



**VILLAGE OF LEESBURG
HIGHLAND COUNTY
Regular Audit
For the Years Ended December 31, 2018 and 2017**

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Vienna, WV 26105
304 422 2203

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OHIO AUDITOR OF STATE
KEITH FABER



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Village Council
Village of Leesburg
57 South Fairfield Street
P.O. Box 305
Leesburg, Ohio 45135

We have reviewed the *Independent Auditor's Report* of the Village of Leesburg, Highland County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period January 1, 2017 through December 31, 2018. 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 Leesburg 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

September 30, 2019

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VILLAGE OF LEESBURG
HIGHLAND COUNTY

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report	1
Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis) - All Governmental Fund Types - For the Year Ended December 31, 2018	3
Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis) - Proprietary Fund Type - For the Year Ended December 31, 2018	4
Notes to the Financial Statements For the Year Ended December 31, 2018	5
Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis) - All Governmental Fund Types - For the Year Ended December 31, 2017	13
Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis) - Proprietary Fund Type - For the Year Ended December 31, 2017	14
Notes to the Financial Statements For the Year Ended December 31, 2017	15
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	23
Schedule of Audit Findings	25

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INDEPENDENT AUDITOR'S REPORT

July 31, 2019

Village of Leesburg
Highland County
57 South Fairfield Street
P.O. Box 305
Leesburg, Ohio 45135

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 Leesburg**, Highland County, Ohio (the Village) as of and for the years ended December 31, 2018 and 2017.

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 permitted 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 2017, or changes in financial position or cash flows thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements by fund type, and related notes of the Village of Leesburg, Highland County as of December 31, 2018 and 2017, for the years 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 31, 2019, 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 and Associates
Certified Public Accountants, A.C.
Marietta, Ohio

**VILLAGE OF LEESBURG
HIGHLAND 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**

	<u>General</u>	<u>Special Revenue</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts			
Property and Other Local Taxes	\$ 30,632	\$ 3,061	\$ 33,693
Municipal Income Tax	577,123	-	577,123
Intergovernmental	27,165	54,649	81,814
Special Assessments	293	248	541
Charges for Services	242	-	242
Fines, Licenses and Permits	197	-	197
Earnings on Investments	90	-	90
Miscellaneous	14,887	-	14,887
	<u>650,629</u>	<u>57,958</u>	<u>708,587</u>
<i>Total Cash Receipts</i>			
Cash Disbursements			
Current:			
Security of Persons and Property	278,357	62	278,419
Public Health Services	5,206	-	5,206
Leisure Time Activities	11,736	-	11,736
Basic Utility Services	3,988	11,461	15,449
Transportation	300	96,736	97,036
General Government	158,720	-	158,720
	<u>458,307</u>	<u>108,259</u>	<u>566,566</u>
<i>Total Cash Disbursements</i>			
<i>Excess of Receipts Over Disbursements</i>	<u>192,322</u>	<u>(50,301)</u>	<u>142,021</u>
Other Financing Receipts (Disbursements)			
Transfers In	-	50,200	50,200
Transfers Out	(50,200)	-	(50,200)
Other Financing Uses	(5,759)	-	(5,759)
	<u>(55,959)</u>	<u>50,200</u>	<u>(5,759)</u>
<i>Total Other Financing Receipts (Disbursements)</i>			
Special Item	8,125	-	8,125
<i>Net Change in Fund Cash Balances</i>	<u>144,488</u>	<u>(101)</u>	<u>144,387</u>
<i>Fund Cash Balances, January 1</i>	<u>529,009</u>	<u>75,700</u>	<u>604,709</u>
Fund Cash Balances, December 31			
Restricted	-	75,599	75,599
Assigned	5,347	-	5,347
Unassigned	668,150	-	668,150
	<u>673,497</u>	<u>75,599</u>	<u>749,096</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 673,497</u>	<u>\$ 75,599</u>	<u>\$ 749,096</u>

