money unless it has been appropriated. During 2020, expenditures exceeded appropriations for Capital Fund by \$3,137 after expenditures were adjusted through audit adjustments.

Failure to have adequate appropriations in place at the time expenditures are made could cause expenditures to exceed available resources, further resulting in deficit spending practices.

The Village should closely monitor expenditures and appropriations and make the necessary appropriations amendments, if possible, to reduce the likelihood of expenditures exceeding appropriations. Additionally, the Clerk-Treasurer should deny payment requests exceeding appropriations when appropriations are inadequate to cover the expenditure.

We recommend the Village monitor their fund balances to ensure that money from various funds are not used to pay obligations of other funds. In addition, Council should closely monitor expenditures and appropriations and make the necessary appropriation amendments, if possible, to reduce the likelihood of expenditures exceeding appropriations when appropriations are inadequate to cover the expenditures.

FINDING NUMBER 2020-002

Noncompliance Citation/Material Weakness – Appropriations Exceeding Estimated Resources

Ohio Rev. Code §5705.39 provides in part that total appropriations from each fund shall not exceed the total estimated resources [estimated receipts plus unencumbered balances]. No appropriation measure is effective until the county auditor files a certificate that the total appropriations from each fund do not exceed the total official estimate or amended official estimate.

As of December 31, 2020, the following funds had appropriations exceeding total estimated resources: the Coronavirus Relief fund by \$63,490 and the Stavich Bike Trail by \$18,000. The Village could not show evidence that the County Auditor certified the increase in estimated resources. This variance was due to the Clerk-Treasurer not receiving an amended certificate of resources for the two funds from the County Auditor.

Village of Lowellville, Ohio
Mahoning County

Schedule of Findings
December 31, 2020

FINDING NUMBER 2020-002 *(continued)*

Noncompliance Citation/Material Weakness – Appropriations Exceeding Estimated Resources
(continued)

This situation may lead to disbursements within said funds exceeding the actual revenue available and negative cash balances.

Management should monitor the budgetary cycle throughout the year to ensure appropriations do not exceed the amounts on the certificate of estimated resources and any amendments thereto and actual revenue received.

FINDING NUMBER 2020-003

Noncompliance Citation/Material Weakness – Financial Statement Reclassifications and Adjustments

Ohio Administrative Code Section 117-2-02(A) states all local public offices shall maintain an accounting system and accounting records sufficient to enable the public office to identify, assemble, analyze, classify, record and report its transactions, maintain accountability for the related assets, document compliance with finance-related legal and contractual requirements and prepare financial statements required by rule 117-2-03 of the Administrative Code.

All receipts/disbursements should be properly classified as to the type of receipt/disbursement based on its source and purpose.

The following financial statement reclassifications and adjustments were identified and adjusted in the financial statements:

- The annual OPWC principal payment was improperly posted to General Fund rather than OPWC-Capital Project fund in the amount of \$11,784.
- Reclassification of revenue from the sale of property in the amount of \$42,500 and rental and claims settlement totaling \$16,234 were improperly posted to Charges for Services rather than Sale of Capital Assets and Miscellaneous Receipts, respectively, within the General Fund.
- The 2020 principal and interest payments for the 2018 Police Cruiser debt of \$11,893 and \$863 respectively, were improperly posted to the Security of Person & Property account rather than in the Principal Retirement account and the Interest and Fiscal Charges account, within the General Fund.
- The first 2020 principal and interest payments for the Dump Truck debt of \$8,628 and \$1,134 respectively, was improperly posted to the Transportation account rather than as Principal Retirement account and the Interest and Fiscal Charges account within the General Fund.
- A portion of the second 2020 principal and interest payments for the Dump Truck debt of \$1,873 and \$370 respectively, was improperly posted to the Security of Persons & Property account rather than as Principal Retirement account and the Interest and Fiscal Charges account within the General Fund.
- Final portion of the second 2020 principal and interest payments for the Dump Truck debt of \$6,756 and \$631 respectively, was improperly posted to the Other Financing Uses account rather than as Principal Retirement account and the Interest and Fiscal Charges account within the General Fund.
- A debt payment to OWDA in the amount of \$4,391 was recorded in the Enterprise Fund Sewer Water fund as Other Financing Uses for \$3,796 and Supplies & Materials for \$595 rather than the Capital Project – Sewer Bond Fund as Principal Retirement.
- Homestead receipts totaling \$8,017 posted in the General Fund, were improperly posted to the Property and Other Taxes account rather than as Intergovernmental account.

