

**VILLAGE OF DANVILLE  
KNOX COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 2022-2021**

**Wilson, Phillips & Agin, CPA's, Inc.  
1100 Brandywine Blvd. Building G  
Zanesville, Ohio 43701**



OHIO AUDITOR OF STATE  
KEITH FABER



88 East Broad Street  
Columbus, Ohio 43215  
IPAReport@ohioauditor.gov  
(800) 282-0370

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

We have reviewed the *Independent Auditor's Report* of the Village of Danville, Knox County, prepared by Wilson, Phillips & Agin, CPA's, Inc., for the audit period January 1, 2021 through December 31, 2022. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Village of Danville is responsible for compliance with these laws and regulations.

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

Keith Faber  
Auditor of State  
Columbus, Ohio

June 20, 2023

**This page intentionally left blank.**

**VILLAGE OF DANVILLE  
KNOX COUNTY  
FOR THE YEARS ENDED DECEMBER 31, 2022-2021**

**TABLE OF CONTENTS**

Table of Contents	( i )
Independent Auditors' Report	1-3
Financial Statements	
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types For the Year Ended December 31, 2022	4
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Proprietary Fund Types For the Year Ended December 31, 2022	5
2022 Notes to the Financial Statements	6
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types For the Year Ended December 31, 2021	16
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Proprietary Fund Types For the Year Ended December 31, 2021	17
2021 Notes to the Financial Statements	18
Independent Auditors' Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statement Performed in Accordance with Government Auditing Standards.	28
Schedule of Audit Findings	30
Schedule of Prior Audit Findings	35

**This page intentionally left blank.**

**WILSON, PHILLIPS & AGIN, CPA'S, INC.  
1100 BRANDYWINE BLVD. BUILDING G  
ZANESVILLE, OHIO 43701**

**INDEPENDENT AUDITORS' REPORT**

Village of Danville  
Knox County  
512 South Market Street  
P.O. Box W  
Danville, Ohio 43014

To the Village Council:

**Report on the Audit of the Financial Statements**

**Unmodified and Adverse Opinions**

We have audited the financial statements of Village of Danville, Knox County, Ohio (the Village) which comprises the cash balances, receipts and disbursements for each governmental fund type and proprietary fund type combined total as of and for the years ended December 31, 2022 and 2021, and the related notes to the financial statements.

**Unmodified Opinion on Regulatory Basis of Accounting**

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for each governmental fund type and proprietary fund type combined total as of and for the years ended December 31, 2022 and 2021, and the related notes to the financial statements, in accordance with the financial reporting provisions which Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit, described in Note 2

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

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* section of our report, the accompanying financial statements do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of Village of Danville, Knox County as of December 31, 2022 and 2021, or changes in financial position thereof for the years then ended.

**Basis for Opinions**

We conducted our audit in accordance with auditing standards general 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 Responsibilities for the Audit of Financial Statements* section of our report. We are required to be independent of Village of Danville, 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 Village of Danville on the basis of the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C), which is an accounting basis other than accounting principles general 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.

### **Emphasis of Matter**

As described in Note 14 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Village. Our opinions are not modified with respect to this matter.

### **Responsibilities of Management for the Financial Statements**

Management is responsible for 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 Village of Danville'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 Responsibility 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 Village's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village's ability to continue as a going concern for a reasonable period of time.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated May 16, 2023, on our consideration of Village of Danville'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 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.

***Wilson, Phillips & Agin, CPA's, Inc.***  
Zanesville, Ohio  
May 16, 2023

VILLAGE OF DANVILLE  
KNOX COUNTY

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2022**

	Governmental Fund Types				Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
<b>Cash Receipts:</b>					
Property Tax and Other Local Taxes	\$ 39,174	\$ 86,830	\$ -	\$ -	\$ 126,004
Municipal Income Tax	284,634	142,288	-	-	426,922
Intergovernmental Receipts	25,624	120,106	-	-	145,730
Charges for Services	2,256	6,060	-	-	8,316
Fines, Licenses and Permits	22,899	-	-	-	22,899
Earnings on Investments	1,055	-	-	-	1,055
Miscellaneous	2,224	90,615	-	-	92,839
<b>Total Cash Receipts</b>	<b>377,866</b>	<b>445,899</b>	<b>-</b>	<b>-</b>	<b>823,765</b>
<b>Cash Disbursements:</b>					
Current:					
Security of Persons and Property	18,922	313,818	-	-	332,740
Public Health Services	203	-	-	-	203
Leisure Time Activities	103	32,518	-	-	32,621
Community Environment	4,142	-	-	-	4,142
Basic Utility Service	-	8,000	-	-	8,000
Transportation	-	84,547	-	-	84,547
General Government	224,245	-	-	-	224,245
Capital Outlay	-	74,169	-	-	74,169
Debt Service:					
Principal	-	12,789	-	-	12,789
Interest and Fiscal Charges	-	4,354	-	-	4,354
<b>Total Cash Disbursements</b>	<b>247,615</b>	<b>530,195</b>	<b>-</b>	<b>-</b>	<b>777,810</b>
<b>Excess of Receipts Over (Under) Disbursements</b>	<b>130,251</b>	<b>(84,296)</b>	<b>-</b>	<b>-</b>	<b>45,955</b>
<b>Other Financing Receipts/(Disbursements)</b>					
Sale of Capital Assets	656	656	-	-	1,312
Transfers In	-	69,000	-	-	69,000
Transfers Out	(69,000)	-	-	-	(69,000)
Other Financing Sources	5,008	-	-	-	5,008
Other Financing Uses	(7,224)	-	-	-	(7,224)
<b>Total Other Financing Receipts/(Disbursements)</b>	<b>(70,560)</b>	<b>69,656</b>	<b>-</b>	<b>-</b>	<b>(904)</b>
<b>Net Change in Fund Cash Balance</b>	<b>59,691</b>	<b>(14,640)</b>	<b>-</b>	<b>-</b>	<b>45,051</b>
<b>Fund Cash Balance, January 1</b>	<b>89,307</b>	<b>210,286</b>	<b>430</b>	<b>349</b>	<b>300,372</b>
<b>Fund Cash Balance, December 31</b>	<b>\$ 148,998</b>	<b>\$ 195,646</b>	<b>\$ 430</b>	<b>\$ 349</b>	<b>\$ 345,423</b>

See notes to financial statements.