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

**VILLAGE OF LEESBURG
HIGHLAND COUNTY**

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

	Enterprise
Operating Cash Receipts	
Charges for Services	\$ 640,649
<i>Total Operating Cash Receipts</i>	640,649
Operating Cash Disbursements	
Personal Services	105,343
Fringe Benefits	65,919
Contractual Services	245,673
Supplies and Materials	49,339
<i>Total Operating Cash Disbursements</i>	466,274
<i>Operating Income</i>	174,375
Non-Operating (Disbursements)	
Earnings on Investments	12
Capital Outlay	(31,671)
Principal Retirement	(173,214)
Interest and Other Fiscal Charges	(45,674)
<i>Total Non-Operating (Disbursements)</i>	(250,547)
<i>Income before Transfers</i>	(76,172)
Transfers In	254,324
Transfers Out	(254,324)
<i>Net Change in Fund Cash Balances</i>	(76,172)
<i>Fund Cash Balances, January 1</i>	431,325
<i>Fund Cash Balances, December 31</i>	\$ 355,153

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

VILLAGE OF LEESBURG
HIGHLAND COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

Note 1 – Reporting Entity

The Village of Leesburg (the Village), Highland 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 street maintenance, water and sewer utilities, garbage collection, and police services.

Public Entity Risk Pool

The Village participates in the Public Entities Pool of Ohio (PEP), a public risk entity pool. 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 all proprietary and fiduciary fund types which are organized on a fund type basis.

Fund Accounting

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

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

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

Street Construction, Maintenance and Repair Fund – The Street Construction, Maintenance and Repair Fund accounts for and reports that portion of the State gasoline tax and motor vehicle license tax registration fees restricted for construction, maintenance and repair of streets 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:

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 provisions of sanitary sewer services to the residents and commercial users within the Village.

VILLAGE OF LEESBURG
HIGHLAND COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018
(Continued)

Note 2 – Summary of Significant Accounting Policies (Continued)

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 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(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 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 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 LEESBURG
HIGHLAND COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018
(Continued)

Note 2 – Summary of Significant Accounting Policies (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.

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 LEESBURG
HIGHLAND COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018
(Continued)

Note 3 – 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	\$ 688,790	\$ 658,754	\$ (30,036)
Special Revenue	108,158	108,158	-
Enterprise	894,988	894,985	(3)
Total	\$ 1,691,936	\$ 1,661,897	\$ (30,039)

2018 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 603,063	\$ 519,613	\$ 83,450
Special Revenue	132,773	108,677	24,096
Enterprise	1,056,019	973,502	82,517
Total	\$ 1,243,380	\$ 1,601,792	\$ 190,063

Note 4 – Deposits and Investments

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

	2018
Demand deposits	\$ 1,037,539
Certificates of deposit	66,710
Total deposits	\$ 1,104,249

Deposits

Deposits are insured by the Federal Depository Insurance Corporation or collateralized by securities specifically pledged by the financial institution to the Village.

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 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.

VILLAGE OF LEESBURG
HIGHLAND COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018
(Continued)

Note 5 – Taxes (Continued)

Local Income Tax

The Village levies a municipal income tax of 1% 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 6 – Risk Management

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

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

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

	<u>2018</u>
Assets	\$35,381,789
Liabilities	(12,965,015)
Net Position	\$22,416,774

<u>2018 Contributions to PEP</u> \$9,436
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VILLAGE OF LEESBURG
HIGHLAND COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018
(Continued)

Note 7– Defined Benefit Pension Plans

Ohio Public Employees Retirement System

Most of the Village’s 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 post-retirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributes 10% of their gross salaries and the Village contributed an amount equaling 14% of participants’ gross salaries. The Village has paid all contributions required through December 31, 2018.

Ohio Police and Fire Retirement System

The Village’s full-time Police Officers belong to the Ohio Police and Fire Retirement System (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 disability benefits.

The Ohio Revised Code also prescribes contribution rates. OP&F participates contributed 12.25% of their wages. The Village contributed to OP&F an amount equal to 19.5% of full-time police members’ wages. The Village has paid all contributions required through December 31, 2018.

