



**VILLAGE OF LEIPSIC
PUTNAM COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2023-2022

VILLAGE OF LEIPSIC
PUTNAM COUNTY

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INDEPENDENT AUDITOR'S REPORT

Village of Leipsic
Putnam County
142 East Main Street
Leipsic, Ohio 45856-1427

To the Village Council:

Report on the Audit of the Financial Statements

Unmodified and Adverse Opinions

We have audited the financial statements of the Village of Leipsic, Putnam County, Ohio (the Village), which comprises the cash balances, receipts and disbursements for each governmental and proprietary fund type as of and for the years ended December 31, 2023 and 2022, and the related notes to the financial statements.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for each governmental and proprietary fund type as of and for the years ended December 31, 2023 and 2022, and the related notes to the financial statements, in accordance with the financial reporting provisions which Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit, described in Note 2.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* section of our report, the accompanying financial statements do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village, as of December 31, 2023 and 2022, or the changes in financial position or, where applicable, cash flows thereof for the years then ended.

Basis for Opinions

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

Efficient • Effective • Transparent

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

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village's ability to continue as a going concern for a reasonable period of time.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 16, 2024, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.



Keith Faber
Auditor of State
Columbus, Ohio

September 16, 2024

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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, 2023

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
Cash Receipts				
Property and Other Local Taxes	\$162,440	\$150,139		\$312,579
Municipal Income Tax	1,936,962		\$87,163	2,024,125
Intergovernmental	62,279	293,666		355,945
Charges for Services	18,032	91,105		109,137
Fines, Licenses and Permits	14,362	7		14,369
Earnings on Investments	249,575	70,020		319,595
Miscellaneous	34,219	2,274	6,967	43,460
<i>Total Cash Receipts</i>	<u>2,477,869</u>	<u>607,211</u>	<u>94,130</u>	<u>3,179,210</u>
Cash Disbursements				
Current:				
Security of Persons and Property	409,660	98,274		507,934
Leisure Time Activities	197,615			197,615
Community Environment	54,699		24,430	79,129
Transportation		259,689		259,689
General Government	333,076			333,076
Intergovernmental		12,000		12,000
Capital Outlay	311,442	421,060		732,502
<i>Total Cash Disbursements</i>	<u>1,306,492</u>	<u>791,023</u>	<u>24,430</u>	<u>2,121,945</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>1,171,377</u>	<u>(183,812)</u>	<u>69,700</u>	<u>1,057,265</u>
Other Financing Receipts (Disbursements)				
Transfers In		1,110,226		1,110,226
Transfers Out	(1,110,226)			(1,110,226)
Other Financing Sources	12,132	26,600		38,732
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(1,098,094)</u>	<u>1,136,826</u>		<u>38,732</u>
<i>Net Change in Fund Cash Balances</i>	73,283	953,014	69,700	1,095,997
<i>Fund Cash Balances, January 1</i>	<u>5,684,399</u>	<u>1,110,288</u>	<u>607,311</u>	<u>7,401,998</u>
<i>Fund Cash Balances, December 31</i>	<u>\$5,757,682</u>	<u>\$2,063,302</u>	<u>\$677,011</u>	<u>\$8,497,995</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, 2023

	Proprietary Fund Type
	Enterprise
Operating Cash Receipts	
Charges for Services	\$4,234,252
Operating Cash Disbursements	
Personal Services	701,249
Contractual Services	646,865
Supplies and Materials	197,858
Other	25,977
<i>Total Operating Cash Disbursements</i>	1,571,949
<i>Operating Income</i>	2,662,303
Non-Operating Receipts (Disbursements)	
Property and Other Local Taxes	881,318
Intergovernmental	289,924
Earnings on Investments	303,388
Miscellaneous Receipts	18,177
Capital Outlay	(241,153)
Principal Retirement	(1,112,783)
Interest and Other Fiscal Charges	(253,871)
<i>Total Non-Operating Receipts (Disbursements)</i>	(115,000)
<i>Income Before Transfers</i>	2,547,303
Transfers In	888,311
Transfers Out	(888,311)
<i>Net Change in Fund Cash Balances</i>	2,547,303
<i>Fund Cash Balances, January 1</i>	11,290,569
<i>Fund Cash Balances, December 31</i>	\$13,837,872

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

Village of Leipsic
Putnam County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 1 – Reporting Entity

The Village of Leipsic, Putnam County, Ohio (the Village) 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 roads, park operations, police services, and fire services.

