



OHIO AUDITOR OF STATE
KEITH FABER



VILLAGE OF LEESBURG
HIGHLAND COUNTY

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OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT

Village of Leesburg
Highland County
57 South Fairfield Street
Leesburg, Ohio 45135

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 Leesburg, Highland County, Ohio (the Village), which comprises the cash balances, receipts and disbursements for each governmental and proprietary fund type combined total as of and for the year ended December 31, 2023, 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 combined total as of and for the year ended December 31, 2023, 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, or the changes in financial position or, where applicable, cash flows thereof for the year 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.

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.

Supplementary Information

Our audit was conducted to opine on the financial statements as a whole.

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 1, 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
October 1, 2024

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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, 2023*

	General	Special Revenue	Capital Projects	Combined Total
Cash Receipts				
Property and Other Local Taxes	\$35,689	\$0	\$0	\$35,689
Municipal Income Tax	478,118	0	0	478,118
Intergovernmental	63,500	95,862	804,942	964,304
Special Assessments	1,732	0	0	1,732
Charges for Services	25	0	0	25
Fines, Licenses and Permits	3,920	0	0	3,920
Earnings on Investments	35,373	3,644	0	39,017
Miscellaneous	29,073	4,044	0	33,117
<i>Total Cash Receipts</i>	<u>647,430</u>	<u>103,550</u>	<u>804,942</u>	<u>1,555,922</u>
Cash Disbursements				
Current:				
Security of Persons and Property	317,700	0	0	317,700
Public Health Services	300	0	0	300
Leisure Time Activities	11,917	0	0	11,917
Basic Utility Services	22,435	12,000	0	34,435
Transportation	0	121,925	0	121,925
General Government	196,051	0	0	196,051
Capital Outlay	213,983	26,950	887,402	1,128,335
Debt Service:				
Principal Retirement	23,290	6,800	0	30,090
<i>Total Cash Disbursements</i>	<u>785,676</u>	<u>167,675</u>	<u>887,402</u>	<u>1,840,753</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(138,246)</u>	<u>(64,125)</u>	<u>(82,460)</u>	<u>(284,831)</u>
Other Financing Receipts (Disbursements)				
Other Debt Proceeds	113,983	0	0	113,983
Transfers In	65,319	45,587	0	110,906
Transfers Out	(97,587)	0	0	(97,587)
Other Financing Uses	(8,335)	0	0	(8,335)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>73,380</u>	<u>45,587</u>	<u>0</u>	<u>118,967</u>
Special Item	925	0	0	925
<i>Net Change in Fund Cash Balances</i>	(63,941)	(18,538)	(82,460)	(164,939)
<i>Fund Cash Balances, January 1</i>	<u>950,096</u>	<u>177,427</u>	<u>123,427</u>	<u>1,250,950</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$886,155</u></u>	<u><u>\$158,889</u></u>	<u><u>\$40,967</u></u>	<u><u>\$1,086,011</u></u>

See accompanying notes to the basic financial statements

Village of Leesburg
Highland County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
Enterprise Funds
For the Year Ended December 31, 2023

	<u>Enterprise</u>
Operating Cash Receipts	
Charges for Services	\$785,526
<i>Total Operating Cash Receipts</i>	<u>785,526</u>
Operating Cash Disbursements	
Personal Services	125,297
Employee Fringe Benefits	66,847
Contractual Services	273,552
Supplies and Materials	54,752
<i>Total Operating Cash Disbursements</i>	<u>520,448</u>
<i>Operating Income (Loss)</i>	<u>265,078</u>
Non-Operating Receipts (Disbursements)	
Intergovernmental Receipts	8,916
Earnings on Investments (proprietary funds only)	229
Miscellaneous Receipts	2,007
Capital Outlay	(80,433)
Principal Retirement	(173,920)
Interest and Other Fiscal Charges	(32,853)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(276,054)</u>
<i>Income (Loss) before Transfers</i>	(10,976)
Transfers In	265,583
Transfers Out	(278,902)
<i>Net Change in Fund Cash Balances</i>	(24,295)
<i>Fund Cash Balances, January 1</i>	<u>666,290</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$641,995</u></u>

See accompanying notes to the basic financial statements

Village of Leesburg
Highland County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 1 – Reporting Entity

The Village of Leesburg, Highland 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 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 the proprietary fund type, which are organized on a fund type basis.