Note 8 – Postemployment Benefits

Both OPERS & 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. For OPERS, the portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 0% during calendar year 2018. OP&F contributed 0.5% to fund these benefits during calendar year 2018.

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 LEESBURG
HIGHLAND COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018
(Continued)

Note 9 – Debt

Debt outstanding at December 31, 2018 was as follows:

	Principal	Interest
Sewer System Improvement Loan	\$ 31,000	5.00%
Water System Improvement Loan	47,900	6.00%
OPWC #CO05D 1905 Standpipe	73,482	0.00%
OPWC #CO02G Wastewater Treatment Plant Renovation	170,000	0.00%
OPWC #CO10N Water Supply Improvements	80,969	0.00%
OWDA #4395 Wastewater Treatment Plant Upgrade	2,108,380	1.50%
OWDA #5677 Water Wells and Disinfection	206,323	1.50%
OWDA #6413 Remote Read Water Meters	107,652	2.00%
OWDA #7018 Sewer Line Replacement	129,427	0.91%
	\$ 2,955,133	

The Sewer System Improvement Loan was issued in 1979 to finance an improvement project on the Village's wastewater treatment plant. The bonds are being retired over a period of 38 years, paid from sewer system revenues.

The Water System Improvement Loan was issued on 1986 for \$116,000 to finance an improvement project on the Village's water plant. The bonds are being retired over a period of 41 years, paid from sewer system revenues.

During 2001, the Village received a no interest OPWC Loan for \$209,947 to finance a water tower replacement project. The loan will be repaid from water system revenues, over a period of 20 years.

During 2005, the Village received a no interest OPWC Loan for \$400,000 to finance a wastewater treatment plant expansion and upgrade. These loans will be repaid from sewer system revenues, over a period of 30 years.

During 2005, the Village received an Ohio Water Development Authority (OWDA) Loan for \$2,776,000 to finance a wastewater treatment plant expansion and upgrade. This loan will be repaid from sewer system revenues over a period of 30 years.

During 2010, the Village received and OWDA Loan for \$256,283 to finance a water well project. Repayment will be made over a period of 30 years from water system revenues.

During 2011, the Village received an OPWC Loan for \$103,365 to finance a water improvement project. Repayment will be made over a period of 30 years from the water system revenues.

During 2013, the Village received an OWDA Loan for \$136,961 to finance a remote read water meter project. Repayment will be made over a period of 20 years from water system revenues.

During 2015, the Village received an OWDA Loan to finance a sewer line replacement project. The project is ongoing. The Village has received \$142,497 in loan proceeds as of December 31, 2017. Repayment will be made over 30 years from sewer system revenues. No amortization schedule is available for this loan. In 2018, the OWDA made a principle adjustment cost change in the amount of \$621. We consider this amount to be immaterial and is not reflected on the financial statements.

VILLAGE OF LEESBURG
HIGHLAND COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018
(Continued)

Note 9 – Debt (Continued)

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

Year ending December 31:	Water System Improvement	Sewer System Improvement	OPWC Loans	OWDA Loans
2019	\$ 7,674	\$ 33,600	\$ 33,943	\$ 136,396
2020	7,686	-	33,943	136,396
2021	7,680	-	33,943	136,396
2022	7,756	-	33,943	136,396
2023	30,940	-	33,943	136,396
2024-2028	-	-	108,222	681,982
2029-2033	-	-	17,228	681,982
2034-2038	-	-	17,228	640,269
2039-2043	-	-	12,058	149,334
Total	<u>\$ 61,736</u>	<u>\$ 33,600</u>	<u>\$ 324,451</u>	<u>\$ 2,835,547</u>

Note 10 – Contingent Liabilities

The Village may be a defendant in lawsuits. Although management cannot presently determine the outcome of a suit, management believes that the resolution of any matter will not materially adversely affect the Village's financials condition.