Public Entity Risk Pool

The Village participates in a public entity risk pool, the Public Entities Pool of Ohio (PEP). Note 6 to the financial statements provides 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 the proprietary fund type which are all organized on a fund type basis.

Fund Accounting

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

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

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

Street Fund This 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 Capital Fund This fund accounts for and reports tax levy proceeds and fire contract revenues used to maintain and purchase Village fire department equipment.

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

Capital Projects – FMHA Fund This fund accounts for and reports grant activity for improving the community environment within the Village.

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:

Village of Leipsic
Putnam County
Notes to the Financial Statements
For the Year Ended December 31, 2023
(Continued)

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

Wastewater Fund This fund accounts for the provision of sanitary sewer services to the residents and commercial users within the Village.

Basis of Accounting

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

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

Budgetary Process

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

Appropriations Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The Village Council must annually approve appropriation measures and subsequent amendments. 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 2023 budgetary activity appears in Note 3.

Deposits and Investments

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

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.

Village of Leipsic
Putnam County
Notes to the Financial Statements
For the Year Ended December 31, 2023
(Continued)

Fund Balance

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

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

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

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

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

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

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

For regulatory purposes, limited disclosure related to fund balance is included in Note 14.

Note 3 – Budgetary Activity

Budgetary activity for the year ending December 31, 2023 follows:

Fund Type	2023 Budgeted vs. Actual Receipts		
	Budgeted Receipts	Actual Receipts	Variance
General	\$2,560,953	\$2,561,548	\$595
Special Revenue	1,768,139	1,744,037	(24,102)
Capital Projects	173,734	94,130	(79,604)
Enterprise	6,686,296	6,615,370	(70,926)
Total	\$11,189,122	\$11,015,085	(\$174,037)

Village of Leipsic
Putnam County
Notes to the Financial Statements
For the Year Ended December 31, 2023
(Continued)

2023 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$3,674,523	\$2,606,821	\$1,067,702
Special Revenue	1,221,760	911,392	310,368
Capital Projects	128,673	100,814	27,859
Enterprise	6,694,255	4,268,106	2,426,149
Total	\$11,719,211	\$7,887,133	\$3,832,078

The Income Tax Fund is considered part of the General Fund. The General Fund budgetary statement will be higher for actual receipts and disbursements in the amount of \$71,547 due to elimination of intrafund transfers from the Income Tax Fund to the General Fund.

Note 4 – Deposits

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

Demand deposits	2023 \$330,119
Certificates of Deposit	22,005,748
Total Deposit	\$22,335,867

The Village has a payroll clearing account that is held outside of the deposit pool where gross payroll is held for distribution. The expenditures included in the accompanying financial statement reflect gross payroll. The balance in the Village’s payroll clearing account represent unremitted employee payroll withholdings.

Deposits

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

Note 5 – Taxes

Property Taxes

Real property taxes become a lien on January 1 preceding the October 1 date for which the Council adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

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

Village of Leipsic
Putnam County
Notes to the Financial Statements
For the Year Ended December 31, 2023
(Continued)

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. Income tax receipts are credited 67 percent to the General Fund, 30 percent to the Reservoir Debt Enterprise Fund, and 3 percent to the Blighted Properties Capital Projects Fund.

Note 6 – Risk Management

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

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

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

	<u>2023</u>
Cash and investments	\$43,996,442
Actuarial liabilities	\$19,743,401

Note 7 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

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

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the Village contributed an amount equaling 14 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2023.

Village of Leipsic
Putnam County
Notes to the Financial Statements
For the Year Ended December 31, 2023
(Continued)

Ohio Police and Fire Retirement System

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

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25 percent of their wages. The Village contributed to OP&F an amount equal to 19.5 percent of full-time police members' wages. The Village has paid all contributions required through December 31, 2023.

Social Security

Several of the Village employees contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Village contributed an amount equal to 6.2 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2023.

Note 8 – Postemployment Benefits

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans. OPERS offers a health reimbursement arrangement (HRA) allowance to benefit recipients meeting certain age and service credit requirements. The HRA is an account funded by OPERS that provides tax-free reimbursement for qualified medical expenses such as monthly post-tax insurance premiums, deductibles, co-insurance, and co-pays incurred by eligible benefit recipients and their dependents. OP&F uses a stipend-based health care model. A stipend funded by OP&F is placed in individual Health Reimbursement Accounts that retirees use to be reimbursed for health care expenses. For calendar year 2023, the portion of OPERS employer contributions allocated to health care was 0 percent for members in the traditional pension plan and 2 percent for members in the combined plan. For 2023, the portion of employer contributions OPERS allocated to health care for members in the member-directed plan was 4.0 percent; however, a portion of the health care rate was funded with reserves. OP&F contributes 0.5 percent to fund these benefits.

