



**VILLAGE OF WEST LEIPSIC  
PUTNAM COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2007**



**Mary Taylor, CPA**  
Auditor of State



VILLAGE OF WEST LEIPSIC  
PUTNAM COUNTY

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# Mary Taylor, CPA

Auditor of State

Village of West Leipsic  
Putnam County  
114 Main Street  
Leipsic, Ohio 45856-1050

To the Village Council:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to an interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. Our Report includes an adverse opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

A handwritten signature in cursive script that reads "Mary Taylor".

**Mary Taylor, CPA**  
Auditor of State

May 12, 2008

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# Mary Taylor, CPA

## Auditor of State

### INDEPENDENT ACCOUNTANTS' REPORT

Village of West Leipsic  
Putnam County  
114 Main Street  
Leipsic, Ohio 45856-1050

To the Village Council:

We have audited the accompanying financial statements of the Village of West Leipsic, Putnam County, (the Village) as of and for the years ended December 31, 2007 and 2006. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the Village has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Instead of the combined funds the accompanying financial statements present, GAAP require presenting entity wide statements and also presenting the Village's larger (i.e. major) funds separately. While the Village does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require villages to reformat their statements. The Village has elected not to follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2006 and 2005, do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2007 and 2006, or its changes in financial position or cash flows, where applicable for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Village of West Leipsic, Putnam County, as of December 31, 2007 and 2006, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The Village has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 12, 2008, 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. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.



**Mary Taylor, CPA**  
Auditor of State

May 12, 2008

**VILLAGE OF WEST LEIPSIC  
PUTNAM COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2007**

	<u>Governmental Fund Types</u>				<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>					
Property and Local Taxes	\$3,462	\$6,002			\$9,464
Intergovernmental	38,644	11,414			50,058
Special Assessments	479				479
Earnings on Investments	6,621	333			6,954
Miscellaneous	856				856
Total Cash Receipts	<u>50,062</u>	<u>17,749</u>			<u>67,811</u>
<b>Cash Disbursements:</b>					
Current:					
Security of Persons and Property	7,585	6,598			14,183
Basic Utility Service	4,037				4,037
Transportation	3,929				3,929
General Government	40,933	163			41,096
Debt Service:					
Redemption of Principal			\$756		756
Capital Outlay				\$5,718	5,718
Total Cash Disbursements	<u>56,484</u>	<u>6,761</u>	<u>756</u>	<u>5,718</u>	<u>69,719</u>
Total Cash Receipts Over/(Under) Cash Disbursements	(6,422)	10,988	(756)	(5,718)	(1,908)
Fund Cash Balances, January 1	<u>188,022</u>	<u>54,563</u>	<u>6,051</u>	<u>15,513</u>	<u>264,149</u>
<b>Fund Cash Balances, December 31</b>	<b><u>\$181,600</u></b>	<b><u>\$65,551</u></b>	<b><u>\$5,295</u></b>	<b><u>\$9,795</u></b>	<b><u>\$262,241</u></b>
Reserve for Encumbrances, December 31	<u>\$6,334</u>	<u>\$299</u>			<u>\$6,633</u>

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

**VILLAGE OF WEST LEIPSIC  
PUTNAM COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - PROPRIETARY FUND TYPE  
FOR THE YEAR ENDED DECEMBER 31, 2007**

	<b>Proprietary Fund Type</b>
	<b>Enterprise</b>
<b>Operating Cash Receipts:</b>	
Charges for Services	\$54,942
<b>Operating Cash Disbursements:</b>	
Contractual Services	47,119
Operating Income	7,823
<b>Non-Operating Cash Disbursements:</b>	
Debt Service	14,829
Net Cash Disbursements Over Cash Receipts	(7,006)
Fund Cash Balances, January 1	64,796
<b>Fund Cash Balances, December 31</b>	<b>\$57,790</b>
Reserve for Encumbrances, December 31	\$4,066