Note 11 – Interfund Transfers

During 2018, transfers were made from the General Fund to the Street Construction, Maintenance and Repair Fund to subsidize operations. All transfers were made in accordance with the Ohio Revised Code.

**VILLAGE OF LEESBURG
HIGHLAND COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS AND
CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2017**

	<u>General</u>	<u>Special Revenue</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts			
Property and Other Local Taxes	\$ 32,871	\$ 2,900	\$ 35,771
Municipal Income Tax	500,190	-	500,190
Intergovernmental	24,451	56,803	81,254
Special Assessments	791	-	791
Charges for Services	184	-	184
Fines, Licenses and Permits	1,552	-	1,552
Earnings on Investments	386	-	386
Miscellaneous	14,513	-	14,513
	<hr/>	<hr/>	<hr/>
<i>Total Cash Receipts</i>	574,938	59,703	634,641
Cash Disbursements			
Current:			
Security of Persons and Property	296,673	575	297,248
Public Health Services	2,529	-	2,529
Leisure Time Activities	11,214	-	11,214
Basic Utility Services	2,668	-	2,668
Transportation	1,050	121,983	123,033
General Government	163,785	-	163,785
Capital Outlay	-	2,668	2,668
	<hr/>	<hr/>	<hr/>
<i>Total Cash Disbursements</i>	477,919	125,226	603,145
<i>Excess of Receipts Over Disbursements</i>	<hr/>	<hr/>	<hr/>
	97,019	(65,523)	31,496
Other Financing Receipts (Disbursements)			
Transfers In	-	50,071	50,071
Transfers Out	(50,071)	-	(50,071)
Other Financing Uses	(5,902)	-	(5,902)
	<hr/>	<hr/>	<hr/>
<i>Total Other Financing Receipts (Disbursements)</i>	(55,973)	50,071	(5,902)
<i>Net Change in Fund Cash Balances</i>	41,046	(15,452)	25,594
<i>Fund Cash Balances, January 1</i>	<hr/>	<hr/>	<hr/>
	487,963	91,152	579,115
Fund Cash Balances, December 31			
Restricted	-	75,700	75,700
Unassigned	529,009	-	529,009
	<hr/>	<hr/>	<hr/>
<i>Fund Cash Balances, December 31</i>	<u>\$ 529,009</u>	<u>\$ 75,700</u>	<u>\$ 604,709</u>

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

**VILLAGE OF LEESBURG
HIGHLAND COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS AND
CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
PROPRIETARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2017**

	Enterprise
Operating Cash Receipts	
Charges for Services	\$ 612,441
<i>Total Operating Cash Receipts</i>	612,441
Operating Cash Disbursements	
Personal Services	99,640
Fringe Benefits	73,760
Contractual Services	230,165
Supplies and Materials	32,252
<i>Total Operating Cash Disbursements</i>	435,817
<i>Operating Income</i>	176,624
Non-Operating (Disbursements)	
Earnings on Investments (Proprietary Funds Only)	67
Sale of Notes	186,705
Miscellaneous Receipts	26
Capital Outlay	(207,770)
Principal Retirement	(178,034)
Interest and Other Fiscal Charges	(49,100)
<i>Total Non-Operating (Disbursements)</i>	(248,106)
<i>Income before Transfers</i>	(71,482)
Transfers In	311,017
Transfers Out	(311,017)
<i>Net Change in Fund Cash Balances</i>	(71,482)
<i>Fund Cash Balances, January 1</i>	502,807
<i>Fund Cash Balances, December 31</i>	\$ 431,325

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

VILLAGE OF LEESBURG
HIGHLAND COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

Note 1 – Reporting Entity

The Village of Leesburg (the Village), Highland 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 street maintenance, water and sewer utilities, garbage collection, and police services.

Public Entity Risk Pool

The Village participates in the Public Entities Pool of Ohio (PEP), a public risk entity pool. 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 all proprietary and fiduciary fund types which are organized on a fund type basis.