**VILLAGE OF DANVILLE  
KNOX COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCE - ALL PROPRIETARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2022**

	Proprietary Fund Type
	Enterprise
<b>Operating Cash Receipts:</b>	
Charges for Services	\$ 414,746
Miscellaneous	9,467
<b>Total Operating Cash Receipts</b>	<b>424,213</b>
<b>Operating Cash Disbursements:</b>	
Personal Services	118,381
Employee Fringe Benefits	64,877
Contractual Service	110,982
Supplies and Materials	64,603
<b>Total Operating Cash Disbursements</b>	<b>358,843</b>
<b>Operating Income</b>	<b>65,370</b>
<b>Non-Operating Receipts (Disbursements):</b>	
Special Assessments	140,791
Other Debt Proceeds	14,126
Sale of Fixed Assets	1,312
Capital Outlay	(96,984)
Principal Retirement	(139,926)
Interest and Other Fiscal Charges	(956)
Other Financing Uses	(3,092)
<b>Total Non-Operating Receipts (Disbursements):</b>	<b>(84,729)</b>
<b>Net Change in Fund Cash Balance</b>	<b>(19,359)</b>
<b>Fund Cash Balances, January 1</b>	<b>602,542</b>
<b>Fund Cash Balances, December 31</b>	<b>\$ 583,183</b>

See notes to financial statements.

**VILLAGE OF DANVILLE  
KNOX COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**1. REPORTING ENTITY**

**Description of the Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of Danville, Knox County, (the Village) as a body corporate and politic. A publicly elected six-member Council directs the Village. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the Village. The Village provides general government, water and sewer utilities, park operations, street repair and maintenance and police services. The Eastern Knox County Fire District provides Fire and EMS services to the Village.

The Village participates in a joint venture, public entity risk pool and is associated with a related organization.. Notes 7, 11 and 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.

**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 balance (regulatory cash basis) for all governmental fund types, and a combined statement of receipts, disbursements and changes in fund balance (regulatory cash basis) for all proprietary 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:

**Governmental Funds**

**General Fund**

The General fund is the operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

**Special Revenue Funds**

These funds are used to account for proceeds from specific sources that are restricted or committed to expenditures for specific purposes other than debt service or capital projects. The Village had the following significant Special Revenue Funds:

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

**Debt Service Fund**

This fund is to account for and report financial resources restricted for the payment of debt obligations.

**VILLAGE OF DANVILLE  
KNOX COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**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:

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

**Enterprise Funds**

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

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

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

***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 117-2-03(C). This basis is similar to the cash receipts and disbursements accounting basis. The Village recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary 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 117-2-03(C) permit.

***Budgetary Process***

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

**Appropriations**

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

**Estimated Resources**

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

**VILLAGE OF DANVILLE  
KNOX COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Encumbrances**

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

A summary 2022 budgetary activity appears in Note 3.

***Deposits and Investments***

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

***Property, Plant, and Equipment***

Acquisition of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

***Accumulated Leave***

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

***Fund Balance***

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

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

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

**Committed** – Council can *commit* via formal action (resolution). The Village must adhere to these commitments unless council amends the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

**Assigned** – Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Village Council or a Village official delegated that authority by ordinance, or by State Statute.

**VILLAGE OF DANVILLE  
KNOX COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Unassigned** – Unassigned fund balance is the residual classification for the general fund and includes amounts not contained 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 (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 classification could be used.

For regulatory purposes, limited disclosure related to fund balance is included in Note 13.

**3. BUDGETARY ACTIVITY**

Budgetary activity for the year ended December 31, 2022 is as follows:

<b>2022 Budgeted vs. Actual Receipts</b>			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 298,047	\$ 383,530	\$ 85,483
Special Revenue	430,148	515,555	85,407
Enterprise	756,358	580,442	(175,916)
Total	\$ 1,484,553	\$ 1,479,527	\$ (5,026)

<b>2022 Budgeted vs. Actual Budgetary Basis Expenditures</b>			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 391,208	\$ 324,452	\$ 66,756
Special Revenue	679,769	536,843	142,926
Debt Service	430	-	430
Enterprise	1,134,253	600,658	533,595
Total	\$ 2,205,660	\$ 1,461,953	\$ 743,707

Contrary to ORC Section 5705.41(D), the Village made expenditures prior to certification.  
 Contrary to ORC Section 5705.41(B), the Village had funds where expenditures exceeded appropriations.  
 Contrary to ORC Section 5705.39, the Village had funds where appropriations exceeded estimated resources.