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

**VILLAGE OF WEST LEIPSIC  
PUTNAM COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2006**

	Governmental Fund Types				Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
<b>Cash Receipts:</b>					
Property and Local Taxes	\$3,424	\$5,955			\$9,379
Intergovernmental	38,670	11,323		\$23,900	73,893
Special Assessments	983				983
Earnings on Investments	11,744	1,132			12,876
Miscellaneous	1,309				1,309
<b>Total Cash Receipts</b>	<b>56,130</b>	<b>18,410</b>		<b>23,900</b>	<b>98,440</b>
<b>Cash Disbursements:</b>					
Current:					
Security of Persons and Property	11,471	5,231			16,702
Basic Utility Service	3,863				3,863
Transportation	3,581	4,206			7,787
General Government	74,321	151			74,472
Debt Service:					
Redemption of Principal			\$756		756
Capital Outlay				44,809	44,809
<b>Total Cash Disbursements</b>	<b>93,236</b>	<b>9,588</b>	<b>756</b>	<b>44,809</b>	<b>148,389</b>
<b>Total Cash Receipts Over/(Under) Cash Disbursements</b>	<b>(37,106)</b>	<b>8,822</b>	<b>(756)</b>	<b>(20,909)</b>	<b>(49,949)</b>
<b>Other Financing Receipts / (Disbursements):</b>					
Transfers-In				10,470	10,470
Transfers-Out	(10,470)				(10,470)
<b>Total Other Financing Receipts / (Disbursements)</b>	<b>(10,470)</b>			<b>10,470</b>	
<b>Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements</b>	<b>(47,576)</b>	<b>8,822</b>	<b>(756)</b>	<b>(10,439)</b>	<b>(49,949)</b>
Fund Cash Balances, January 1	235,598	45,741	6,807	25,952	314,098
<b>Fund Cash Balances, December 31</b>	<b>\$188,022</b>	<b>\$54,563</b>	<b>\$6,051</b>	<b>\$15,513</b>	<b>\$264,149</b>
Reserve for Encumbrances, December 31	\$1,644	\$301		\$1,700	\$3,645

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

**VILLAGE OF WEST LEIPSIC  
PUTNAM COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES -PROPRIETARY FUND TYPE  
FOR THE YEAR ENDED DECEMBER 31, 2006**

	<b>Proprietary Fund Type</b>
	<b>Enterprise</b>
<b>Operating Cash Receipts:</b>	
Charges for Services	\$53,308
<b>Operating Cash Disbursements:</b>	
Contractual Services	42,025
Operating Income	11,283
<b>Non-Operating Cash Disbursements:</b>	
Debt Service	14,850
Net Cash Disbursements Over Cash Receipts	(3,567)
Fund Cash Balances, January 1	68,363
<b>Fund Cash Balances, December 31</b>	<b>\$64,796</b>
Reserve for Encumbrances, December 31	\$4,000

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

**VILLAGE OF WEST LEIPSIC  
PUTNAM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2007 AND 2006**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of West Leipsic, Putnam County, (the Village) as a body corporate and politic. A publicly-elected six-member Council directs the Village. The Village provides general government services, including road maintenance and repair and wastewater services. The Village contracts with the Putnam County Sheriff's department to provide security of persons and property. The Village contracts with the Village of Leipsic for fire protection and EMS services. The Village of Leipsic also provides water service to Village residents.

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

**B. Accounting Basis**

These financial statements follow the accounting basis the Auditor of State prescribes or permits. 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 Auditor of State prescribes or permits.

**C. Cash 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.

The Village values certificates of deposit at cost

**D. Fund Accounting**

The Village uses fund accounting to segregate cash and investments that are restricted as to use. The Village classifies its funds into the following types:

**1. General Fund**

The General Fund reports all financial resources except those required to be accounted for in another fund.

**2. Special Revenue Funds**

These funds account for proceeds from specific sources (other than from private-purpose trusts or for capital projects) that are restricted to expenditure for specific purposes. The Village had the following significant Special Revenue Funds:

**VILLAGE OF WEST LEIPSIC  
PUTNAM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2007 AND 2006  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)**

Street Construction, Maintenance and Repair Fund - This fund receives gasoline tax and motor vehicle tax money for constructing, maintaining, and repairing Village streets.

Fire Fund – This fund receives property taxes to pay for providing fire protection services.

Street Lighting Fund – This fund receives property taxes to pay for the street lighting within the Village.

**3. Debt Service Fund**

This fund accounts for resources the Village accumulates to pay bond and note debt.

