



**VILLAGE OF LEIPSIC  
PUTNAM COUNTY**

**SINGLE AUDIT  
FOR THE YEAR ENDED DECEMBER 31, 2019**

**REGULAR AUDIT  
FOR THE YEAR ENDED DECEMBER 31, 2018**

313 Second St.  
Marietta, OH 45750  
740 373 0056

1907 Grand Central Ave.  
Vienna, WV 26105  
304 422 2203

150 W. Main St., #A  
St. Clairsville, OH 43950  
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OHIO AUDITOR OF STATE  
KEITH FABER



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Members of Council  
Village of Leipsic  
142 East Main Street  
Leipsic, Ohio 43856

We have reviewed the *Independent Auditor's Report* of the Village of Leipsic, Putnam County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period January 1, 2018 through December 31, 2019. 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 Leipsic 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

June 02, 2021

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VILLAGE OF LEIPSIC  
PUTNAM COUNTY

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## INDEPENDENT AUDITOR'S REPORT

April 16, 2021

Village of Leipsic  
Putnam County  
142 East Main Street  
Leipsic, Ohio 43856

To the Village Council:

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

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of the **Village of Leipsic**, Putnam County, Ohio (the Village) as of and for the year ended December 31, 2019.

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

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

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

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

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

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

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

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

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

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

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

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements by fund type, and related notes of the Village of Leipsic, Putnam County as of December 31, 2019, and 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(D) permit, described in Note 2.

***Emphasis of Matter***

As discussed in Note 14 to the financial statements, the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Village. We did not modify our opinion regarding this matter.

***Other Matters***

***Supplemental Information***

We audited to opine on the financial statements taken as a whole.

The Schedule of Expenditures of Federal Awards presents additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and is not a required part of the financial statements.

This schedule is management's responsibility, and derives from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected this schedule to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this schedule directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and in accordance with auditing standards generally accepted in the United States of America. In our opinion, this schedule is fairly stated in all material respects in relation to the financial statements taken as a whole.



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

In accordance with *Government Auditing Standards*, we have also issued our report dated April 16, 2021, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Perry & Associates CPAs A.C." The signature is written in a cursive, flowing style.

**Perry & Associates**  
Certified Public Accountants, A.C.  
Marietta, Ohio

**VILLAGE OF LEIPSIC  
PUTNAM COUNTY**

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

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
<b>Cash Receipts</b>				
Property and Other Local Taxes	\$ 178,626	\$ 224,306	\$ -	\$ 402,932
Municipal Income Tax	3,033,914	-	-	3,033,914
Intergovernmental	26,670	324,469	-	351,139
Special Assessments	-	-	13,520	13,520
Charges for Services	15,110	55,933	-	71,043
Fines, Licenses and Permits	10,009	239	-	10,248
Earnings on Investments	2,226	383	-	2,609
Miscellaneous	17,602	4,272	1,167	23,041
<i>Total Cash Receipts</i>	<u>3,284,157</u>	<u>609,602</u>	<u>14,687</u>	<u>3,908,446</u>
<b>Cash Disbursements</b>				
Current:				
Security of Persons and Property	332,680	295,346	-	628,026
Leisure Time Activities	352,693	-	-	352,693
Community Environment	48,992	-	190,072	239,064
Transportation	-	269,533	-	269,533
General Government	261,561	-	-	261,561
Capital Outlay	-	95,124	-	95,124
Debt Service:				
Principal Retirement	38,816	56,414	-	95,230
Interest and Fiscal Charges	1,187	3,083	-	4,270
<i>Total Cash Disbursements</i>	<u>1,035,929</u>	<u>719,500</u>	<u>190,072</u>	<u>1,945,501</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>2,248,228</u>	<u>(109,898)</u>	<u>(175,385)</u>	<u>1,962,945</u>
<b>Other Financing Receipts (Disbursements)</b>				
Sale of Capital Assets	16	69,819	-	69,835
Transfers In	-	192,080	98,027	290,107
Transfers Out	(1,406,265)	-	-	(1,406,265)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(1,406,249)</u>	<u>261,899</u>	<u>98,027</u>	<u>(1,046,323)</u>
<i>Net Change in Fund Cash Balances</i>	841,979	152,001	(77,358)	916,622
<i>Fund Cash Balances, January 1</i>	<u>1,866,991</u>	<u>340,964</u>	<u>358,062</u>	<u>2,566,017</u>
<b>Fund Cash Balances, December 31</b>				
Nonspendable	3,531	-	-	3,531
Restricted	-	492,965	259,332	752,297
Committed	-	-	21,372	21,372
Assigned	1,420,787	-	-	1,420,787
Unassigned	1,284,652	-	-	1,284,652
<i>Fund Cash Balances, December 31</i>	<u>\$ 2,708,970</u>	<u>\$ 492,965</u>	<u>\$ 280,704</u>	<u>\$ 3,482,639</u>

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

**VILLAGE OF LEIPSIC  
PUTNAM COUNTY**

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

	Proprietary Fund Type
	Enterprise
<b>Operating Cash Receipts</b>	
Charges for Services	\$ 2,969,229
<i>Total Operating Cash Receipts</i>	2,969,229
<b>Operating Cash Disbursements</b>	
Personal Services	584,607
Contractual Services	476,135
Supplies and Materials	169,273
Other	27,815
<i>Total Operating Cash Disbursements</i>	1,257,830
<i>Operating Income</i>	1,711,399
<b>Non-Operating Receipts (Disbursements)</b>	
Intergovernmental	3,850,760
Other Debt Proceeds	467,715
Sale of Capital Assets	33
Miscellaneous Receipts	340,237
Capital Outlay	(5,712,633)
Principal Retirement	(626,895)
Interest and Other Fiscal Charges	(369,854)
<i>Total Non-Operating Receipts (Disbursements)</i>	(2,050,637)
<i>Income (Loss) before Transfers</i>	(339,238)
Transfers In	1,565,306
Transfers Out	(449,148)
<i>Net Change in Fund Cash Balances</i>	776,920
<i>Fund Cash Balances, January 1</i>	7,659,915
<i>Fund Cash Balances, December 31</i>	\$ 8,436,835