**4. DEPOSITS AND INVESTMENTS**

To improve cash management, cash received by the Village is pooled. Monies for all funds are maintained in this pool. The Ohio Revised Code prescribes allowable deposits and investments. A summary of the Village's deposits and investment accounts are as follows:

	2022
<b>Cash Management Pool:</b>	
Demand Deposits	\$ 928,606
Total Carrying Amounts of Deposits and Investments held in Pool	\$ 928,606

**VILLAGE OF DANVILLE  
KNOX COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**4. DEPOSITS AND INVESTMENTS (Continued)**

The Village does not use a separate payroll clearing account. The expenditures included in the accompanying financial statements reflect net payroll plus all remitted payroll withholdings. At December 31, 2022, the Village is holding \$0 in unremitted employee payroll withholdings.

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

**5. PROPERTY TAX**

Real property taxes become a lien on January 1 preceding the October 1 date for which the Council adopted rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to make semiannual payment, the first half is due by 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.

**6. LOCAL INCOME TAX**

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

**7. RISK MANAGEMENT**

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

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

**VILLAGE OF DANVILLE  
KNOX COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**7. RISK MANAGEMENT (Continued)**

Effective November 1, 2010 (through October 31, 2017), the corridor is for losses paid is between 60% and 70% of casualty premiums earned in the first \$250,000. Effective November 1, 2016, the OPRM elected to participate in a property loss corridor deductible. The property corridor includes losses paid between 70% and 75%. In 2018, the casualty loss corridor was eliminated and the property corridor was adjusted to losses paid between 65% and 70%. Effective November 1, 2019, the property loss corridor was adjusted to losses paid between 60% and 67.5% and remain unchanged effective November 1, 2021 and November 1, 2020. OPRM had 769 members as of December 21, 2021.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2021 (latest information available):

	<u>2021</u>
Assets	\$21,777,439
Liabilities	<u>(15,037,383)</u>
Retained Earnings	<u>\$ 6,740,056</u>

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

**8. DEFINED BENEFIT PENSION PLAN**

*Ohio Public Employees Retirement System*

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

The Ohio Revised Code also prescribes contribution rates. For 2022, OPERS members contributed 10.0% of their gross wages and the Village contributed an amount equal to 14.0% of participant's gross salaries. The Village has paid all contributions required through December 31, 2022.

*Ohio Police and Fire Retirement*

The Village's full-time police officers belong to the 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 healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25% of their wages. The Village contributed to OP&F an amount equal to 19.50% of full-time police officers wages. The Village has paid all contributions required through December 31, 2022.

*Social Security*

Some Village employees contributed to social security. This plan provides retirement benefits, including survivor and disability benefits to participants. Employees contributed 6.2 percent of their gross salaries. The Village contributed an amount equal to 6.2 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2022.

**VILLAGE OF DANVILLE  
KNOX COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**9. POSTEMPLOYMENT BENEFITS**

Both OPERS and OP&F offers cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the traditional pension plan and combined plan was 0 percent during calendar year 2022. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0 percent during calendar year 2022. 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.

**10. DEBT**

Debt outstanding at December 31, 2022 was as follows:

	2022 Principal	%
OPWC Loan (CQ06E) Water Supply Improvements	\$ 104,635	0.00
2007 OWDA (4489) Water System Improvements	40,563	2.00
2009 OWDA (5043) WTP Improvements	141,813	0.00
2012 OWDA (6077) Collection System Rehab. & Repair	127,964	0.00
2017 OWDA (7821) Sanitary Sewer Rehabilitation	129,137	0.00
2018 OWDA (7894) WWTP Upgrade	1,670,138	0.00
2019 OWDA (8637) WTP Upgrades Planning	25,337	0.00
2021 OWDA (9934) WWTP Generator	13,126	0.00
2018 Park National Bonds Truck	14,609	2.90
2020 Park National Bonds Police Vehicle	46,140	4.00
Total	\$ 2,313,462	

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

In 2007, the Ohio Water Development Authority (OWDA) loan 4489 was issued for water system improvements. The Village will repay the loan in semiannual installments of \$5,301 at 2.00% interest for 20 years. The loan will be repaid from water user charges. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

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

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

**VILLAGE OF DANVILLE  
KNOX COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**10. DEBT (Continued)**

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

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

In 2019, the OWDA approved up to \$50,675 in loans to the Village for project 8637, WTP upgrades and planning. The loan will be repaid in semiannual installments of \$5,067 over six years. The loan will be repaid from water user charges. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

In 2018, the Village issued \$32,235 in Truck Acquisition Bonds to finance the purchase of a truck. The bonds will be repaid annually with installment of \$5,155 which includes interest of 2.90% over six years.

In 2020, the Village issued \$62,000 in Village Vehicle Bonds to finance the purchase of a vehicle. The bonds will be repaid annually with installment of \$10,365 which includes interest of 4.00% over seven years.

In 2022, the OWDA approved up to \$46,361 in loans to the Village for a WWTP Generator. The loan is not finalized as of December 31, 2022. Future loan payments will be repaid from sewer user charges.

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

Year	OPWC CQ06E	OWDA #4489	OWDA #5043	OWDA #6077	OWDA #7281
2023	\$ 13,080	\$ 10,602	\$ 8,595	\$ 12,796	\$ 8,609
2024	13,080	10,602	8,595	12,796	8,609
2025	13,080	10,602	8,595	12,796	8,609
2026	13,079	10,602	8,595	12,796	8,609
2027	13,079	10,602	8,595	12,796	8,609
2028-2032	39,237	-	42,975	63,984	43,046
2033-2037	-	-	42,975	-	43,046
2038-2042	-	-	12,888	-	-
Total	<u>\$ 104,635</u>	<u>\$ 53,010</u>	<u>\$ 141,813</u>	<u>\$ 127,964</u>	<u>\$ 129,137</u>

**VILLAGE OF DANVILLE  
KNOX COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**10. DEBT (Continued)**

<u>Year</u>	<u>OWDA #7894</u>	<u>OWDA #8637</u>	<u>Bonds Truck</u>	<u>Bonds Vehicle</u>
2022	\$ 101,220	10,314	5,155	\$ 10,365
2024	101,220	10,314	5,155	10,365
2025	101,220	4,709	5,155	10,365
2026	101,220	-	-	10,365
2027	101,220	-	-	10,365
2028-2032	506,102	-	-	-
2033-2037	506,105	-	-	-
2038-2042	151,831	-	-	-
Total	<u>\$ 1,670,138</u>	<u>\$ 25,337</u>	<u>\$ 15,465</u>	<u>\$ 51,825</u>

Leases

The Village leases a police vehicle under noncancelable leases. The Village disbursed \$6,783 in principal and interest to pay lease costs for the year ended December 31, 2022.