Fund Accounting

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

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

Special Revenue Funds These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Village had the following significant Special Revenue 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 registration fees restricted for the purpose of construction, maintenance, and repair of streets within the Village.

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:

Other Capital Projects Fund This fund accounts for and reports the receipt of special assessments issued by the Village for the reconstruction, repair and improvement of roads and water sewer lines.

Village of Leesburg
Highland County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 2 – Summary of Significant Accounting Policies (continued)

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

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

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

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code 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 disbursements 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 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 canceled and 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.

Village of Leesburg
Highland County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 2 – Summary of Significant Accounting Policies (continued)

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.

SBITAs

The Village has entered into noncancelable Subscription-Based Information Technology Arrangements (SBITA) contracts (as defined by GASB 96) for several types of software including contracts related to financial systems. Subscription disbursements are recognized when they are paid.

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 and the nonexpendable portion of the corpus in permanent funds.

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 (ordinance or resolution). The Village must adhere to these commitments unless Council amends the ordinance or 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.

Village of Leesburg
Highland County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 2 – Summary of Significant Accounting Policies (continued)

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 11.

Note 3 – Budgetary Activity

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

2023 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 803,372	\$ 827,657	\$ 24,285
Special Revenue	154,544	149,137	(5,407)
Capital Projects	804,942	804,942	-
Enterprise	1,054,283	1,062,261	7,978
Total	\$ 2,817,141	\$ 2,843,997	\$ 26,856

2023 Budgeted vs. Actual Budgetary Basis Disbursements			
Fund Type	Appropriation Authority	Budgetary Disbursements	Variance
General	\$ 887,519	\$ 898,118	\$ (10,599)
Special Revenue	213,858	168,500	45,358
Capital Projects	898,723	887,402	11,321
Enterprise	1,137,410	1,088,808	48,602
Total	\$ 3,137,510	\$ 3,042,828	\$ 94,682

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. A summary of the Village's deposit accounts are as follows:

Demand deposits	2023
	\$1,728,006

The Village does not use a separate payroll clearing account. The expenditures included in the accompanying financial statement reflect net payroll plus all remitted payroll withholdings. At December 31, 2023, the Village had \$9,597 in unremitted employee payroll withholdings.

Village of Leesburg
Highland County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 4 – Deposits (continued)

Deposits

Deposits are insured by the Federal Deposit 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.

Local Income Taxes

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

Workers' Compensation

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

Risk Pool Membership

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

Village of Leesburg
Highland County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 6 – Risk Management (continued)

- 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 (latest information available):

	2023
Cash and investments	\$43,996,442
Actuarial liabilities	19,743,401

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 postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 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, 2023.

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 and disability benefits.

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

Social Security

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

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

Village of Leesburg
Highland County
Notes to the Financial Statements
For the Year Ended 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% for members in the traditional pension plan and 2% 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%; however, a portion of the health care rate was funded with reserves. OP&F contributes 0.5% to fund these benefits.

Note 9 – Debt

Debt outstanding at December 31, 2023 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Water System Improvement Loan	\$ 20,700	6.00%
OPWC #CO05D Water Treatment Plant	26,244	0.00%
OPWC #CO02G Wastewater Treatment Plant Renovation	80,000	0.00%
OPWC #C010N Water Supply Improvements	65,465	0.00%
OWDA #4395 Wastewater Treatment Upgrade	1,664,670	1.50%
OWDA #5677 Water Wells and Disinfection	167,298	1.50%
OWDA #6413 Remote Read Water Meters	75,274	2.00%
OWDA #7018 Sewer Line Replacement	110,826	0.91%
OWDA #9504 Water System Repair and Mapping	38,675	0.00%
Ford F250 Truck	30,000	6.50%
2023 SUV Lease	40,693	9.20%
Total	<u>\$2,319,845</u>	

The Water System Improvement Loan was issued in 1986 for \$116,000 to finance an improvement project on the Village’s water plant. The bonds are being retired over a period of 40 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 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.