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

**VILLAGE OF LEIPSIC, OHIO  
PUTNAM COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

**Note 1 - Reporting Entity**

The Village of Leipsic (the Village), Putnam County, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly-elected six-member Council directs the Village. The Village provides general government services, water and sewer utilities, maintenance of Village of roads, park operations, police services, and fire services.

***Public Entity Risk Pools***

The Village participates in a public entity risk pool. Note 7 to the financial statements provide additional information for this entity. The Village's management believes these financial statements present all activities for which the Village is financially accountable.

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

***Basis of Presentation***

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

***Fire Fund*** This fund receives property tax monies and monies from other surrounding governments to operate a Volunteer Fire Department.

***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:

***Wastewater Treatment Plan Fund*** This fund receives monies for the expansion of the wastewater treatment plant.

***Blighted Properties Fund*** This fund receives monies to be used for the demolition of blighted properties.

**VILLAGE OF LEIPSIC, OHIO  
PUTNAM COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

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

***Fund Accounting (Continued)***

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

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

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

***Wastewater Debt Fund*** This debt fund accounts for loan proceeds from various sources related to the expansion of the waste water treatment center and accounts for resources used to repay these loans.

***Reservoir Debt Fund*** This debt fund accounts for loan proceeds from various sources related to the Village's resources and accounts for resources used to repay these loans.

***Basis of Accounting***

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

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

***Budgetary Process***

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

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

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

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

A summary of 2019 budgetary activity appears in Note 4.

**VILLAGE OF LEIPSIC, OHIO  
PUTNAM COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

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

***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.

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

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

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

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

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

**VILLAGE OF LEIPSIC, OHIO  
PUTNAM COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

**Note 3 - Compliance**

Contrary to Ohio law, actual receipts in the Fire Fund fell below budgeted receipts which caused a reduction in the resources available for appropriations below the allowable amount for the year ended December 31, 2019.

**Note 4 - Budgetary Activity**

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

2019 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 5,751,269	\$ 3,284,173	\$ (2,467,096)
Special Revenue	1,757,440	871,501	(885,939)
Capital Projects	102,664	112,714	10,050
Enterprise	10,269,975	9,193,313	(1,076,662)
Total	\$ 17,881,348	\$ 13,461,701	\$ (4,419,647)

2019 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 4,976,224	\$ 2,523,561	\$ 2,452,663
Special Revenue	1,415,851	1,138,613	277,238
Capital Projects	223,953	197,382	26,571
Enterprise	9,645,582	8,820,129	825,453
Total	\$ 16,261,610	\$ 12,679,685	\$ 3,581,925

**Note 5 - Deposits**

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

	2019
Demand deposits	\$ 11,675,176
Certificates of deposit	244,298
Total deposits	\$ 11,919,474

**Deposits**

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

**VILLAGE OF LEIPSIC, OHIO  
PUTNAM COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

**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 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 pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

Public utilities are also taxed on personal and real property located within the Village.

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

***Income Taxes***

The Village levies a municipal income tax of 1.5 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**

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

***Commercial Insurance***

The Village has obtained commercial insurance for the following risks:

- Accident and Sickness for Fire Fighters

During 2019, the Village made significant changes from prior year by add/removing lines of coverage.

***Risk Pool Membership***

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

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



**VILLAGE OF LEIPSIC, OHIO  
PUTNAM COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

**Note 7 - Risk Management (Continued)**

***Risk Pool Membership (Continued)***

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

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

**Note 8 - Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

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

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 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, 2019.

***Ohio Police and Fire Retirement System***

The Village's certified 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 percent of their wages. The Village contributed to OP&F an amount equal to 19.5 percent of full-time police members' wages. The Village has paid all contributions required through December 31, 2019.

**Note 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 members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2019. OP&F contributes 0.5 percent to fund these benefits.

Beginning January 1, 2019, OP&F changed its retiree health care model and the current self-insured health care plan will no longer be offered. In its place is a stipend-based health care model. A stipend funded by OP&F will be placed in individual Health Reimbursement Accounts that retirees will use to be reimbursed for health care expenses.

**VILLAGE OF LEIPSIC, OHIO  
PUTNAM COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

**Note 10 - Debt**

Debt outstanding at December 31, 2019 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
OWDA - 4620	\$ 2,309,872	0.00%
OWDA - 5003	6,224,941	5.29%
OWDA - 7128	140,898	0.95%
OWDA - 8007	3,135,401	0.98%
OPWC - CM24D	10,260	0.00%
OPWC - CM42M	39,685	0.00%
Revenue Bonds Series 1997	1,614,000	5.00%
Revenue Bonds Series 2007	750,000	4.75%
Industrial Park Water Line Loan	19,833	2.86%
Fire Truck Loan 2017	112,167	2.15%
Total	<u>\$ 14,357,057</u>	

The Ohio Water Development Authority (OWDA) loan #4620 relates to the wastewater treatment plant improvements. The loan will be repaid in semi-annual installments including interest, over 20 years. Utility system charges are the dedicated source of repayment for this loan.