**11. JOINT VENTURES**

*Eastern Knox County Joint Fire District*

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

**12. RELATED ORGANIZATION**

*Knox County Regional Planning Commission*

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

**VILLAGE OF DANVILLE  
KNOX COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**13. 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 expendable 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 facilities effective cash planning and control. At year end, the balances of those amounts were as follows:

<u>Fund Balances</u>	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total</u>
Nonspendable:					
Corpus	\$ -	\$ -	\$ -	\$ -	\$ -
Outstanding Encum.	613	6,648	-	-	7,261
<b>Total</b>	<b>\$ 613</b>	<b>\$ 6,648</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 7,261</b>

The fund balance of special revenue funds is either restricted or committed. The fund balance of debt service funds and capital projects funds are restricted, committed, or assigned. The fund balance of permanent funds that is not part of the nonspendable corpus is either restricted or committed. These restricted, committed and assigned amounts in the special revenue, debt service, capital projects and permanent funds would include the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

**14. COVID-19**

The United States and the State of Ohio declared a state of emergency in March 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 ensuing emergency measures will impact subsequent periods of the Village. The impact on the Village's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

During 2022, the Village received \$53,374 in American Rescue Plan funding.

VILLAGE OF DANVILLE  
KNOX COUNTY

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2021**

	Governmental Fund Types				Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
<b>Cash Receipts:</b>					
Property Tax and Other Local Taxes	\$ 37,199	\$ 69,978	\$ -	\$ -	\$ 107,177
Municipal Income Tax	252,946	126,051	-	-	378,997
Intergovernmental Receipts	24,245	123,541	-	-	147,786
Charges for Services	2,687	-	-	-	2,687
Fines, Licenses and Permits	18,330	-	-	-	18,330
Earnings on Investments	183	-	-	-	183
Miscellaneous	1,816	42,081	-	-	43,897
<b>Total Cash Receipts</b>	<b>337,406</b>	<b>361,651</b>	<b>-</b>	<b>-</b>	<b>699,057</b>
<b>Cash Disbursements:</b>					
Current:					
Security of Persons and Property	11,456	315,474	-	-	326,930
Leisure Time Activities	-	15,921	-	-	15,921
Community Environment	4,000	-	-	-	4,000
Transportation	-	62,550	-	-	62,550
General Government	228,664	-	-	-	228,664
Capital Outlay	-	3,042	-	-	3,042
Debt Service:					
Principal	-	12,136	-	-	12,136
Interest and Fiscal Charges	-	5,072	-	-	5,072
<b>Total Cash Disbursements</b>	<b>244,120</b>	<b>414,195</b>	<b>-</b>	<b>-</b>	<b>658,315</b>
<b>Excess of Receipts Over (Under) Disbursements</b>	<b>93,286</b>	<b>(52,544)</b>	<b>-</b>	<b>-</b>	<b>40,742</b>
<b>Other Financing Receipts/(Disbursements)</b>					
Transfers In	-	151,647	-	-	151,647
Transfers Out	(136,500)	(15,147)	-	-	(151,647)
Other Financing Sources	549	-	-	-	549
Other Financing Uses	(1,546)	-	-	-	(1,546)
<b>Total Other Financing Receipts/(Disbursements)</b>	<b>(137,497)</b>	<b>136,500</b>	<b>-</b>	<b>-</b>	<b>(997)</b>
<b>Net Change in Fund Cash Balance</b>	<b>(44,211)</b>	<b>83,956</b>	<b>-</b>	<b>-</b>	<b>39,745</b>
<b>Fund Cash Balance, January 1, restated</b>	<b>133,518</b>	<b>126,330</b>	<b>430</b>	<b>349</b>	<b>260,627</b>
<b>Fund Cash Balance, December 31</b>	<b>\$ 89,307</b>	<b>\$ 210,286</b>	<b>\$ 430</b>	<b>\$ 349</b>	<b>\$ 300,372</b>

See notes to financial statements.

**VILLAGE OF DANVILLE  
KNOX COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCE - ALL PROPRIETARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2021**

	Proprietary Fund Type
	Enterprise
<b>Operating Cash Receipts:</b>	
Charges for Services	\$ 413,217
Miscellaneous	3,345
<b>Total Operating Cash Receipts</b>	<b>416,562</b>
<b>Operating Cash Disbursements:</b>	
Personal Services	105,710
Employee Fringe Benefits	68,087
Contractual Service	89,666
Supplies and Materials	48,446
<b>Total Operating Cash Disbursements</b>	<b>311,909</b>
<b>Operating Income</b>	<b>104,653</b>
<b>Non-Operating Receipts (Disbursements):</b>	
Special Assessments	142,146
Other Debt Proceeds	41,952
Capital Outlay	(137,124)
Principal Retirement	(163,356)
Interest and Other Fiscal Charges	(1,146)
Other Financing Uses	(3,074)
<b>Total Non-Operating Receipts (Disbursements):</b>	<b>(120,602)</b>
<b>Net Change in Fund Cash Balance</b>	<b>(15,949)</b>
<b>Fund Cash Balances, January 1</b>	<b>618,491</b>
<b>Fund Cash Balances, December 31</b>	<b>\$ 602,542</b>

See notes to financial statements.