Note 9 – Debt

Debt outstanding at December 31, 2023 was as follows:

	Principal	Interest Rate
Ohio Water Development Authority Loan #4620	\$1,154,937	0.00%
Ohio Water Development Authority Loan #5003	5,439,719	5.29%
Ohio Water Development Authority Loan #7128	47,823	0.95%
Ohio Water Development Authority Loan #8007	2,672,745	0.98%
Total	\$9,315,224	

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.

Village of Leipsic
Putnam County
Notes to the Financial Statements
For the Year Ended December 31, 2023
(Continued)

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. The loan will be repaid in semi-annual installments including interest, over 20 years. Utility system charges and tax increment financing monies are the dedicated source of repayment for this loan.

Amortization

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

Year Ending December 31:	OWDA Loans
2024	\$496,078
2025	992,156
2026	980,012
2027	967,941
2028	823,574
2029-2033	3,396,037
2034-2038	3,396,038
2039-2043	1,189,876
Total	<u>\$12,241,712</u>

Note 10 – Construction and Contractual Commitments

The Village had a contract commitment as of December 31, 2023 for a street paving project in the amount of \$152,060. This project is expected to be completed in 2024.

Note 11 – 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 – Interfund Transfers

During 2023, the following transfers were made:

Village of Leipsic
Putnam County
Notes to the Financial Statements
For the Year Ended December 31, 2023
(Continued)

		Transfers Out		
		General	Enterprise	Total
Transfers In	Special Revenue	\$1,110,226		\$1,110,226
	Enterprise		\$888,311	888,311
	Total	<u>\$1,110,226</u>	<u>\$888,311</u>	<u>\$1,998,537</u>

Transfers are used to move receipts from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and to use unrestricted receipts collected in the General Fund to finance various programs accounted for in the other funds in accordance with budgetary authorizations.

Note 14 – Fund Balances

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

Fund Balances	General	Special Revenue	Capital Projects	Total
Nonspendable:				
Unclaimed Monies	\$4,661			\$4,661
Outstanding Encumbrances	118,556	\$120,369	\$76,384	315,309
Total	<u>\$123,217</u>	<u>\$120,369</u>	<u>\$76,384</u>	<u>\$319,970</u>

The fund balance of Special Revenue Funds is either restricted or committed. The fund balance of Capital Projects Funds are restricted, committed, or assigned. These restricted, committed, and assigned amounts in the Special Revenue and Capital Projects Funds would include the outstanding encumbrances. In the General Fund, outstanding encumbrances are considered assigned.

Note 15 – Miscellaneous Revenues

Miscellaneous receipts in the Capital Projects Fund consisted of reimbursements.

Note 16 – Subsequent Events

In 2024, the Village of Leipsic accepted a bid from Advanced Demolition Services for the Main Street Storm Sewer and Curb Replacement project in the amount of \$1,724,951 and was approved for a 0 percent Ohio Water Development Authority loan for \$1,398,294 to help fund the project. Also in 2024, the Village accepted a bid from Miller Contracting Group in the amount of \$2,658,975 for the Leipsic North Side Pump Station project.