Fund Accounting

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

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

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

Street Construction, Maintenance and Repair Fund – The Street Construction, Maintenance and Repair Fund accounts for and reports that portion of the State gasoline tax and motor vehicle license tax registration fees restricted for construction, maintenance and repair of streets 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:

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 provisions of sanitary sewer services to the residents and commercial users within the Village.

VILLAGE OF LEESBURG
HIGHLAND COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017
(Continued)

Note 2 – Summary of Significant Accounting Policies (Continued)

Sewer Debt Services Fund – The Sewer Debt Services Fund accounts for the accumulation of resources for retirement of loans issued to fund improvements to the Village’s wastewater treatment plant.

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 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(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 commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 2017 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 LEESBURG
HIGHLAND COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017
(Continued)

Note 2 – Summary of Significant Accounting Policies (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.

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 LEESBURG
HIGHLAND COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017
(Continued)

Note 3 – Budgetary Activity

Budgetary activity for the year ending December 31, 2017 follows:

2017 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 574,939	\$ 574,938	\$ (1)
Special Revenue	109,774	109,774	-
Enterprise	1,110,255	1,110,256	1
Total	\$ 1,794,968	\$ 1,794,968	\$ -

2017 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 585,036	\$ 537,196	\$ 47,840
Special Revenue	133,207	125,438	7,769
Enterprise	1,354,189	1,183,211	170,978
Total	\$ 2,072,432	\$ 1,845,845	\$ 226,587

Note 4 – Deposits and Investments

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

Demand deposits	\$ 969,557
Certificates of deposit	66,477
Total deposits	\$ 1,036,034

Deposits

Deposits are insured by the Federal Depository Insurance Corporation; collateralized by securities specifically pledged by the financial institution to the Village; or collateralized by the financial institution's public entity deposit pool.

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 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.

VILLAGE OF LEESBURG
HIGHLAND COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017
(Continued)

Note 5 – Taxes (Continued)

Local Income Tax

The Village levies a municipal income tax of 1% 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 6 – Risk Management

The Village is exposed to various risks of property and casualty losses, and injuries to employees. The Village insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

The Village belongs to the Public Entities Pool of Ohio (PEP), a risk-sharing pool available to Ohio local governments. PEP provides property and casualty coverage for its members. York Insurance Services Group, Inc. (York) functions as the administrator of PEP and provides underwriting, claims, loss control, risk management, and reinsurance services for PEP. PEP is a member of the American Public Entity Excess Pool (APEEP), which is also administered by York. Member governments pay annual contributions to fund PEP. PEP pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty and Property Coverage

APEEP provides PEP with an excess risk-sharing program. Under this arrangement, PEP retains insured risks up to an amount specified in the contracts. At December 31, 2017, PEP retained \$350,000 for casualty claims and \$100,000 for property claims.

The aforementioned casualty and property reinsurance agreement does not discharge PEP's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.

Financial Position

PEP's financial statements (audited by other auditor's) conform with generally accepted accounting principles, and reported the following assets, liabilities and net position at December 31, 2017 (latest information available).

	<u>2017</u>
Assets	\$42,182,281
Liabilities	(13,396,700)
Net Position	\$28,785,581

VILLAGE OF LEESBURG
HIGHLAND COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017
(Continued)

Note 6 - Risk Management (continued)

At December 31, 2017 the liabilities above include approximately \$12.0 million of estimated incurred claims payable. The assets above also include approximately \$11.5 million of unpaid claims to be billed. The Pool's membership increased to 520 members in 2016. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2017, the Village's share of these unpaid claims collectible in future years is approximately \$6,000.

Based on discussions with PEP, the expected rates PEP charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to PEP for each year of membership.

2017 Contributions to PEP \$9,969
--

After one year of membership, a member may withdraw on the anniversary of the date of joining PEP, if the member notifies PEP in writing 60 days prior to the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's contribution. Withdrawing members have no other future obligation to PEP. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

Note 7– Defined Benefit Pension Plans

Ohio Public Employees Retirement System

Most of the Village's 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 post-retirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributes 10% of their gross salaries and the Village contributed an amount equaling 14% of participants' gross salaries. The Village has paid all contributions required through December 31, 2017.