The Ohio Water Development Authority (OWDA) loan #5003 relates to the costs of improving the Village's water system by constructing a reservoir. The loan will be repaid in semi-annual installments including interest, over 30 years. Utility system charges are the dedicated source of repayment for this loan.

The Ohio Water Development Authority (OWDA) loan #7128 relates to the costs of installing Water Meters. The loan will be repaid in semi-annual installments including interest, over 10 years. Utility system charges are the dedicated source of repayment for this loan.

The Ohio Water Development Authority (OWDA) loan #8007 relates to the costs for the Blanchard River Intake and Raw Waterline project. This loan has not been finalized. No amortization schedule is currently available.

The Ohio Public Works Commission (OPWC) 0% loans relate to a sewer replacement project, two street storm sewer projects, and a sanitary sewer separation project. The sewer replacement project loan, the street storm sewer loans and the sanitary sewer separation project loan will be repaid in semi-annual installments of \$2,648, \$3,420, and \$1,984, respectively, all over 20 years. Loan CM21B was paid off in 2019.

The Waterworks System Mortgage Revenue Bonds, Series 1997, relates to the costs of improving the Village waterworks system by acquiring and constructing improvements to and an expansion of Village's water treatment plant, water storage facilities, and water distribution and supply system and to provide funds to retire outstanding temporary Mortgage Revenue Bonds 1995, of the Village. The bond will be paid in annual installments of various amounts over 40 years.

The Water System Improvement Bonds, Series 2007, relates to the cost of constructing, installing, and equipping certain water lines. The bonds will be repaid in annual installments of various amounts over 20 years plus interest at 4.75% the first 10 years, 4.5% the next 6 years, and 4.6% the last 4 years.

The Industrial Park Raw Water Line Note, relates to the cost of constructing, installing, and equipping water lines. The note will be repaid in annual installments of various amounts over 10 years plus interest at 2.86%.

**VILLAGE OF LEIPSIC, OHIO  
PUTNAM COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

**Note 10 - Debt (Continued)**

The 2014 Fire Truck Note, relates to the cost of purchasing a fire truck. The note will be repaid in monthly installments of various amounts over 6 years plus interest at 3.22%. This loan was paid off in 2019.

The 2017 Fire Truck Note, relates to the cost of purchasing a fire truck. The note will be repaid in monthly installments of \$3,220.28 over 5 years plus interest at 2.15%.

**Amortization**

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

Year ending December 31:	OWDA Loans	OPWC Loans	Revenue Bonds	Notes
2020	\$ 370,395	\$ -	\$ 251,860	\$ 58,645
2021	742,535	10,808	253,410	38,643
2022	744,967	7,389	249,585	38,644
2023	747,528	3,969	250,610	-
2024	750,227	3,968	252,260	-
2025-2029	3,279,108	19,842	1,035,440	-
2030-2034	2,325,013	3,969	691,050	-
2035-2039	2,445,489	-	414,250	-
2040-2044	252,475	-	-	-
Total	<u>\$11,657,737</u>	<u>\$ 49,945</u>	<u>\$3,398,465</u>	<u>\$ 135,932</u>

**Note 11 - Leases**

The Village acts as a lessor of 5 acres of land in the well field complex. The 5 acres meets the zoning code to accommodate a 250-foot free standing cellular tower. The terms of the lease are for seven 5-year terms for a total of 35 years. The first 5-year term of the lease began in 2006 with an upfront payment received of \$40,000. The other six 5-year terms will be charged \$1.00 per term. The Village will still retain the right to use the 5 acres however they feel fit. When the lease is finished, the cellular tower will be removed.

**Note 12 - Contingent Liabilities**

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

**Note 13 - Construction and Contractual Commitments**

The construction of the Blanchard River Intake and Raw Waterline project had project savings and the Village also had an agreement with a local manufacturing company that they would receive 50% of the savings.

**VILLAGE OF LEIPSIC, OHIO  
PUTNAM COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

**Note 14 - Subsequent Events**

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. 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, any recovery from emergency funding, either federal or state, cannot be estimated.

The Village was approved for a Federal Emergency Management Agency (FEMA) grant through the Assistant to Fire Fighters Grant (AFG) program. This federal grant is for \$308,081 with a local match of 5%, this is for the purchase of a new tender/tanker.

The Village was approved for an Ohio Public Works Commission \$78,632 grant with a 50% match for Street paving.

The Village was approved for a Community Development Block Grant (CDBG) for \$25,000 with a 5% match for Street paving.

The Village was approved for Funding from the State Capital Budget for \$73,500 with a 50% match for a boat dock at the Reservoir and Tennis Court at Buckeye Park.

The Village was approved for an Economic Development Administration (EDA) grant through the US Department of Commerce for a financial assistance award. A federal grant with an outstanding balance of \$251,139.30.

The Village was approved for a Development Services Agency grant through Jobs & Commerce. This State Grant is for \$856,050.00 and the Village will pay \$126,087 and the county will pay \$334,887 for a total project cost of \$1,317,070. This is for paving County Road 5/Pro-Tec Parkway and Cross Creek Drive.