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, 2022

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
Cash Receipts				
Property and Other Local Taxes	\$226,796	\$155,637		\$382,433
Municipal Income Tax	3,254,873		\$146,470	3,401,343
Intergovernmental	83,553	294,628		378,181
Charges for Services	17,089	57,082		74,171
Fines, Licenses and Permits	13,956	101	2,360	16,417
Earnings on Investments	3,365	669		4,034
Miscellaneous	20,575	4,813	5,903	31,291
<i>Total Cash Receipts</i>	<u>3,620,207</u>	<u>512,930</u>	<u>154,733</u>	<u>4,287,870</u>
Cash Disbursements				
Current:				
Security of Persons and Property	321,634	78,613		400,247
Leisure Time Activities	174,095			174,095
Community Environment	36,684		129,279	165,963
Transportation		251,088		251,088
General Government	347,572			347,572
Capital Outlay	401,418	510,049		911,467
Debt Service:				
Principal Retirement		38,149		38,149
Interest and Fiscal Charges		446		446
<i>Total Cash Disbursements</i>	<u>1,281,403</u>	<u>878,345</u>	<u>129,279</u>	<u>2,289,027</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>2,338,804</u>	<u>(365,415)</u>	<u>25,454</u>	<u>1,998,843</u>
Other Financing Receipts (Disbursements)				
Sale of Capital Assets			114,442	114,442
Transfers In		470,396		470,396
Transfers Out	(470,396)			(470,396)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(470,396)</u>	<u>470,396</u>	<u>114,442</u>	<u>114,442</u>
<i>Net Change in Fund Cash Balances</i>	1,868,408	104,981	139,896	2,113,285
<i>Fund Cash Balances, January 1</i>	<u>3,815,991</u>	<u>1,005,307</u>	<u>467,415</u>	<u>5,288,713</u>
<i>Fund Cash Balances, December 31</i>	<u>\$5,684,399</u>	<u>\$1,110,288</u>	<u>\$607,311</u>	<u>\$7,401,998</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, 2022

	Proprietary Fund Type
	Enterprise
Operating Cash Receipts	
Charges for Services	\$3,329,143
Miscellaneous	6,321
	3,335,464
<i>Total Operating Cash Receipts</i>	<i>3,335,464</i>
Operating Cash Disbursements	
Personal Services	578,417
Contractual Services	614,228
Supplies and Materials	196,520
Other	37,670
	1,426,835
<i>Total Operating Cash Disbursements</i>	<i>1,426,835</i>
<i>Operating Income</i>	<i>1,908,629</i>
Non-Operating Receipts (Disbursements)	
Property and Other Local Taxes	1,480,967
Intergovernmental	291,367
Earnings on Investments	4,363
Capital Outlay	(258,036)
Principal Retirement	(1,227,830)
Interest and Other Fiscal Charges	(286,942)
	3,889
<i>Total Non-Operating Receipts (Disbursements)</i>	<i>3,889</i>
<i>Income Before Transfers</i>	<i>1,912,518</i>
Transfers In	1,011,340
Transfers Out	(1,011,340)
	1,912,518
<i>Net Change in Fund Cash Balances</i>	<i>1,912,518</i>
<i>Fund Cash Balances, January 1</i>	<i>9,378,051</i>
<i>Fund Cash Balances, December 31</i>	<i>\$11,290,569</i>

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

Village of Leipsic
Putnam County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 1 – Reporting Entity

The Village of Leipsic, Putnam County, Ohio (the Village) 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 roads, park operations, police services, and fire services.

Public Entity Risk Pool

The Village participates in a public entity risk pool, the Public Entities Pool of Ohio (PEP). Note 6 to the financial statements provides 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 the proprietary fund type which are all organized on a fund type basis.

Fund Accounting

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

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

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

Street Fund This 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.

American Rescue Plan Fund This fund accounts for and reports Local Fiscal Recovery and American Rescue Plan grant activity.

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

Capital Projects – Development Fund This fund accounts for and reports proceeds from the sale of capital assets and transfers from the General Fund to improve the community environment within the Village.

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:

Village of Leipsic
Putnam County
Notes to the Financial Statements
For the Year Ended December 31, 2022
(Continued)

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

Wastewater Fund This fund accounts for the provision of sanitary sewer services to the residents and commercial users within the Village.

Basis of Accounting

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

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

Budgetary Process

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

Appropriations Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The Village Council must annually approve appropriation measures and subsequent amendments. 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 2022 budgetary activity appears in Note 3.

Deposits and Investments

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

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.

Village of Leipsic
Putnam County
Notes to the Financial Statements
For the Year Ended December 31, 2022
(Continued)

Fund Balance

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

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

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

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

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

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

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

For regulatory purposes, limited disclosure related to fund balance is included in Note 14.

Note 3 – Budgetary Activity

Budgetary activity for the year ending December 31, 2022 follows:

2022 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$8,020,746	\$6,385,971	(\$1,634,775)
Special Revenue	1,041,245	983,326	(57,919)
Capital Projects	262,125	269,175	7,050
Enterprise	6,056,286	6,123,501	67,215
Total	\$15,380,402	\$13,761,973	(\$1,618,429)

Village of Leipsic
Putnam County
Notes to the Financial Statements
For the Year Ended December 31, 2022
(Continued)

2022 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$7,448,292	\$4,551,918	\$2,896,374
Special Revenue	1,322,924	1,042,122	280,802
Capital Projects	337,600	129,279	208,321
Enterprise	5,712,823	4,793,302	919,521
Total	\$14,821,639	\$10,516,621	\$4,305,018

The Income Tax Fund is considered part of the General Fund. The General Fund budgetary statement will be higher for actual receipts and disbursements in the amount of \$2,765,764 due to elimination of intrafund transfers from the Income Tax Fund to the General Fund.