Village of Leesburg
Highland County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 9 – Debt (continued)

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 an 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 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, 2018. Repayment will be made over 30 years from sewer system revenues.

During 2023, the village received an OWDA Loan to finance water system repairs and mapping projects. The project is ongoing. The village received \$48,344 in loan proceeds as of December 31, 2023. Repayment will be made over 5 years. No amortization schedule is available at this time.

During 2023, the Village entered into a loan agreement with Southern Hills Bank for a Ford F250 Truck. The Village received \$50,000 in debt proceeds as of December 31, 2023. Repayment will be completed within the next year.

During 2023, the Village entered into a Lease Agreement with Statewide Municipal Leasing for a lease of a 2023 SUV. The Village received \$63,983 in lease proceeds as of December 31, 2023. Repayment will be made over 3 years.

Amortization

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

Year Ending December 31:	Water System Improvement	OPWC Loans	OWDA Loans	Ford F-250 Truck	SUV Lease
2024	\$ 7,742	\$ 33,943	\$ 141,855	\$ 30,000	\$ 23,290
2025	7,752	33,943	141,855	-	23,290
2026	7,738	28,694	141,855	-	-
2027	-	23,446	141,855	-	-
2028	-	3,446	141,855	-	-
2029-2033	-	17,228	709,275	-	-
2034-2038	-	17,228	667,560	-	-
2039-2043	-	13,781	176,624	-	-
2044-2048	-	-	13,647	-	-
Total	<u>\$ 23,232</u>	<u>\$ 171,709</u>	<u>\$ 2,276,381</u>	<u>\$ 30,000</u>	<u>\$ 46,580</u>

OWDA Loan #9504 is not included in the amortization table above, as of the date of the financial statement.

Village of Leesburg
Highland County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 10 – Contingent Liabilities

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

Note 11 – Fund Balances

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

<u>Fund Balances</u>	<u>General</u>	<u>Special Revenue</u>	<u>Total</u>
Outstanding Encumbrances	\$6,520	\$ 825	\$7,345

The fund balance of special revenue funds is either restricted or committed. The fund balance of capital projects funds is restricted, committed, or assigned. These restricted, committed, and assigned amounts in the special revenue and capital projects funds include the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

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Village of Leesburg
Highland County

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED December 31, 2023

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program / Cluster Title	Federal AL Number	Pass Through Entity Identifying Number	Total Federal Expenditures
U.S. DEPARTMENT OF TREASURY			
<i>Passed Through Ohio Department of Development</i>			
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A	\$887,401
<i>Direct Funding</i>			
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A	26,761
Total U.S. Department of Treasury			<u>914,162</u>
Total Expenditures of Federal Awards			<u><u>\$914,162</u></u>

The accompanying notes are an integral part of this schedule.

**VILLAGE OF LEESBURG
HIGHLAND COUNTY**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 CFR 200.510(b)(6)
FOR THE YEAR ENDED DECEMBER 31, 2023**

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Village of Leesburg (the Village) under programs of the federal government for the year ended December 31, 2023. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Village, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Village.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement.

NOTE C – INDIRECT COST RATE

The Village has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE D – MATCHING REQUIREMENTS

Certain Federal programs require the Village of Leesburg to contribute non-Federal funds (matching funds) to support the Federally-funded programs. The Village of Leesburg has met its matching requirements.

OHIO AUDITOR OF STATE KEITH FABER



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

Village of Leesburg
Highland County
57 South Fairfield Street
Leesburg, Ohio 45135

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 combined total as of and for the year ended December 31, 2023 and the related notes to the financial statements of the Village of Leesburg, Highland County, (the Village) and have issued our report thereon dated October 1, 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 certain deficiencies in internal control, described in the accompanying schedule of findings as items 2023-001 and 2023-002 that we consider to be material weaknesses.