VILLAGE OF LEIPSIC  
PUTNAM COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2019

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program / Cluster Title	Federal CFDA Number	Grant Number	Total Federal Expenditures
<b>U.S. DEPARTMENT OF COMMERCE</b>			
<i>Direct Program</i>			
Economic Development Cluster:			
Investment for Public Works and Economic Development Facilities	11.300	06-01-06088	\$ 1,835,679
Total Economic Development Cluster			<u>1,835,679</u>
Total U.S. Department of Commerce			<u>1,835,679</u>
<b>U.S. DEPARTMENT OF HOMELAND SECURITY (DHS)</b>			
<i>Direct Program</i>			
Assistance to Firefighters Grant	97.044	EMW-2017-00364	45,620
		EMW-2017-FO-00364	110,940
		EMW-2017	5,063
Total Assistance to Firefighters Grant			<u>161,623</u>
Total U.S. Department of Homeland Security (DHS)			<u>161,623</u>
<b>Total Expenditures of Federal Awards</b>			<u><b>\$ 1,997,302</b></u>

*The accompanying notes are an integral part of this schedule.*

**VILLAGE OF LEIPSIC  
PUTNAM COUNTY**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

**NOTE A – BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the Village of Leipsic (the Village) under programs of the federal government for the year ended December 31, 2019. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement. The Village has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

**NOTE C – MATCHING REQUIREMENTS**

Certain Federal programs require the Village to contribute non-federal funds (matching funds) to support the Federally-funded programs. The Village has met its matching requirements. The Schedule does not include the expenditure of non-Federal matching funds.



313 Second St.  
Marietta, OH 45750  
740.373.0056

1907 Grand Central Ave.  
Vienna, WV 26105  
304.422.2203

150 West Main St.  
St. Clairsville, OH 43950  
740.695.1569

1310 Market Street, Suite 300  
Wheeling, WV 26003  
304.232.1358

749 Wheeling Ave., Suite 300  
Cambridge, OH 43725  
740.435.3417

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

April 16, 2021

Village of Leipsic  
Putnam County  
142 East Main Street  
Leipsic, Ohio 43856

To the Village Council:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements by fund type of the **Village of Leipsic**, Putnam County, (the Village) as of and for the year ended December 31, 2019, and the related notes to the financial statements and have issued our report thereon dated April 16, 2021, wherein we noted the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit and we noted that the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Village.

**Internal Control Over Financial Reporting**

As part of our financial statement audit, we considered the Village's internal control over financial reporting (internal control) as a basis for designing audit procedures appropriate in the circumstances to the extent necessary to support our 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.

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### **Internal Control Over Financial Reporting (Continued)**

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify a certain deficiency in internal control, described in the accompanying schedule of audit findings that we consider a material weakness. We consider finding 2019-001 to be a material weakness.

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

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the financial statements. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of audit findings as item 2019-002.

### ***Village's Response to Findings***

The Village's responses to the findings identified in our audit are described in the accompanying corrective action plan. We did not subject the Village's responses to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

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

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



**Perry and Associates**  
Certified Public Accountants, A.C.  
Marietta, Ohio



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO THE MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER  
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

April 16, 2021

Village of Leipsic  
Putnam County  
142 East Main Street  
Leipsic, Ohio 43856

To the Village Council:

***Report on Compliance for the Major Federal Program***

We have audited the **Village of Leipsic's**, (the Village) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could directly and materially affect the Village's major federal program for the year ended December 31, 2019. The *Summary of Auditor's Results* in the accompanying schedule of audit findings identifies the Village's major federal program.

***Management's Responsibility***

The Village's Management is responsible for complying with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal program.

***Auditor's Responsibility***

Our responsibility is to opine on the Village's compliance for the Village's major federal program based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). These standards and the Uniform Guidance require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the Village's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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***Auditor's Responsibility (Continued)***

We believe our audit provides a reasonable basis for our compliance opinion on the Village's major program. However, our audit does not provide a legal determination of the Village's compliance.

***Opinion on the Major Federal Program***

In our opinion, the Village of Leipsic complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal program for the year ended December 31, 2019.

***Report on Internal Control Over Compliance***

The Village's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the Village's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on each major federal program's compliance and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the Village's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program's applicable compliance requirement. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with federal program's applicable compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

This report only describes the scope of our internal control over compliance tests and the results of this testing based on Uniform Guidance requirements. Accordingly, this report is not suitable for any other purpose.



**Perry and Associates**  
Certified Public Accountants, A.C.  
Marietta, Ohio

**VILLAGE OF LEIPSIC  
PUTNAM COUNTY  
FOR THE YEAR ENDED DECEMBER 31, 2019**

**SCHEDULE OF AUDIT FINDINGS  
2 CFR § 200.515**

**1. SUMMARY OF AUDITOR'S RESULTS**

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unmodified
<i>(d)(1)(ii)</i>	Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?	Yes
<i>(d)(1)(ii)</i>	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	Yes
<i>(d)(1)(iv)</i>	Were there any material weaknesses in internal control reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unmodified
<i>(d)(1)(vi)</i>	Are there any reportable findings under 2 CFR § 200.516(a)?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	Investment for Public Works and Economic Development Facilities, CFDA #11.300
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A: > \$ 750,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee under 2 CFR §200.520?	No

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

**FINDING NUMBER 2019-001**

**Material Weakness**

**Financial Reporting**

The Village should have procedures and controls in place to prevent and detect errors in financial reporting. Fund balances should be properly classified based on Governmental Accounting Standards Statement No. 54 – Fund Balance Reporting and Governmental Fund Type Definitions.