**VILLAGE OF DANVILLE  
KNOX COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

**1. REPORTING ENTITY**

**Description of the Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of Danville, Knox County, (the Village) as a body corporate and politic. A publicly elected six-member Council directs the Village. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the Village. The Village provides general government, water and sewer utilities, park operations, street repair and maintenance and police services. The Eastern Knox County Fire District provides Fire and EMS services to the Village.

The Village participates in a joint venture, public entity risk pool and is associated with a related organization.. Notes 7, 11 and 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.

**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 balance (regulatory cash basis) for all governmental fund types, and a combined statement of receipts, disbursements and changes in fund balance (regulatory cash basis) for all proprietary 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:

**Governmental Funds**

**General Fund**

The General fund is the operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

**Special Revenue Funds**

These funds are used to account for proceeds from specific sources that are restricted or committed to expenditures for specific purposes other than debt service or capital projects. The Village had the following significant Special Revenue Funds:

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

**Debt Service Fund**

This fund is to account for and report financial resources restricted for the payment of debt obligations.

**VILLAGE OF DANVILLE  
KNOX COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

**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:

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

**Enterprise Funds**

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

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

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

***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 117-2-03(C). This basis is similar to the cash receipts and disbursements accounting basis. The Village recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary 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 117-2-03(C) permit.

***Budgetary Process***

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

**Appropriations**

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

**Estimated Resources**

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

**VILLAGE OF DANVILLE  
KNOX COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Encumbrances**

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

A summary 2021 budgetary activity appears in Note 3.

***Deposits and Investments***

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

***Property, Plant, and Equipment***

Acquisition of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

***Accumulated Leave***

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

***Fund Balance***

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

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

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

**Committed** – Council can *commit* via formal action (resolution). The Village must adhere to these commitments unless council amends the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

**Assigned** – Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Village Council or a Village official delegated that authority by ordinance, or by State Statute.

**VILLAGE OF DANVILLE  
KNOX COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Unassigned** – Unassigned fund balance is the residual classification for the general fund and includes amounts not contained 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 (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 classification could be used.

For regulatory purposes, limited disclosure related to fund balance is included in Note 13.

**3. BUDGETARY ACTIVITY**

Budgetary activity for the year ended December 31, 2021 is as follows:

<b>2021 Budgeted vs. Actual Receipts</b>			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 252,676	\$ 337,955	\$ 85,279
Special Revenue	374,931	513,298	138,367
Enterprise	543,513	600,660	57,147
Total	\$ 1,171,120	\$ 1,451,913	\$ 280,793

  

<b>2021 Budgeted vs. Actual Budgetary Basis Expenditures</b>			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 500,937	\$ 382,635	\$ 118,302
Special Revenue	557,947	433,931	124,016
Debt Service	430	-	430
Enterprise	1,162,350	617,410	544,940
Total	\$ 2,221,664	\$ 1,433,976	\$ 787,688

Contrary to ORC Section 5705.41(D), the Village made expenditures prior to certification.  
 Contrary to ORC Section 5705.41(B), the Village had funds where expenditures exceeded appropriations.  
 Contrary to ORC Section 5705.39, the Village had funds where appropriations exceeded estimated resources.

**4. DEPOSITS AND INVESTMENTS**

To improve cash management, cash received by the Village is pooled. Monies for all funds are maintained in this pool. The Ohio Revised Code prescribes allowable deposits and investments. A summary of the Village's deposits and investment accounts are as follows:

	2021
<b>Cash Management Pool:</b>	
Demand Deposits	\$ 902,914
Total Carrying Amounts of Deposits and Investments held in Pool	\$ 902,914

**VILLAGE OF DANVILLE  
KNOX COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

**4. DEPOSITS AND INVESTMENTS (Continued)**

The Village does not use a separate payroll clearing account. The expenditures included in the accompanying financial statements reflect net payroll plus all remitted payroll withholdings. At December 31, 2021, the Village is holding \$0 in unremitted employee payroll withholdings.

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

**5. PROPERTY TAX**

Real property taxes become a lien on January 1 preceding the October 1 date for which the Council adopted rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to make semiannual payment, the first half is due by 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.

**6. LOCAL INCOME TAX**

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

**7. RISK MANAGEMENT**

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

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

**VILLAGE OF DANVILLE  
KNOX COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

**7. RISK MANAGEMENT (Continued)**

Effective November 1, 2010 (through October 31, 2017), the corridor is for losses paid is between 60% and 70% of casualty premiums earned in the first \$250,000. Effective November 1, 2016, the OPRM elected to participate in a property loss corridor deductible. The property corridor includes losses paid between 70% and 75%. In 2018, the casualty loss corridor was eliminated and the property corridor was adjusted to losses paid between 65% and 70%. Effective November 1, 2019, the property loss corridor was adjusted to losses paid between 60% and 67.5% and remain unchanged effective November 1, 2021 and November 1, 2020. OPRM had 769 members as of December 21, 2021.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2021:

	2021
Assets	\$21,777,439
Liabilities	(15,037,383)
Retained Earnings	\$ 6,740,056

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

**8. DEFINED BENEFIT PENSION PLAN**

*Ohio Public Employees Retirement System*

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

The Ohio Revised Code also prescribes contribution rates. For 2021, OPERS members contributed 10.0% of their gross wages and the Village contributed an amount equal to 14.0% of participant's gross salaries. The Village has paid all contributions required through December 31, 2021.