Village of Lowellville, Ohio
Mahoning County

Schedule of Findings
December 31, 2020

FINDING NUMBER 2020-003 *(continued)*

Noncompliance Citation/Material Weakness – Financial Statement Reclassifications & Adjustments
(continued)

- A mis-posting of a receipt of \$1,545 from Aqua Inc. was posted to Special Assessment account rather than Charges for Services account within the Sewer Capital Improvement fund,
- A mis-posting of receipts totaling \$27,500 from AWIN Management Inc, was posted to Special Assessment receipts rather than Other Financing Sources receipt account within the Sewer Capital Improvement fund.
- Clerk-Treasurer posted \$1,163 of IRP revenue to General Fund Fines, Licenses & Permit account; however, this should have been posted to Street Maintenance & Repair Fund for \$1,076 and State Highway Fund for \$87.
- Clerk-Treasurer posted \$699 of gas tax revenue to General Fund Property Tax account; however, this should have been posted to Street Maintenance & Repair Fund for \$647 and State Highway Fund for \$52.
- The Clerk-Treasurer closed out \$1,109 Mayor’s Court residual bank account and receipted the amount into General Fund without Common Pleas Court authorization to transfer the money; therefore, the financial statements reported it in the Fiduciary reducing General Fund cash balance.
- During the course of the audit, we noted a check written from the General bank account to the money Market account in the amount of \$12,000. After further review we noted this account was never brought on the books. This account had a beginning balanced of \$12,000 for a total of \$24,000 at year end. We restated the beginning balances to include this account.

There are various other immaterial reclassifications/adjustments made to the financial statements and/or books totaling \$2,951.

Not posting receipts and disbursements accurately resulted in the financial statements requiring several adjustments and reclassifications. The Village has made the adjustments to their accounting system. The financial statements reflect all adjustments and reclassifications.

To help ensure accuracy and reliability in the financial reporting process, we recommend that management perform a detailed review of its draft financial statements. Such review should include procedures to ensure that all sources of revenues and expenses are properly identified and classified on the financial statements.

We also recommend the Clerk-Treasurer refer to the Ohio Village Handbook accounting manual and Uniform Accounting Network Accounting (UAN) manual for guidance to determine the proper establishment of receipt and disbursement accounts and posting of receipts and disbursements. In addition, the Board should review monthly receipt and disbursement reports to help ensure transactions are properly classified. This may help ensure the Village’s financial activity is accurately reported.

FINDING NUMBER 2020-004

Material Weakness - Footnotes to the Financial Statements

In our audit engagement letter, as required by AU-C Section 210, Terms of Engagement, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; 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 as discussed in AU-C Section 210 paragraphs. A14 &. A16.

Village of Lowellville, Ohio
Mahoning County

Schedule of Findings
December 31, 2020

FINDING NUMBER 2020-004 *(continued)*

Material Weakness - Footnotes to the Financial Statements *(continued)*

Footnotes to the financial statements are an integral part to the financial statements and are the responsibility of management for the preparation and fair presentation. On review of the footnotes accompanying the financial statements submitted to the Hinkle system, the footnotes were not updated with the current information. All applicable corrections were made.

- Note 1 Reporting entity was incomplete in the description concerning public entity risk pools and component unit.
- Deposit and Investment note was not updated. The schedule had zeros; thus, the schedule was incomplete.
- Risk Management note had the incorrect footnote. The Village is a member of a risk pool. The footnotes submitted by the Village reflects a commercial insurance and the risk pool portion was left blank.
- Debt footnote principal outstanding schedule was not reflected. In addition, the description of the Village debt was not described in the footnote.
- Amortization schedule did not reflect the OWDA and OPWC loans.
- The following four footnotes were missing from the Village footnotes submitted to the Hinkle system: Component Unit, Fund Balance, Changes in Accounting Principles and COVID-19.

The accompanying financial statements' footnotes have been adjusted for these errors. It is possible that the lack of a final financial statement and footnotes review prior to filing may have contributed to these errors not being detected. Financial reporting errors impact the users' understanding of the financial statements and the ability of Council and management to make sound financial decisions.

Prior to filing, the annual financial statements, the Clerk-Treasurer should update and review all the footnotes before submitting to the Hinkle system, and accounting records should be reviewed for errors and omissions. The current and updated footnotes are found on the Auditor of State's website at <https://ohioauditor.gov/references.html>. Notes that are not applicable to the Village should be removed and was in the audit report.

FINDING NUMBER 2020-005

Material Weakness - Budgetary Measurers – Accounting System

Sound accounting practices require accurately posting estimated receipts and appropriations to the ledgers to provide information for budget versus actual comparison and to allow the Council to make decision regarding budgetary matters.