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 Findings

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

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
October 1, 2024

OHIO AUDITOR OF STATE KEITH FABER



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

Village of Leesburg
Highland County
57 South Fairfield Street
Leesburg, Ohio 45135

To the Village Council:

Report on Compliance for the Major Federal Program

Qualified Opinion

We have audited Village of Leesburg's, Highland County, (Village) compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on Village of Leesburg's major federal program for the year ended December 31, 2023. Village of Leesburg's major federal program is identified in the *Summary of Auditor's Results* section of the accompanying schedule of findings.

Qualified Opinion on Covid 19 – Coronavirus State and Local Fiscal Recovery Funds

In our opinion, except for the noncompliance described in the *Basis for Qualified Opinion* section of our report, Village of Leesburg complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on Covid 19 – Coronavirus State and Local Fiscal Recovery Funds for the year ended December 31, 2023.

Basis for Qualified Opinion

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the *Auditor's Responsibilities for the Audit of Compliance* section of our report.

We are required to be independent of the Village and to meet our other ethical responsibilities, in accordance with 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 qualified opinion on compliance for the major federal program. Our audit does not provide a legal determination of the Village's compliance with the compliance requirements referred to above.

Matters Giving Rise to Qualified Opinion on Covid 19 – Coronavirus State and Local Fiscal Recovery Funds

As described in findings 2023-003 through 2023-005 in the accompanying schedule of findings, the Village did not comply with requirements regarding the following:

Finding #	Assistance Listing #	Program (or Cluster) Name	Compliance Requirement
2023-003	21.027	Covid 19 – Coronavirus State and Local Fiscal Recovery Funds (SLFRF)	Reporting
2023-004	21.027	Covid 19 – Coronavirus State and Local Fiscal Recovery Funds (SLFRF)	Procurement, Suspension, and Debarment
2023-005	21.027	Covid 19 – Coronavirus State and Local Fiscal Recovery Funds (SLFRF)	Procurement, Suspension, and Debarment

Compliance with such requirements is necessary, in our opinion, for the Village to comply with the requirements applicable to that program.

Responsibilities of Management for Compliance

The Village's Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Village's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Village's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Village's compliance with the requirements of the major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- exercise professional judgment and maintain professional skepticism throughout the audit
- identify and assess the risks of material noncompliance, 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 Village's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the Village's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

Government Auditing Standards requires the auditor to perform limited procedures on the Village's responses to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and corrective action plan. The Village's responses were not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

Report on Internal Control over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the *Auditor's Responsibilities for the Audit of Compliance* section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings as items 2023-003 through 2023-005, to be material weaknesses.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on the Village's responses to the internal control over compliance findings identified in our audit described in the accompanying schedule of findings and corrective action plan. The Village's responses were not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

Village of Leesburg
Highland County
Independent Auditor's Report on Compliance with Requirements
Applicable to the Major Federal Program and on Internal Control Over Compliance
Required by the Uniform Guidance
Page 4

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of this testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in black ink that reads "Keith Faber". The signature is written in a cursive, flowing style.

Keith Faber
Auditor of State
Columbus, Ohio
October 1, 2024

**VILLAGE OF LEESBURG
HIGHLAND COUNTY**

**SCHEDULE OF FINDINGS
2 CFR § 200.515
DECEMBER 31, 2023**

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Adverse under GAAP, unmodified under the regulatory basis
(d)(1)(ii)	Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?	Yes
(d)(1)(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material weaknesses in internal control reported for major federal programs?	Yes
(d)(1)(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Qualified
(d)(1)(vi)	Are there any reportable findings under 2 CFR § 200.516(a)?	Yes
(d)(1)(vii)	Major Programs (list):	AL# 21.027 Covid 19 – Coronavirus State and Local Fiscal Recovery Funds
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 750,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee under 2 CFR § 200.520?	No

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

FINDING NUMBER 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.