*Ohio Police and Fire Retirement*

The Village's full-time police officers belong to the 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 healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25% of their wages. The Village contributed to OP&F an amount equal to 19.50% of full-time police officers wages. The Village has paid all contributions required through December 31, 2021.

*Social Security*

Some Village employees contributed to social security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Village contributed an amount equal to 6.2 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2021.

**VILLAGE OF DANVILLE  
KNOX COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

**9. POSTEMPLOYMENT BENEFITS**

Both OPERS and OP&F offers cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the traditional pension plan and combined plan was 0 percent during calendar year 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.

**10. DEBT**

Debt outstanding at December 31, 2021 was as follows:

	2021 Principal	%
OPWC Loan (CQ06E) Water Supply Improvements	\$ 117,715	0.00
2007 OWDA (4489) Water System Improvements	50,209	2.00
2009 OWDA (5043) WTP Improvements	150,408	0.00
2012 OWDA (6077) Collection System Rehab. & Repair	140,761	0.00
2017 OWDA (7821) Sanitary Sewer Rehabilitation	137,746	0.00
2018 OWDA (7894) WWTP Upgrade	1,747,203	0.00
2019 OWDA (8637) WTP Upgrades Planning	34,472	0.00
2018 Park National Bonds Truck	19,206	2.90
2020 Park National Bonds Police Vehicle	54,332	4.00
Total	\$ 2,452,052	

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

In 2007, the Ohio Water Development Authority (OWDA) loan 4489 was issued for water system improvements. The Village will repay the loan in semiannual installments of \$5,301 at 2.00% interest for 20 years. The loan will be repaid from water user charges. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

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

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

**VILLAGE OF DANVILLE  
KNOX COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

**10. DEBT (Continued)**

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

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

In 2019, the OWDA approved up to \$50,675 in loans to the Village for project 8637, WTP upgrades and planning. The loan will be repaid in semiannual installments of \$5,067 over six years. The loan will be repaid from water user charges. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

In 2018, the Village issued \$32,235 in Truck Acquisition Bonds to finance the purchase of a truck. The bonds will be repaid annually with installment of \$5,155 which includes interest of 2.90% over six years. Beginning debt balance includes \$23,674 that was not reported in prior years.

In 2020, the Village issued \$62,000 in Village Vehicle Bonds to finance the purchase of a vehicle. The bonds will be repaid annually with installment of \$10,365 which includes interest of 4.00% over seven years. Beginning debt balance includes \$62,000 that was not reported in prior years.

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

Year	OPWC CQ06E	OWDA #4489	OWDA #5043	OWDA #6077	OWDA #7281
2022	\$ 13,080	\$ 10,602	\$ 8,595	\$ 12,796	\$ 8,609
2023	13,080	10,602	8,595	12,796	8,609
2024	13,080	10,602	8,595	12,796	8,609
2025	13,080	10,602	8,595	12,796	8,609
2026	13,079	10,602	8,595	12,796	8,609
2027-2031	52,316	10,602	42,975	63,984	43,045
2032-2036	-	-	42,975	12,797	43,046
2037-2041	-	-	21,483	-	8,610
Total	\$ 117,715	\$ 63,612	\$ 150,408	\$ 140,761	\$ 137,746

Year	OWDA #7894	OWDA #8637	Bonds Truck	Bonds Vehicle
2022	\$ -	10,314	5,155	\$ 10,365
2023	101,220	10,314	5,155	10,365
2024	101,220	10,314	5,155	10,365
2025	101,220	4,070	5,155	10,365
2026	101,220	-	-	10,365
2027-2031	506,102	-	-	10,365
2032-2036	506,105	-	-	-
2037-2041	330,116	-	-	-
Total	\$ 1,747,203	\$ 34,472	\$ 20,620	\$ 62,190

**VILLAGE OF DANVILLE  
KNOX COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

**10. DEBT (Continued)**

Leases

The Village leases a police vehicle under noncancelable leases. The Village disbursed \$6,847 in principal and interest to pay lease costs for the year ended December 31, 2021.

Year	Lease
2022	\$ 6,783
Total	\$ 6,783

**11. JOINT VENTURES**

*Eastern Knox County Joint Fire District*

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

**12. RELATED ORGANIZATION**

*Knox County Regional Planning Commission*

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

**13. 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 expendable 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 facilities effective cash planning and control. At year end, the balances of those amounts were as follows:

Fund Balances	General	Special Revenue	Debt Service	Capital Projects	Total
Nonspendable:					
Corpus	\$ -	\$ -	\$ -	\$ -	\$ -
Outstanding Encum.	469	4,589	-	-	5,058
Total	\$ 469	\$ 4,589	\$ -	\$ -	\$ 5,058

The fund balance of special revenue funds is either restricted or committed. The fund balance of debt service funds and capital projects funds are restricted, committed, or assigned. The fund balance of permanent funds that is not part of the nonspendable corpus is either restricted or committed. These restricted, committed and assigned amounts in the special revenue, debt service, capital projects and permanent funds would include the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

**VILLAGE OF DANVILLE  
KNOX COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

**14. COVID-19**

The United States and the State of Ohio declared a state of emergency in March 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 ensuing emergency measures will impact subsequent periods of the Village. The impact on the Village's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

During 2021, the Village received \$53,161 in American Rescue Plan funding.