Note 4 – Deposits

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

	2022
Demand deposits	\$18,692,567

The Village has a payroll clearing account that is held outside of the deposit pool where gross payroll is held for distribution. The expenditures included in the accompanying financial statement reflect gross payroll. The balance in the Village’s payroll clearing account represent unremitted employee payroll withholdings.

Deposits

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

Note 5 – Taxes

Property Taxes

Real property taxes become a lien on January 1 preceding the October 1 date for which the Council adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

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.

Village of Leipsic
Putnam County
Notes to the Financial Statements
For the Year Ended December 31, 2022
(Continued)

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. Income tax receipts are credited 67 percent to the General Fund, 30 percent to the Reservoir Debt Enterprise Fund, and 3 percent to the Blighted Properties Capital Projects Fund.

Note 6 – Risk Management

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

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

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

	<u>2022</u>
Cash and investments	\$42,310,794
Actuarial liabilities	\$15,724,479

Note 7 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

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

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the Village contributed an amount equaling 14 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2022.

Ohio Police and Fire Retirement System

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

Village of Leipsic
Putnam County
Notes to the Financial Statements
For the Year Ended December 31, 2022
(Continued)

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, 2022.

Social Security

Several of the Village employees contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Village contributed an amount equal to 6.2 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2022.

Note 8 – Postemployment Benefits

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2022. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2022. OP&F contributes 0.5 percent to fund these benefits.

Effective January 1, 2022, OPERS discontinued the group plans currently offered to non-Medicare retirees and re-employed retirees. Instead, eligible non-Medicare retirees will select an individual medical plan. OPERS will provide a subsidy or allowance via an HRA allowance to those retirees who meet health care eligibility requirements. Retirees will be able to seek reimbursement for plan premiums and other qualified medical expenses.

Note 9 – Debt

Debt outstanding at December 31, 2022 was as follows:

	Principal	Interest Rate
Waterworks System Improvement Refunding Bonds 2020	\$444,712	3.41%
Ohio Water Development Authority Loan #4620	1,443,670	0.00%
Ohio Water Development Authority Loan #5003	5,651,655	5.29%
Ohio Water Development Authority Loan #7128	71,413	0.95%
Ohio Water Development Authority Loan #8007	2,816,557	0.98%
Total	\$10,428,007	

The Waterworks System Improvement Refunding Bonds, Series 2020, were issued in 2020 and used for the purpose of advance refunding the Series 2007 Water System Improvement Bonds. The bonds will be repaid in semiannual installments including interest, with the last payment due June 1, 2033.

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.

Village of Leipsic
Putnam County
Notes to the Financial Statements
For the Year Ended December 31, 2022
(Continued)

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. The loan will be repaid in semi-annual installments including interest, over 20 years. Utility system charges and tax increment financing monies are the dedicated source of repayment for this loan.

Amortization

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

Year Ending December 31:	Waterworks System Refunding Bonds	OWDA Loans
2023	\$446,734	\$496,078
2024		992,156
2025		992,156
2026		980,012
2027		967,941
2028-2032		3,540,404
2033-2037		3,396,038
2038-2042		1,869,083
Total	\$446,734	\$13,233,868

Note 11 – Construction and Contractual Commitments

The Village had contract commitments as of December 31, 2022 for a paving project and water treatment system improvements in the amounts of \$147,346 and \$495,358, respectively. All projects are expected to be completed in 2023.

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 – Interfund Transfers

During 2022, the following transfers were made:

		Transfers Out		
		General	Enterprise	Total
Transfers In	Special Revenue	\$470,396		\$470,396
	Enterprise		\$1,011,340	1,011,340
	Total	\$470,396	\$1,011,340	\$1,481,736

Village of Leipsic
Putnam County
Notes to the Financial Statements
For the Year Ended December 31, 2022
(Continued)

Transfers are used to move receipts from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and to use unrestricted receipts collected in the General Fund to finance various programs accounted for in the other funds in accordance with budgetary authorizations.