Ohio Police and Fire Retirement System

The Village's full-time Police Officers belong to the Ohio Police and Fire Retirement System (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 disability benefits.

The Ohio Revised Code also prescribes contribution rates. OP&F participates contributed 12.25% of their wages. The Village contributed to OP&F an amount equal to 19.5% of full-time police members' wages. The Village has paid all contributions required through December 31, 2017.

VILLAGE OF LEESBURG
HIGHLAND COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017
(Continued)

Note 8 – Postemployment Benefits

Both OPERS & 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. For OPERS, the portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 1% during calendar year 2017. OP&F contributed 0.5% to fund these benefits during calendar year 2017.

Note 9 – Debt

Debt outstanding at December 31, 2017 was as follows:

	<u>Principal</u>	<u>Interest</u>
Sewer System Improvement Loan	\$ 62,000	5.00%
Water System Improvement Loan	52,500	6.00%
OPWC #CO05D 1905 Standpipe	83,979	0.00%
OPWC #CO02G Wastewater Treatment Plant Renovation	190,000	0.00%
OPWC #CO10N Water Supply Improvements	84,415	0.00%
OWDA #4395 Wastewater Treatment Plant Upgrade	2,193,212	1.50%
OWDA #5677 Water Wells and Disinfection	213,784	1.50%
OWDA #6413 Remote Read Water Meters	113,750	2.00%
OWDA #7018 Sewer Line Replacement	135,328	0.91%
	<u>\$ 3,128,968</u>	

The Sewer System Improvement Loan was issued in 1979 to finance an improvement project on the Village's wastewater treatment plant. The bonds are being retired over a period of 38 years, paid from sewer system revenues.

The Water System Improvement Loan was issued on 1986 for \$116,000 to finance an improvement project on the Village's water plant. The bonds are being retired over a period of 41 years, paid from sewer system revenues.

During 2001, the Village received a no interest OPWC Loan for \$209,947 to finance a water tower replacement project. The loan will be repaid from water system revenues, over a period of 20 years.

During 2005, the Village received a no interest OPWC Loan for \$400,000 to finance a wastewater treatment plant expansion and upgrade. These loans will be repaid from sewer system revenues, over a period of 30 years.

During 2005, the Village received an Ohio Water Development Authority (OWDA) Loan for \$2,776,000 to finance a wastewater treatment plant expansion and upgrade. This loan will be repaid from sewer system revenues over a period of 30 years.

During 2010, the Village received and OWDA Loan for \$256,283 to finance a water well project. Repayment will be made over a period of 30 years from water system revenues.

VILLAGE OF LEESBURG
HIGHLAND COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017
(Continued)

Note 9 – Debt (Continued)

During 2011, the Village received an OPWC Loan for \$103,365 to finance a water improvement project. Repayment will be made over a period of 30 years from the water system revenues.

During 2013, the Village received an OWDA Loan for \$136,961 to finance a remote read water meter project. Repayment will be made over a period of 20 years from water system revenues.

During 2015, the Village received an OWDA Loan to finance a sewer line replacement project. The project is ongoing. The Village has received \$142,497 in loan proceeds as of December 31, 2017. Repayment will be made over 30 years from sewer system revenues. No amortization schedule is available for this loan. In 2017, the OWDA made disbursements for technical services in the amount of \$14,084. We consider this amount to be immaterial and is not reflected on the financial statements.