**15. RESTATEMENT OF FUND BALANCE**

Fund balance in the Special Revenue have been restated for the year beginning January 1, 2021 as voided checks were added back to properly state the fund balance in the financial statements:

	<u>Special Revenue</u>
Fund Balance at December 31, 2020	\$ 125,330
Adjustments	1,000
Fund Balance at January 1, 2021	<u>\$ 126,330</u>

**WILSON, PHILLIPS & AGIN, CPA'S, INC.  
1100 BRANDYWINE BLVD. BUILDING G  
ZANESVILLE, OHIO 43701**

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

Village of Danville  
Knox County  
512 South Market Street  
P.O. Box W  
Danville, Ohio 43014

To the Village Council:

We have audited, in accordance with auditing standards general accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standard* 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 combined total as of and for the years ended December 31, 2022 and 2021, and the related notes to the financial statements of the Village of Danville, Knox County (the Village) and have issued our report thereon dated May 16, 2023, wherein we noted the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit. We also noted the financial impact of COVID-19 and the ensuing emergency measures may impact subsequent periods of the Village.

***Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statements, we considered Village of Danville's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion 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 2022-001, 2022-005 and 2022-006 that we consider to be material weaknesses.

***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether Village of Danville's financial statements are free of 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 five 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 2022-002, 2022-003, 2022-004, 2022-005 and 2022-006.

***Purpose of this Report***

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village'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.

***Wilson, Phillips & Agin, CPA's, Inc.***

Zanesville, Ohio

May 16, 2023

**VILLAGE OF DANVILLE  
KNOX COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2022 AND 2021**

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

**FINDING NUMBER 2022-001**

**Material Weakness**

All 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 transaction, maintain accountability for the related assets, document compliance with finance-related legal and contractual requirements and prepare financial statements.

As a result of audit procedures, errors were noted that required reclassification and adjustments to the financial statement as follows and changes to the footnotes that were filed in the Hinkle System:

For 2022:

- A reclassification of \$10,135 from Other Financing Uses to Principal Retirement in the Sewer Fund to properly show debt payments.
- A reclassification of \$21,406 from Other to Principal Retirement in the Sewer Fund to properly show debt payments.
- A reclassification of \$77,065 from Capital Outlay to Principal Retirement in the Sewer Fund to properly show debt payments.
- A reclassification of \$32,277 from Other to Principal Retirement \$31,321 and Interest and Fiscal Charges \$956 in the Water Fund to properly show debt payments.
- A reclassification of \$2,992, \$592, \$3,489 and \$1,404, respectively to Miscellaneous Income in the Enterprise Funds, Street Fund, Police Fund and General Fund for miscellaneous receipts.
- A reclassification of \$1,901 from Principal Retirement to Interest and Fiscal Charges in the Police Fund to properly show debt payments.
- An adjustment of \$14,126 from Capital Projects Fund to the Water Fund to properly show debt proceeds and an adjustment of \$35,817 from the Capital Projects Fund to the Water Fund to properly show capital Outlay expenditures.

For 2021:

- A reclassification of \$10,135 from Other Financing Uses to Principal Retirement in the Sewer Fund to properly show debt payments.
- A reclassification of \$17,747 from Other to Principal Retirement in the Sewer Fund to properly show debt payments.
- A reclassification of \$110,883 from Capital Outlay to Principal Retirement in the Sewer Fund to properly show debt payments.
- A reclassification of \$25,737 from Other to Principal Retirement \$24,591 and Interest and Fiscal Charges \$1,146 in the Water Fund to properly show debt payments.
- A reclassification of \$3,086, \$588, \$2,961 and \$1,468, respectively to Miscellaneous Income in the Enterprise Funds, Street Fund, Police Fund and General Fund for miscellaneous receipts.
- A reclassification of \$1,851 from Principal Retirement to Interest and Fiscal Charges in the Police Fund to properly show debt payments.
- An adjustment of \$41,952 from Capital Projects Fund to the Water Fund to properly show debt proceeds and an adjustment of \$42,862 from the Capital Projects Fund to the Water Fund to properly show capital Outlay expenditures.

**VILLAGE OF DANVILLE  
KNOX COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2022 AND 2021**

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

**FINDING NUMBER 2022-001 (Continued)**

Sound financial reporting is the responsibility of the Village and is essential to help ensure the information provided to the readers of financial statements is complete and accurate. To help ensure the Village's financial statements and notes to the financial statements are complete and accurate, the Village should adopt policies and procedures to identify and correct errors and omissions. In addition, the Village should review the financial statements and notes prior to submission for audit.

**Client Response:** We have not yet received a response from the client.

**FINDING NUMBER 2020-002**

**Noncompliance – Certification of Funds**

Ohio Revised Code Section 5705.41(D) prohibits a subdivision or taxing authority from making any contract or ordering any expenditure of money unless a certificate signed by the fiscal officer is attached thereto. The fiscal officer must certify that the amount required to meet any such contract or expenditure has been lawfully appropriated and is in the treasury, or is in the process of collection to the credit of an appropriate fund free from any previous encumbrance.

There are several exceptions to the standard requirement stated above that a fiscal officer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are: "then and now" certificates, blanket certificates and super blanket certificates, which are provided for in Sections 5705.41(D)(1) and 5705.41(D)(3), respectively, of the Ohio Revised Code.