**VILLAGE OF LEIPSIC  
PUTNAM COUNTY  
FOR THE YEAR ENDED DECEMBER 31, 2019**

**SCHEDULE OF AUDIT FINDINGS (CONTINUED)  
2 CFR § 200.515**

<b>2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (CONTINUED)</b>
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**FINDING NUMBER 2019-001 (CONTINUED)**

**Financial Reporting (Continued)**

During 2019, receipts, disbursements, and fund balances were not always posted or classified correctly. The following posting errors were noted:

- A portion of ending fund balance was misclassified as Assigned instead of Unassigned in the General Fund in 2019;
- Intra-Fund transfers between the General Fund and Income Tax Fund were not eliminated for financial statement presentation in 2019;
- Capitalized interest on an OWDA loan was not recorded to the Water Fund in 2019;
- PILOT receipts were misclassified as Intergovernmental instead of Miscellaneous in the Waste Water Debt, TIF Sewer, Railroad, and Reservoir Debt Funds in 2019.

Not posting receipts, disbursements, and fund balances accurately resulted in the financial statements requiring several reclassifications. The financial statements reflect all 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 Fiscal Officer refer to the Ohio Village Handbook for guidance to determine the proper establishment of receipt and disbursement accounts and posting of receipts and disbursements. The Fiscal Officer should refer to Auditor of State Technical Bulletin 2011-004 for assistance in properly classifying fund balances.

**Official's Response** – See Corrective Action Plan.

**FINDING NUMBER 2019-002**

**Noncompliance**

**Ohio Revised Code 5705.36(A)(2)**

**Ohio Revised Code Section 5705.36(A)(2)** states that upon a determination by the fiscal officer of a subdivision that the revenue to be collected by the subdivision will be greater or less than the amount included in an official certificate, the fiscal officer may certify the amount of the deficiency or excess to the commission, and if the commission determines that the fiscal officer's certification is reasonable, the commission shall certify an amended official certificate reflecting the deficiency or excess.

During 2019, actual receipts in the Fire Fund fell below budgeted receipts which caused a reduction in the resources available for appropriations below the allowable amount.

We recommend the Fiscal Officer monitor current actual receipts and make amendments to the official certificate as necessary throughout the year. These amendments should be filed with the County Auditor.

**Official's Response** – See Corrective Action Plan.

VILLAGE OF LEIPSIC  
PUTNAM COUNTY  
FOR THE YEAR ENDED DECEMBER 31, 2019

SCHEDULE OF AUDIT FINDINGS (CONTINUED)  
2 CFR § 200.515

<b>3. FINDINGS FOR FEDERAL AWARDS</b>
---------------------------------------

None



142 E. Main St. Leipsic, OH 45856 Phone 419-943-2492 Fax 419-943-2010

**SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

Finding Number	Finding Summary	Status	Additional Information
2018-001	Financial Reporting	Not Corrected	Repeated as Finding 2019-001
2018-002	Ohio Revised Code 5705.36(A)(2)	Not Corrected	Repeated as Finding 2019-002



142 E. Main St. Leipsic, OH 45856 Phone 419-943-2492 Fax 419-943-2010

**CORRECTIVE ACTION PLAN  
2 CFR § 200.511(c)**

**FOR THE YEAR ENDED DECEMBER 31, 2019**

<b>Finding Number</b>	<b>Planned Corrective Action</b>	<b>Anticipated Completion Date</b>	<b>Responsible Contact Person</b>
2019-001	The fiscal officer will refer to the Ohio Village Handbook for guidance to determine the proper establishment of receipts and disbursement accounts and posting of receipts and disbursements.	01/01/2021	Renee Spangler, Fiscal Officer
2019-002	Ensure appropriations are accurately posted to the accounting system and reconciled to the amounts approved by the budget commission after each amendment.	01/01/2021	Renee Spangler, Fiscal Officer

## INDEPENDENT AUDITOR'S REPORT

April 16, 2021

Village of Leipsic  
Putnam County  
142 East Main Street  
Leipsic, Ohio 43856

To the Village Council:

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

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of the **Village of Leipsic**, Putnam County, Ohio (the Village) as of and for the year ended December 31, 2018.

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

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

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

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

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

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

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

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

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

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

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

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2018, and the respective changes in financial position or cash flows thereof for the year then ended.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements by fund type, and related notes of the Village of Leipsic, Putnam County as of December 31, 2018, and 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(D) permit, described in Note 2.

***Emphasis of Matter***

As discussed in Note 14 to the financial statements, the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Village. We did not modify our opinion regarding this matter.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated April 16, 2021, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.



**Perry & Associates**  
Certified Public Accountants, A.C.  
Marietta, Ohio

**VILLAGE OF LEIPSIC  
PUTNAM COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2018**

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
<b>Cash Receipts</b>				
Property and Other Local Taxes	\$ 171,513	\$ 44,228	\$ -	\$ 215,741
Municipal Income Tax	2,339,023	-	-	2,339,023
Intergovernmental	-	140,422	55,789	196,211
Charges for Services	15,135	19,864	-	34,999
Fines, Licenses and Permits	10,396	531	-	10,927
Earnings on Investments	549	97	-	646
Miscellaneous	29,089	3,167	-	32,256
<i>Total Cash Receipts</i>	<u>2,565,705</u>	<u>208,309</u>	<u>55,789</u>	<u>2,829,803</u>
<b>Cash Disbursements</b>				
Current:				
Security of Persons and Property	312,598	63,241	-	375,839
Leisure Time Activities	102,314	-	-	102,314
Community Environment	32,093	-	360	32,453
Transportation	-	168,089	-	168,089
General Government	244,158	-	-	244,158
Capital Outlay	24,124	224,362	55,789	304,275
Debt Service:				
Principal Retirement	37,708	65,053	-	102,761
Interest and Fiscal Charges	2,295	4,797	-	7,092
<i>Total Cash Disbursements</i>	<u>755,290</u>	<u>525,542</u>	<u>56,149</u>	<u>1,336,981</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>1,810,415</u>	<u>(317,233)</u>	<u>(360)</u>	<u>1,492,822</u>
<b>Other Financing Receipts (Disbursements)</b>				
Sale of Capital Assets	763	-	-	763
Transfers In	-	286,597	63,092	349,689
Transfers Out	(987,622)	-	-	(987,622)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(986,859)</u>	<u>286,597</u>	<u>63,092</u>	<u>(637,170)</u>
<i>Net Change in Fund Cash Balances</i>	823,556	(30,636)	62,732	855,652
<i>Fund Cash Balances, January 1</i>	<u>1,043,435</u>	<u>371,600</u>	<u>295,330</u>	<u>1,710,365</u>
<b>Fund Cash Balances, December 31</b>				
Nonspendable	3,395	-	-	3,395
Restricted	-	340,964	336,690	677,654
Committed	-	-	21,372	21,372
Assigned	17,976	-	-	17,976
Unassigned	1,845,620	-	-	1,845,620
<i>Fund Cash Balances, December 31</i>	<u>\$ 1,866,991</u>	<u>\$ 340,964</u>	<u>\$ 358,062</u>	<u>\$ 2,566,017</u>