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

Year ending December 31:	Water System Improvement	Sewer System Improvement	OPWC Loans	OWDA Loans
2018	\$ 7,750	\$ 34,150	\$ 33,943	\$ 143,091
2019	7,674	33,600	33,943	143,091
2020	7,686	-	33,943	143,091
2021	7,680	-	33,943	143,091
2022	7,756	-	33,943	143,091
2023-2027	30,940	-	138,720	7,154,547
2028-2032	-	-	17,228	7,154,547
2033-2037	-	-	17,228	682,091
2038-2042	-	-	15,503	310,863
2043-2047	-	-	-	20,001
Total	<u>\$ 69,486</u>	<u>\$ 67,750</u>	<u>\$ 358,394</u>	<u>\$ 16,037,504</u>

Note 10 – Contingent Liabilities

The Village may be a defendant in lawsuits. Although management cannot presently determine the outcome of a suit, management believes that the resolution of any matter will not materially adversely affect the Village's financials condition.

Note 11 – Interfund Transfers

During 2017, transfers were made from the General Fund to the Street Construction, Maintenance and Repair Fund to subsidize operations. All transfers were made in accordance with the Ohio Revised Code.



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150 West Main St.
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740.695.1569

1310 Market St., 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**

July 31, 2019

Village of Leesburg
Highland County
57 South Fairfield Street
P.O. Box 305
Leesburg, Ohio 45135

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 Leesburg**, Highland County (the Village) as of and for the years ended December 31, 2018 and 2017, and the related notes to the financial statements and have issued our report thereon July 31, 2019, 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.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Village's internal control over financial reporting (internal control) to determine the 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 a combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Village's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. The results of our tests disclosed an instance of material weakness or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of audit findings as item 2018-001.

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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 determination of financial statement amounts. 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.

We also noted certain matters not requiring inclusion in this report that we reported to the Village's management in a separate letter dated July 31, 2019.

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 communication is not suitable for any other purpose.



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

VILLAGE OF LEESBURG
HIGHLAND COUNTY
SCHEDULE OF AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

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

FINDING NUMBER 2018-001

Material Weakness

Utility Adjustments

The Village should maintain an accounting system and accounting records sufficient to enable the Village to identify, assemble, analyze, classify, record and report its transactions, maintain accountability for the related assets, document compliance with finance-related legal and contractual requirements and prepare financial statements.

During testing of the Village's utilities, we noted the following:

- Council did not have a formal policy regarding utility bill adjustments.
- The Village did not maintain supporting documentation related to utility bill adjustments.
- The Village posted late fees prematurely to accounts who had not paid to date.

Failure to charge correct rates, follow Village policy and accurately prepare the accounting records 1) reduces the accountability over Village funds, 2) reduces the Council's ability to monitor financial activity and make informed financial decisions, and 3) increases the risk that errors, theft or fraud could occur and not be detected in a timely manner.

We recommend the Village Officials and management implement the following:

- Establish a formal policy and related procedures to address identification, authorization, recording and documentation of adjustments to utility customer accounts.
- Adequately document and approve all adjustments to customer accounts.
- Post late fees in a timely manner.

Officials' Response: The village will implement all recommendations.

FINDING NUMBER 2018-002

Noncompliance

Compensatory Time

Ohio Rev. Code, § 124.18 states that no overtime can be paid unless it has been authorized by the authorized administrative authority. Employees may be exempted from the payment of compensation as required by this section only under the criteria for exemption from the payment of overtime compensation established in the "Federal Fair Labor Standards Act of 1938," 52 Stat. 1060, 29 U.S.C.A. 207, 213, as amended. With the approval of the director of administrative services, the appointing authority may establish a policy to grant compensatory time or to pay compensation to employees in the service of the state who are exempt from overtime compensation.

The Village did not establish a compensatory time policy for the Fiscal Officer, who accrued and used such time in 2017 and 2018.

VILLAGE OF LEESBURG
HIGHLAND COUNTY
SCHEDULE OF AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2018-002 (CONTINUED)

Noncompliance (Continued)

Compensatory Time (Continued)

We recommend the Village establish a compensatory time policy to encompass all employees they wish to receive such time.

Officials' Response: The village will implement all recommendations.

OHIO AUDITOR OF STATE
KEITH FABER



VILLAGE OF LEESBURG

HIGHLAND COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
OCTOBER 10, 2019**