- If the fiscal officer can certify that both at the time that the contract or order was made ("then") and at the time that the fiscal officer is completing the certification ("now"), that sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the Village can authorize the drawing of a warrant for the payment of the amount due. The Village has 30 days from the receipt of the "then and now" certificate to approve payment by ordinance or resolution. Amounts less than \$3,000 may be paid by the fiscal officer without a resolution or ordinance upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of the expenditures by the Village.
- Blanket Certificates. Fiscal officers may prepare "blanket" certificates if the Village has approved their use and established maximum amounts.
- Super Blanket Certificates. The Village may also make expenditures and contracts for any amount from a specific line item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonable predictable operation expense. This certification is not to extend beyond the current year. More than one so-called "super blanket" certificate may be outstanding at a particular time for any line item appropriation.

**VILLAGE OF DANVILLE  
KNOX COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2022 AND 2021**

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

**FINDING NUMBER 2022-002 (Continued)**

The Village did not certify the availability of funds prior to the purchase commitment for 39% of expenditures tested. For these items the Village also did not prepare blanket certificates, super blanket certificates or then and now certificates in accordance with the Ohio Revised Code. Failure to properly certify the availability of funds can result in overspending funds and negative cash fund balances.

We recommend the Village certify purchases to which Section 5705.41(D) applies. The most convenient certification method is to use purchase orders that include the certification language 5705.41(D) requires to authorize disbursements. The Fiscal Officer should sign the certification at the time the Village incurs a commitment and only when the requirements of 5705.41(D) are satisfied. The Fiscal Officer should post approved purchase commitments to the proper code, to reduce available appropriations.

**Client Response:** We have not yet received a response from the client.

**FINDING NUMBER 2022-003**

**Noncompliance**

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

The Village had disbursements exceeding appropriations in the following funds for 2022 and 2021:

Fund	Year	Appropriations	Expenditures	Variance
Parks/Recreation	2022	\$ 32,215	\$ 32,517	\$ (302)
Drug Law Enforce	2022	550	12,441	(11,891)
Parks/Recreation	2021	13,340	15,920	(2,580)

We recommend that Council review appropriation versus expenditures throughout the year. Also, Council should not expend monies unless it is appropriated. This could result in the Village spending more money than it appropriates and could cause possible negative fund balances.

**Client Response:** We have not yet received a response from the client.

**VILLAGE OF DANVILLE  
KNOX COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2022 AND 2021**

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

**FINDING NUMBER 2022-004**

**Noncompliance**

Ohio Revised Code Section 5705.39 provides that total appropriations from each fund shall not exceed the total of the estimated revenues available for expenditure as certified by the budget commission. In addition, no appropriation measure is to become effective until the County Auditor files a certificate that the total appropriations from each fund do not exceed the total estimate or amended official estimate.

Fund	Year	Estimated Resources	Appropriations	Variance
Parks/Recreation	2022	\$ 18,753	\$ 32,215	\$ (13,462)
Permissive-State	2022	4,255	22,031	(17,776)
American Rescue	2022	53,373	106,535	(53,162)
Police Fund	2022	327,447	411,818	(84,371)
General	2021	392,687	500,937	(108,250)
Drug Law Enforce	2021	3,622	48,403	(44,781)
Police	2021	278,553	351,559	(73,006)

We recommend Council review estimated resources versus appropriations throughout the year. Also, Council should not approve appropriations greater than estimated resources. This could result in the Village spending more money than it receives and could cause possible negative fund balances.

**Client Response:** We have not yet received a response from the client.

**FINDING NUMBER 2022-005**

**Material Weakness/Noncompliance**

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

The Village did not properly modify its appropriations throughout 2022 and 2021. Due to not properly modifying appropriations, disbursements exceeded appropriations as stated in Finding Number 2022-03. By not timely and properly modifying the appropriations, the Village is not adequately monitoring appropriations versus disbursements. With disbursements exceeding appropriations, the Village may overspend which in turn could cause negative fund balances.

We recommend the Council monitor expenditures and appropriations so they are in compliance.

**Client Response:** We have not yet received a response from the client.

**VILLAGE OF DANVILLE  
KNOX COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2022 AND 2021**

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

**FINDING NUMBER 2022-006**

**Material Weakness/Noncompliance**

Ohio Revised Code Section 5705.10 in part requires that on a cash basis, no fund shall have a negative fund balance during the year or at year end.

The Village had negative fund balances during 2022 and 2021 for the Parks and Recreation Fund.

Negative fund balances indicates that money from that fund was spent on other fund activity. No funds should be spent unless properly appropriated and consistent with the intent that the fund was established for.

We recommend that fund balances be reviewed throughout the year and monies only be spent after being received and properly appropriated. If necessary, the General Fund can advance or transfer funds, with proper Council approval.

**Client Response:** We have not yet received a response from the client.

**VILLAGE OF DANVILLE  
KNOX COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
December 31, 2022**

Finding Number	Finding Summary	Fully Corrected	Not Corrected, Partially Corrected Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b>Explain:</b>
2020-001	Material Weakness Financial Statement Presentation	No	Not Corrected: Repeated as Finding 2022-001
2020-002	ORC 5705.41(D) Expenditures made without prior certification	No	Not Corrected: Repeated as Finding 2022-002
2020-003	ORC 5705.41(B) Expenditures exceeding appropriations	No	Not Corrected: Repeated as Finding 2022-003
2020-004	Material Weakness/Noncompliance ORC 5705.40 Amending appropriations	No	Not Corrected: Repeated as Finding 2022-005
2020-005	Material Weakness/Noncompliance ORC 5705.10 Negative Fund Balances	No	Not Corrected: Repeated as Finding 2022-006

**This page intentionally left blank.**

# OHIO AUDITOR OF STATE KEITH FABER



**VILLAGE OF DANVILLE**

**KNOX COUNTY**

**AUDITOR OF STATE OF OHIO CERTIFICATION**

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



**Certified for Release 7/6/2023**

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

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