**FINDING NUMBER 2023-001
(Continued)**

Due to deficiencies in the Village's financial statement monitoring and review process, the Village made the following errors in 2023:

General Fund:

- Debt proceeds and capital outlay expense were understated by \$113,983 due to loan and lease proceeds not being recorded.
- Actual receipts in the budgetary footnote were understated by \$113,983 due to the Village not including the above recording debt proceeds.
- Budgetary disbursements were understated by \$112,424 in the notes to the financial statements.

Capital Projects Fund:

- Intergovernmental revenue was understated and special assessments revenue was overstated by \$804,942 due to the incorrect recording of grant revenues.

Enterprise Fund:

- Budgeted expenditures were overstated by \$65,319 in the notes to the financial statements.

The Village has corrected the financial statements and notes to the financial statements for the errors as identified above.

The Village made additional errors in classifying receipt and disbursement transaction line items in various funds in the Statement of Receipts, Disbursements, and Changes in Fund Balances and Budget vs. Actual tables in amounts ranging from \$457 to \$9,570 in 2023.

The Village corrected for the other errors as applicable.

Failure to accurately post and report transactions could result in material errors in the Village's financial statements and reduces the Village's ability to monitor financial activity and to make sound decisions which effect the overall available cash position of the Village.

The Village should review and implement internal controls to ensure financial transactions are accurately recorded and reported.

Officials' Response:

See Corrective Action Plan.

FINDING NUMBER 2023-002

Material Weakness

Budgetary Posting

Sound accounting practices require accurately posting estimated receipts and appropriations to the ledgers to provide information for budget versus actual comparison and to allow the Council to make informed decisions regarding budgetary matters.

**FINDING NUMBER 2023-002
 (Continued)**

The Appropriation resolution and subsequent amendments establish the legal spending authority of the Village and the appropriation ledger provides the process by which the Village controls spending, it is therefore necessary the amounts appropriated by the Council are precisely stated and accurately posted to the appropriation ledger.

The original certificate and amendments establish the amounts available for expenditures for the Village and the receipts ledger provides the process by which the Village controls what is available, it is therefore necessary the amounts estimated by the County Budget Commission are posted accurately to the revenue ledger.

The following errors were found in 2023:

Fund	Amended Certificate	UAN Budgeted Receipts	Variance
General	\$803,372	\$661,095	(\$142,277)

Fund	Approved Appropriations	UAN Appropriations	Variance
Sewer Reserve	\$0	\$65,319	(65,319)

The Village did not have procedures in place to accurately post authorized budgetary measures to the accounting system. The appropriations (and/or amendments thereof) approved by Council were not properly posted to the accounting system. Additionally, the approved Certificate of Estimated Resources (and/or amendments thereof) was not posted to the accounting system.

Failure to accurately post the appropriations and estimated resources to the ledgers could result in overspending and negative cash balances. In addition, this could lead to inaccurate reporting of the budgetary information in the notes to the financial statements.

To effectively control the budgetary cycle and to maintain accountability over receipts and expenditures, the Village should post to the ledgers, on a timely basis, estimated resources as certified by the budget commission and appropriations approved by the Council. The Village should then monitor budget versus actual reports to help ensure amended certificates of resources and appropriations have been properly posted to the ledgers.

Officials' Response:

See Corrective Action Plan.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

Federal Reporting

Finding Number:	2023-003
Assistance Listing Number and Title:	AL 21.027 Covid 19 – Coronavirus State and Local Fiscal Recovery Funds (SLFRF)
Federal Award Identification Number / Year:	2023
Federal Agency:	U.S. Department of Treasury
Compliance Requirement:	Reporting
Pass-Through Entity:	Ohio Department of Development
Repeat Finding from Prior Audit?	No