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

**VILLAGE OF LEIPSIC  
PUTNAM COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)  
PROPRIETARY FUND TYPE  
FOR THE YEAR ENDED DECEMBER 31, 2018**

	Proprietary Fund Type
	Enterprise
<b>Operating Cash Receipts</b>	
Charges for Services	\$ 2,743,777
<i>Total Operating Cash Receipts</i>	2,743,777
<b>Operating Cash Disbursements</b>	
Personal Services	588,198
Contractual Services	546,032
Supplies and Materials	148,169
Other	24,599
<i>Total Operating Cash Disbursements</i>	1,306,998
<i>Operating Income</i>	1,436,779
<b>Non-Operating Receipts (Disbursements)</b>	
Intergovernmental	237,720
Earnings on Investments	3,522
Other Debt Proceeds	2,667,686
Miscellaneous Receipts	2,925,518
Capital Outlay	(3,629,874)
Principal Retirement	(851,595)
Interest and Other Fiscal Charges	(523,181)
<i>Total Non-Operating Receipts (Disbursements)</i>	829,796
<i>Income (Loss) before Transfers</i>	2,266,575
Transfers In	1,089,679
Transfers Out	(451,746)
<i>Net Change in Fund Cash Balances</i>	2,904,508
<i>Fund Cash Balances, January 1</i>	4,755,407
<i>Fund Cash Balances, December 31</i>	\$ 7,659,915

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

**VILLAGE OF LEIPSIC, OHIO  
PUTNAM COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018**

**Note 1 - Reporting Entity**

The Village of Leipsic (the Village), Putnam County, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly-elected six-member Council directs the Village. The Village provides general government services, water and sewer utilities, maintenance of Village of roads, park operations, police services, and fire services.

***Public Entity Risk Pools***

The Village participates in a public entity risk pool. Note 7 to the financial statements provide additional information for this entity. The Village's management believes these financial statements present all activities for which the Village is financially accountable.

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

***Basis of Presentation***

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

***Fire Fund*** This fund receives property tax monies and monies from other surrounding governments to operate a Volunteer Fire Department.

***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:

***CDBG Fund*** This fund receives grant monies for improvement projects.

***Wastewater Treatment Plan Fund*** This fund receives monies for the expansion of the wastewater treatment plant.

**VILLAGE OF LEIPSIC, OHIO  
PUTNAM COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018**

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

***Fund Accounting (Continued)***

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

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

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

***Wastewater Debt Fund*** This debt fund accounts for loan proceeds from various sources related to the expansion of the waste water treatment center and accounts for resources used to repay these loans.

***Reservoir Debt Fund*** This debt fund accounts for loan proceeds from various sources related to the Village's resources and accounts for resources used to repay these loans.

***Basis of Accounting***

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

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

***Budgetary Process***

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

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

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

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

A summary of 2018 budgetary activity appears in Note 4.

**VILLAGE OF LEIPSIC, OHIO  
PUTNAM COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018**

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

***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.

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

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

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

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

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

**VILLAGE OF LEIPSIC, OHIO  
PUTNAM COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018**

**Note 3 - Compliance**

Contrary to Ohio law, actual receipts in the Fire Fund fell below budgeted receipts which caused a reduction in the resources available for appropriations below the allowable amount for the year ended December 31, 2018.

**Note 4 - Budgetary Activity**

Budgetary activity for the year ending December 31, 2018 follows:

2018 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 3,494,359	\$ 2,566,468	\$ (927,891)
Special Revenue	1,196,052	494,906	(701,146)
Capital Projects	114,799	118,881	4,082
Enterprise	13,039,177	9,667,902	(3,371,275)
Total	\$ 17,844,387	\$ 12,848,157	\$ (4,996,230)

2018 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 3,148,890	\$ 1,760,888	\$ 1,388,002
Special Revenue	1,342,920	708,643	634,277
Capital Projects	242,408	56,399	186,009
Enterprise	18,624,358	12,407,706	6,216,652
Total	\$ 23,358,576	\$ 14,933,636	\$ 8,424,940

**Note 5 - Deposits**

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

	2018
Demand deposits	\$ 8,388,519
Certificates of deposit	1,837,413
Total deposits	\$ 10,225,932

**Deposits**

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

**VILLAGE OF LEIPSIC, OHIO  
PUTNAM COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018**

**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 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 pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

Public utilities are also taxed on personal and real property located within the Village.