**4. Capital Project Funds**

These funds account for receipts restricted to acquiring or constructing major capital projects (except those financed through enterprise or trust funds). The Village had the following significant capital project funds:

Sanitary Sewer Construction Fund – This fund receives United States Department of Agriculture grant proceeds, a Community Development Block Grant and an Ohio Public Works Commission Grant for the construction of a waste water system for the Village.

Sidewalk and Curb Construction Fund – This fund received a Community Development Block Grant for the construction of a sidewalk and a curb in the Village.

**5. Enterprise Funds**

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

Sewer Operating Fund - This fund receives charges from residents to cover the cost of providing and maintaining this utility.

**E. Budgetary Process**

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

**VILLAGE OF WEST LEIPSIC  
PUTNAM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2007 AND 2006  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)**

**1. Appropriations**

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

**2. 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 also approve estimated resources.

**3. 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 2007 and 2006 budgetary activity appears in Note 3.

**F. Property, Plant, and Equipment**

The Village records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

**2. EQUITY IN POOLED CASH**

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

	<u>2007</u>	<u>2006</u>
Demand deposits	\$62,549	\$217,707
Certificates of deposit	257,482	111,238
Total deposits	<u>\$320,031</u>	<u>\$328,945</u>

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

**VILLAGE OF WEST LEIPSIC  
PUTNAM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2007 AND 2006  
(Continued)**

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2007 and 2006 follows:

2007 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$31,608	\$50,062	\$18,454
Special Revenue	11,941	17,749	5,808
Enterprise	50,000	54,942	4,942
Total	\$93,549	\$122,753	\$29,204

2007 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$196,144	\$62,818	\$133,326
Special Revenue	58,436	7,060	51,376
Debt Service	756	756	
Capital Projects	15,512	5,718	9,794
Enterprise	98,790	66,014	32,776
Total	\$369,638	\$142,366	\$227,272

2006 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$31,608	\$56,130	\$24,522
Special Revenue	11,941	18,410	6,469
Capital Projects	6,000	34,370	28,370
Enterprise	50,000	53,308	3,308
Total	\$99,549	\$162,218	\$62,669

2006 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$244,041	\$105,350	\$138,691
Special Revenue	52,662	9,889	42,773
Debt Service	6,806	756	6,050
Capital Projects	26,075	46,509	(20,434)
Enterprise	93,464	60,875	32,589
Total	\$423,048	\$223,379	\$199,669

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the Sidewalk and Curb Replacement fund by \$34,371 for the year ended December 31, 2006.

**VILLAGE OF WEST LEIPSIC  
PUTNAM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2007 AND 2006  
(Continued)**

**4. PROPERTY TAX**

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.

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

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

**5. DEBT**

Debt outstanding at December 31, 2007, was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Ohio Public Works Commission Loan	\$ 4,916	
Mortgage Revenue Bonds	<u>264,500</u>	4.5%
Total	<u><u>\$ 269,416</u></u>	

Ohio Public Works Commission Loan was issued in 1994 for \$25,000 for waterline improvements.

The waste water treatment improvements were financed with \$270,000 of Sewerage System Mortgage Revenue Bonds. The Village will repay the bond issue with annual payments, including interest, over 40 years.

The mortgage revenue bond covenant requires the Village to establish and fund a debt service reserve fund, included as an enterprise fund. The balance in the fund at December 31, 2007 is \$5,295.

**VILLAGE OF WEST LEIPSIC  
PUTNAM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2007 AND 2006  
(Continued)**

**5. DEBT – (CONTINUED)**

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

Year ending December 31:	OPWC Loan	Mortgage Revenue Bonds
2007	\$378	\$14,803
2008	757	14,804
2009	756	14,837
2010	757	14,793
2011	756	14,845
2012-2016	1,891	74,089
2017-2021		73,991
2022-2026		74,027
2027-2032		74,160
2033-2037		74,027
2038-2042		74,142
2043-2044		29,690
Total	\$5,295	\$548,208

**6. RETIREMENT SYSTEM**

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

The Ohio Revised Code also prescribes contribution rates. For 2007 and 2006, OPERS participants contributed 9.5% and 9% of their wages, respectively. The Village contributed an amount equal to 13.85% and 13.7% of participants' gross salaries, respectively. The Village has paid all contributions required through December 31, 2007.