Note 14 – Fund Balances

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

Fund Balances	General	Special Revenue	Total
Nonspendable:			
Unclaimed Monies	\$4,145		\$4,145
Outstanding Encumbrances	34,355	\$163,777	198,132
Total	\$38,500	\$163,777	\$202,277

The fund balance of Special Revenue Funds is either restricted or committed. The fund balance of Capital Projects Funds are restricted, committed, or assigned. These restricted, committed, and assigned amounts in the Special Revenue and Capital Projects Funds would include the outstanding encumbrances. In the General Fund, outstanding encumbrances are considered assigned.

OHIO AUDITOR OF STATE KEITH FABER



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Columbus, Ohio 43215
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800-282-0370

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

Village of Leipsic
Putnam County
142 East Main Street
Leipsic, Ohio 45856-1427

To the Village Council:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the cash balances, receipts, and disbursements for each governmental and proprietary fund type as of and for the years ended December 31, 2023 and 2022 and the related notes to the financial statements of the Village of Leipsic, Putnam County, Ohio (the Village) and have issued our report thereon dated September 16, 2024, wherein we noted the Village followed financial reporting provisions Ohio Rev. Code § 117.38 and Ohio Admin. Code 117-2-03(C) permit.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying schedule of findings as item 2023-001 that we consider to be a material weakness.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Village's Response to Finding

Government Auditing Standards requires the auditor to perform limited procedures on the Village's response to the finding identified in our audit and described in the accompanying schedule of findings. The Village's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of This Report

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



Keith Faber
Auditor of State
Columbus, Ohio

September 16, 2024

VILLAGE OF LEIPSIC
PUTNAM COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2023 AND 2022

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

FINDING NUMBER 2023-001

Material Weakness – Financial Reporting

In our audit engagement letter, as required by AU-C Section 210, *Terms of Engagement*, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error as discussed in AU-C Section 210 paragraphs .A14 & .A16.

The following errors were identified in the accompanying financial statements:

- In 2022, municipal income tax receipts and transfers out in the General Fund were overstated in the amount of \$1,556,812.
- In 2022, municipal income tax receipts were incorrectly classified as transfers in the Blighted Properties Capital Projects Fund in the amount of \$140,113.
- In 2022, property and other local taxes were incorrectly classified as transfers in the Reservoir Debt Enterprise Fund in the amount of \$1,416,699.
- In 2023, appropriation authority in the budgetary activity note to the financial statements did not agree to amounts approved by Village Council. Appropriation authority was overstated in the Special Revenue and Capital Projects Funds in the amounts of \$56,595 and \$76,384, respectively.
- In 2022, budgeted receipts in the budgetary activity note to the financial statements did not agree to amounts certified by the County Budget Commission. Budgeted receipts were understated in the Special Revenue Fund in the amount of \$57,921.

These errors were the result of inadequate policies and procedures in reviewing the financial statements and notes to the financial statements. Failure to complete accurate financial statements and notes to the financial statements could lead to Village Council making misinformed decisions. The accompanying financial statements and notes to the financial statements have been adjusted to correct these and other immaterial errors ranging from \$692 to \$70,625. In addition to the adjustments noted above, we also identified additional misstatements ranging from \$1,492 to \$192,210 which we have brought to the Village's attention.

The Village should adopt policies and procedures, including a final review of the financial statements and notes to the financial statements by the Fiscal Officer and the finance committee, to help identify and correct errors and omissions.

Officials' Response:

An effort was made to correct errors on the financial statements. The Village now has a better understanding of the posting and reporting issues and will continue to make improvements where needed.



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**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
 DECEMBER 31, 2023 AND 2022**

Finding Number	Finding Summary	Status	Additional Information
2021-001	This finding was first reported in 2016. Material weakness for lack of monitoring of financial transactions resulting in errors in the financial statements.	Not corrected and reissued as Finding 2023-001 in this report.	An effort was made to correct errors on the financial statements. The Village now has a better understanding of the posting and reporting issues and will continue to make improvements where needed.

Mayor: Rick Recker • **Council President:** Sue Schroeder
Council: Sherry Valdez • Jason Goodwin • Rick Moyer • Sue Christman • Dave Heitmeyer
Administrator: Lee Beck • **Fiscal Officer/Tax Administrator:** Renee Spangler

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 10/1/2024

65 East State 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