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

***Income Taxes***

The Village levies a municipal income tax of 1.5 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**

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

***Risk Pool Membership***

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

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



**VILLAGE OF LEIPSIC, OHIO  
PUTNAM COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018**

**Note 7 - Risk Management (Continued)**

***Risk Pool Membership (Continued)***

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

	<u>2018</u>
Cash and investments	\$ 35,381,789
Actuarial liabilities	\$12,965,015

**Note 8 - Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

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

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 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, 2018.

***Ohio Police and Fire Retirement System***

The Village's certified 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 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, 2018.

**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 members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2018. OP&F contributes 0.5 percent to fund these benefits.

Beginning January 1, 2019, OP&F is changing its retiree health care model and the current self-insured health care plan will no longer be offered. In its place is a stipend-based health care model. A stipend funded by OP&F will be placed in individual Health Reimbursement Accounts that retirees will use to be reimbursed for health care expenses.

**VILLAGE OF LEIPSIC, OHIO  
PUTNAM COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018**

**Note 10 - Debt**

Debt outstanding at December 31, 2018 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
OWDA - 4620	\$ 2,598,606	0.00%
OWDA - 5003	6,396,932	5.29%
OWDA - 7128	163,612	0.95%
OWDA - 8007	2,667,686	0.98%
OPWC - CM21B	2,648	0.00%
OPWC - CM24D	17,100	0.00%
OPWC - CM42M	43,653	0.00%
Revenue Bonds Series 1997	1,669,000	5.00%
Revenue Bonds Series 2007	825,000	4.75%
Industrial Park Water Line Loan	58,649	2.86%
Fire Truck Loan 2014	20,600	3.22%
Fire Truck Loan 2017	147,981	2.15%
Total	<u>\$ 14,611,467</u>	

The Ohio Water Development Authority (OWDA) loan #4620 relates to the wastewater treatment plant improvements. The loan will be repaid in semi-annual installments including interest, over 20 years. Utility system charges are the dedicated source of repayment for this loan.

The Ohio Water Development Authority (OWDA) loan #5003 relates to the costs of improving the Village's water system by constructing a reservoir. The loan will be repaid in semi-annual installments including interest, over 30 years. Utility system charges are the dedicated source of repayment for this loan.

The Ohio Water Development Authority (OWDA) loan #7128 relates to the costs of installing Water Meters. The loan will be repaid in semi-annual installments including interest, over 10 years. Utility system charges are the dedicated source of repayment for this loan.

The Ohio Water Development Authority (OWDA) loan #8007 relates to the costs for the Blanchard River Intake and Raw Waterline project. This loan has not been finalized. No amortization schedule is currently available.

The Ohio Public Works Commission (OPWC) 0% loans relate to a sewer replacement project, two street storm sewer projects, and a sanitary sewer separation project. The sewer replacement project loan, the street storm sewer loans and the sanitary sewer separation project loan will be repaid in semi-annual installments of \$2,648, \$3,342, and \$1,984, respectively, all over 20 years.

The Waterworks System Mortgage Revenue Bonds, Series 1997, relates to the costs of improving the Village waterworks system by acquiring and constructing improvements to and an expansion of Village's water treatment plant, water storage facilities, and water distribution and supply system and to provide funds to retire outstanding temporary Mortgage Revenue Bonds 1995, of the Village. The bond will be paid in annual installments of various amounts over 40 years.

The Water System Improvement Bonds, Series 2007, relates to the cost of constructing, installing, and equipping certain water lines. The bonds will be repaid in annual installments of various amounts over 20 years plus interest at 4.75% the first 10 years, 4.5% the next 6 years, and 4.6% the last 4 years.

The Industrial Park Raw Water Line Note, relates to the cost of constructing, installing, and equipping water lines. The note will be repaid in annual installments of various amounts over 10 years plus interest at 2.86%.

**VILLAGE OF LEIPSIC, OHIO  
PUTNAM COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018**

**Note 10 - Debt (Continued)**

The 2014 Fire Truck Note, relates to the cost of purchasing a fire truck. The note will be repaid in monthly installments of various amounts over 6 years plus interest at 3.22%.

The 2017 Fire Truck Note, relates to the cost of purchasing a fire truck. The note will be repaid in monthly installments of \$3,220.28 over 5 years plus interest at 2.15%. The prior audit balance was incorrectly stated as \$183,000. The correct amount outstanding at December 31, 2017 was \$183,035.

**Amortization**

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

Year ending December 31:	OWDA Loans	OPWC Loans	Revenue Bonds	Notes
2019	\$ 369,286	\$ 8,052	\$ 250,985	\$ 99,498
2020	740,228	5,404	251,860	58,645
2021	742,535	10,809	253,410	38,643
2022	744,967	7,388	249,585	38,643
2023	747,528	3,969	250,610	-
2024-2028	3,576,231	19,842	1,149,600	-
2029-2033	2,304,467	7,937	690,650	-
2034-2038	2,418,814	-	552,750	-
2039-2044	752,799	-	-	-
Total	<u>\$ 12,396,855</u>	<u>\$ 63,401</u>	<u>\$ 3,649,450</u>	<u>\$ 235,429</u>

**Note 11 - Leases**

The Village acts as a lessor of 5 acres of land in the well field complex. The 5 acres meets the zoning code to accommodate a 250-foot free standing cellular tower. The terms of the lease are for seven 5-year terms for a total of 35 years. The first 5-year term of the lease began in 2006 with an upfront payment received of \$40,000. The other six 5-year terms will be charged \$1.00 per term. The Village will still retain the right to use the 5 acres however they feel fit. When the lease is finished, the cellular tower will be removed.