**9. RISK MANAGEMENT**

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles liability;
- Public Officials liability.



# Mary Taylor, CPA

Auditor of State

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

Village of West Leipsic  
Putnam County  
114 Main Street  
Leipsic, Ohio 45856-1050

To the Village Council:

We have audited the financial statements of the Village of West Leipsic, Putnam County (the Village) as of and for the years ended December 31, 2007 and 2006, and have issued our report thereon dated May 12, 2008, wherein we noted the Village followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

### **Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Village's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinion on the financial statements, but not to opine on the effectiveness of the Village's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Village's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Village's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the Village's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

We consider the following deficiencies described in the accompanying schedule of findings to be significant deficiencies in internal control over financial reporting: 2007-002 and 2007-003.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Village's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all internal control deficiencies that might be significant deficiencies or material weaknesses. However, we believe the significant deficiencies described above are also material weaknesses.

We also noted a certain matter that we reported to the Village's management in a separate letter dated May 12, 2008.

#### **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, providing an opinion 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 we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2007-001.

We also noted certain noncompliance matters that we reported to the Village's management in a separate letter dated May 12, 2008.

We intend this report solely for the information and use of management and the Village Council. We intend it for no one other than these specified parties.



**Mary Taylor, CPA**  
Auditor of State

May 12, 2008

**VILLAGE OF WEST LEIPSIC  
PUTNAM COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2007 AND 2006**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
--

**FINDING NUMBER 2007-001**

**Noncompliance Citation**

Ohio Revised Code §5705.41(B), prohibits a subdivision from making expenditures without lawful appropriation.

The Sidewalk and Curb Replacement Fund had expenditures in excess of appropriations in the amount of \$34,371 at December 31, 2006. Making expenditures in excess of appropriations may cause deficit spending.

The Fiscal Officer should not certify the availability of funds and should deny payment requests exceeding appropriations. The Fiscal Officer may request Council to approve increased expenditure levels by increasing appropriations and amending estimated resources, if necessary.

**FINDING NUMBER 2007-002**

**Material Weakness**

**Sewer Revenue Monitoring**

The Village of Leipsic provides sewer billing for the Village of West Leipsic. The Village of Leipsic sends detailed calculation of the billing along with payments collected each month from the Village of West Leipsic residents. The Fiscal Officer deposits these payments and posts the revenues to the Village of West Leipsic's books. However, there is no system in place to ensure what the Village of West Leipsic received is accurate or complete. This increases the risk that the Village of West Leipsic may not receive all revenues to which it is entitled. In order to provide better accountability over charges for services revenues and to help ensure the completeness and accuracy of any amount paid to the Village of West Leipsic, we recommend the Fiscal Officer implement procedures to ensure the payment information is correctly computed, complete, and accurate. In addition, the Fiscal Officer should document on the remittance forms evidence of monitoring procedures performed

**FINDING NUMBER 2007-003**

**Material Weakness**

**Financial Reporting**

Inaccurate posting of transactions impedes the ability of the Council to accurately assess the financial status of the Village. We noted examples such as the following during our audit:

- \$1,118 of interest revenue was not posted to the financial statements in 2006
- \$5,936 of intergovernmental revenue was not posted to the financial statements in 2007
- \$3,658 of interest revenue was not posted to the financial statements in 2007

**FINDING NUMBER 2007-003  
(Continued)**

As a result, the Village's financial statements did not correctly reflect the financial activity of the Village. The accompanying financial statements have been adjusted so these transactions reflect their intended use.

We recommend that the Fiscal Officer post all transactions in accordance with the guidance established by the Village Officer's Handbook. Further, the Village should adopt policies and procedures including a final review of the financial statements by the Fiscal Officer and Council to ensure that errors and omissions are detected and corrected.

**Official's Response**

We did not receive a response from Officials to any of these findings.

VILLAGE OF WEST LEIPSIC  
PUTNAM COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2007

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain</i></b>
2005-001	Ohio Revised Code §5705.41(B)	No	Repeated as finding 2007-001 in this report.





**Mary Taylor, CPA**  
Auditor of State

**VILLAGE OF WEST LEIPSIC**

**PUTNAM 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  
JUNE 17, 2008**