The original certificate and amendments establish the amounts available for expenditures for the Village and the receipts ledger provides the process by which the Village controls what is available, it is therefore necessary the amounts estimated by the County Budget Commission are posted accurately to the receipt's ledger. The following variance for selected funds were noted at year-end for 2020:

Village of Lowellville, Ohio
Mahoning County

Schedule of Findings
December 31, 2020

FINDING NUMBER 2020-005 (continued)

Material Weakness - Budgetary Measurers – Accounting System (continued)

Fund	2020 County Auditor Certificate of Estimated Receipts	2020 UAN Estimated Revenue	Variance
Coronavirus	\$0	\$63,490	(\$63,490)
Stavich Bike Trail	\$0	\$13,385	(\$13,385)
Sewer Operating	\$592,675	\$601,962	(\$9,675)

The Village did not have procedures in place to accurately post authorized budgetary measures to the accounting system. The approved Certificate of Estimated Resources (and/or amendments thereof) was not posted the accounting system.

Failure to accurately post the estimated resources to the ledgers could result in overspending and negative cash balance. In addition, this could lead to inaccurate reporting of the budgetary information in the financial statements.

The Clerk-Treasurer should periodically compare amounts recorded in the Revenue Status Report to amounts recorded on the Amended Official Certificate of Estimated Resources to assure they agree. If the amounts do not agree, Council may be using inaccurate information for budgeting and monitoring purposes.

FINDING NUMBER 2020-006

Material Weakness – Sewer Billings and Collections

U.S. Attestation Standards (clarified) Section 320 (AT-C 320) codifies standards for reporting on an Examination of Controls at service organizations. An unmodified Type Two Report on Management’s Description of a Service Organization’s System and the Suitability of Design and Operating Effectiveness of Controls in accordance with AT-C 320 should help provide the City with reasonable assurance that sewer billings and collections conform to the contract.

The Village has delegated the processing of sewer billings and collections, which is a significant accounting function, to a third-party administrator, Aqua Utility Services. The following internal control weaknesses were noted with regard to the processing of sewer billings and collections:

- Aqua Utility Services is able to provide monthly billing and collection reports to the Village for review, but the Village does not request these reports.
- The Village has not established procedures to determine whether the service organization has sufficient controls in place and operating effectively to reduce the risk that sewer billings and collections have been completely and accurately processed in accordance with the contract between the Village and Aqua Utility Services.

Aqua Utility Services processed \$183,855 in 2020 in utility receipts for the Village. Due to the lack of controls over the billing and collections of these receipts we were unable to determine if sewer bills and collections were processed properly.

These conditions may not assure the completeness and accuracy of sewer billings and collections processed by the third-party administrator.

Village of Lowellville, Ohio
Mahoning County

Schedule of Findings
December 31, 2020

FINDING NUMBER 2020-006 *(continued)*

Material Weakness – Sewer Billings and Collections *(continued)*

The Village should request standing data from the service organization, including the name and address of the people being billed. The Village should assign personnel to review the standing data to ensure residents of the Village that should be charged for sewer usage are being charged. The Village should also request billing information from the service organization to ensure correct rates are being used and are being calculated properly according to usage.

Additionally, the Village should request a Type Two SOC 1 report or Agreed Upon Procedures report in its contract with Aqua Utility Services. The Village should review the SOC 1 report timely. The report should follow American Institute of Certified Public Accountants standards and be performed by a firm registered and considered in good standing with the Accountancy Board of the respective state. In addition, if agreed upon procedures are to be done, the Auditor of State's office should be consulted prior to entering into a contract for these services.

Officials Response: We did not receive a response from the Village on any of the above findings.

**Village of Lowellville, Ohio
Mahoning County**

**Schedule of Prior Audit Findings
December 31, 2020**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2019-001	Noncompliance Citation/Material Weakness – On-Behalf Payments	Yes	No Longer Valid
2019-002	Noncompliance Citation/Material Weakness ORC §5705.39 Appropriations Exceeding Estimated Resources	No	Not Corrected repeated as 2020-002
2019-003	Material Weakness - Budgetary Measurers Lack of control over posting of estimated resources to the accounting system.	No	Not Corrected repeated as 2020-005
2019-004	Noncompliance Citation/Material Weakness – Financial Reporting Ohio Admin Code §117-2-02(A)	No	Not Corrected repeated as 2020-003
2019-005	Material Weakness – Sewer Billings and Collections Lack of controls over water and sewer	No	Not Corrected repeated as 2020-006

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OHIO AUDITOR OF STATE KEITH FABER



VILLAGE OF LOWELLVILLE

MAHONING 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 9/6/2022

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