**Note 12 - Contingent Liabilities**

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

**Note 13 - Construction and Contractual Commitments**

The Village is currently constructing a raw waterline that is seven miles long connecting an existing above ground reservoir to a pump station located on the Blanchard River. The pump station and waterline are considered separate projects. As of year-end 2018, both projects were around 50% complete with expected completion in May of 2019.

**VILLAGE OF LEIPSIC, OHIO  
PUTNAM COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018**

**Note 14 - Subsequent Events**

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. 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, any recovery from emergency funding, either federal or state, cannot be estimated.



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740.695.1569

1310 Market Street, Suite 300  
Wheeling, WV 26003  
304.232.1358

749 Wheeling Ave., Suite 300  
Cambridge, OH 43725  
740.435.3417

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

April 16, 2021

Village of Leipsic  
Putnam County  
142 East Main Street  
Leipsic, Ohio 43856

To the Village Council:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements by fund type of the **Village of Leipsic**, Putnam County, (the Village) as of and for the year ended December 31, 2018, and the related notes to the financial statements and have issued our report thereon dated April 16, 2021, wherein we noted the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit and we noted that the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Village.

### Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Village's internal control over financial reporting (internal control) as a basis for designing audit procedures appropriate in the circumstances to the extent necessary to support our 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.

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### **Internal Control Over Financial Reporting (Continued)**

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify a certain deficiency in internal control, described in the accompanying schedule of audit findings that we consider a material weakness. We consider finding 2018-001 to be a material weakness.

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

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the financial statements. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of audit findings as item 2018-002.

### ***Village's Response to Findings***

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

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

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



**Perry and Associates**  
Certified Public Accountants, A.C.  
Marietta, Ohio

VILLAGE OF LEIPSIC  
PUTNAM COUNTY

SCHEDULE OF AUDIT FINDINGS  
FOR THE YEAR ENDED DECEMBER 31, 2018

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

FINDING NUMBER 2018-001

**Material Weakness**

**Financial Reporting**

The Village should have procedures and controls in place to prevent and detect errors in financial reporting. Fund balances should be properly classified based on Governmental Accounting Standards Statement No. 54 – Fund Balance Reporting and Governmental Fund Type Definitions.

During 2018, receipts, disbursements, and fund balances were not always posted or classified correctly. The following posting errors were noted:

- A portion of ending fund balance was misclassified as Assigned instead of Unassigned in the General Fund in 2018;
- Intra-Fund transfers between the General Fund and Income Tax Fund were not eliminated for financial statement presentation in 2018;
- Capitalized interest on an OWDA loan was not recorded to the Water Fund in 2018;
- A bond debt payment was misclassified as Principal Retirement instead of Interest and Other Fiscal Charges in 2018;
- An OPWC grant receipt was misclassified as Miscellaneous instead of Intergovernmental in the CDBG Fund in 2018;
- PILOT receipts were misclassified as Intergovernmental instead of Miscellaneous in the Waste Water Debt, TIF Sewer, Railroad, and Reservoir Debt Funds in 2018; and
- An EDA grant receipt was misclassified as Other Debt Proceeds instead of Intergovernmental in the Water Fund in 2018.

Not posting receipts, disbursements, and fund balances accurately resulted in the financial statements requiring several reclassifications. The financial statements reflect all 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 Fiscal Officer refer to the Ohio Village Handbook for guidance to determine the proper establishment of receipt and disbursement accounts and posting of receipts and disbursements. The Fiscal Officer should refer to Auditor of State Technical Bulletin 2011-004 for assistance in properly classifying fund balances.

**Official's Response** – The fiscal officer will refer to the Ohio Village Handbook for guidance to determine the proper establishment of receipts and disbursement accounts and posting of receipts and disbursements.

VILLAGE OF LEIPSIC  
PUTNAM COUNTY

SCHEDULE OF AUDIT FINDINGS  
FOR THE YEAR ENDED DECEMBER 31, 2018

FINDINGS RELATED TO THE FINANCIAL STATEMENTS  
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)

FINDING NUMBER 2018-002

**Noncompliance**

**Ohio Revised Code 5705.36(A)(2)**

**Ohio Revised Code Section 5705.36(A)(2)** states that upon a determination by the fiscal officer of a subdivision that the revenue to be collected by the subdivision will be greater or less than the amount included in an official certificate, the fiscal officer may certify the amount of the deficiency or excess to the commission, and if the commission determines that the fiscal officer's certification is reasonable, the commission shall certify an amended official certificate reflecting the deficiency or excess.

During 2018, actual receipts in the Fire Fund fell below budgeted receipts which caused a reduction in the resources available for appropriations below the allowable amount.

We recommend the Fiscal Officer monitor current actual receipts and make amendments to the official certificate as necessary throughout the year. These amendments should be filed with the County Auditor.

**Official's Response** – Ensure appropriations are accurately posted to the accounting system and reconciled to the amounts approved by the budget commission after each amendment.





142 E. Main St. Leipsic, OH 45856 Phone 419-943-2492 Fax 419-943-2010

**SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED DECEMBER 31, 2018**

Finding Number	Finding Summary	Status	Additional Information
2017-001	Posting Receipts, Disbursements and Classification of Fund Balances	Not Corrected	Repeated as Finding 2018-001
2017-002	Financial Reporting	Partially Corrected	Moved to Management Letter

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# OHIO AUDITOR OF STATE KEITH FABER



**VILLAGE OF LEIPSIC**

**PUTNAM 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 6/15/2021**

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

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