**FINDING NUMBER 2023-003
(Continued)**

Noncompliance/ Material Weakness

2 CFR 1000.10 gives regulatory effect to the Department of Treasury for **2 CFR part 200. 2 CFR 200.302** states, in part, the non-Federal entity's financial management systems, including records documenting compliance with Federal statutes, regulations, and the terms and conditions of the Federal award, must be sufficient to permit the preparation of reports required by general and program-specific terms and conditions; and the tracing of funds to a level of expenditures adequate to establish that such funds have been used according to the Federal statutes, regulations, and the terms and conditions of the Federal award. **2 CFR 200.302** further states, in part, the financial management system of each non-Federal entity must provide for accurate, current, and complete disclosure of the financial results of each Federal award or program in accordance with the reporting requirements set forth in §§ 200.328 and 200.329.

Additionally, the Ohio Department of Development (ODOD) Water and Wastewater Infrastructure Program Grant Agreement provides in paragraph 1 that “[e]xpenditures shall be supported by contracts, invoices, vouchers, and other data as appropriate, including the reports listed in accordance with the schedule set forth in Exhibit II: Reporting, evidencing the costs incurred.”

For funding received directly from the Department of Treasury as an NEU, the Village did not appropriately report the correct cumulative obligations or cumulative expenditures on the April 2023 annual project and expenditure report. This caused an understatement of \$17,191 in the April 2023 report. This is due to the misinterpretation of guidance provided to the Village.

Failure to accurately report cumulative obligations and cumulative expenditures could result in grants being overspent.

For SLFRF funding passed through the Ohio Department of Development, the Village requested reimbursements totaling \$61,788 for expenditures that were paid for by funding received directly from the Department of Treasury as an NEU. This was caused due to the Village submitting incorrect invoices to the Engineering Firm. The Village identified the error and worked with ODOD to submit alternative reimbursement requests which were not paid for by other funding sources. These requests were submitted to ODOD September 12, 2024.

Failure to submit correct invoices for reimbursement could result in the Village not receiving the reimbursements that it is entitled to.

The Village should implement internal controls to ensure the correct amounts are included in reports submitted to the US Department of Treasury and that requests for reimbursement to ODOD only include allowable expenditures not paid by other funding sources.

Officials' Response:

See Corrective Action Plan.

Procurement, Suspension, and Debarment

Finding Number:	2023-004
Assistance Listing Number and Title:	AL 21.027 Covid 19 – Coronavirus State and Local Fiscal Recovery Funds (SLFRF)
Federal Award Identification Number / Year:	2023
Federal Agency:	U.S Department of Treasury
Compliance Requirement:	Procurement, Suspension, and Debarment
Pass-Through Entity:	Ohio Department of Development
Repeat Finding from Prior Audit?	No

**FINDING NUMBER 2023-004
(Continued)**

Noncompliance/ Material Weakness

31 CFR 19.305 states that Non-Federal entities may not enter into a covered transaction with an excluded person, unless the Department of the Treasury grants an exception under 31 CFR § 19.120.

31 CFR 19.200 identifies “covered transactions” as non-procurement or procurement transactions subject to the prohibitions of 31 CFR Part 19 which is either at the primary tier, between a Federal agency and a person, or at a lower tier, between a participant in a covered transaction and another person. **31 CFR 19.220** indicates that procurement contracts for goods or services awarded by a participant in a non-procurement transaction are covered transactions if the amount of the contract is expected to equal or

exceed \$25,000 or meets certain other specified criteria outlined in 31 CFR § 19.220. All non-procurement transactions, irrespective of award amount, are considered covered transactions, unless exempt by 31 CFR 19.215.

31 CFR 19.300 provide that when a non-Federal entity enters into a covered transaction, the non-Federal entity must verify that the entity is not excluded or disqualified. This verification may be accomplished by checking SAM exclusions (<https://sam.gov>), collecting a certification from the entity, or adding a clause or condition to the covered transaction with that entity.

The Village did not have a written policy or proper internal controls in place to help verify that all entities, with whom the Village had entered into covered transactions, had not been suspended or debarred. During testing of nonpayroll disbursements for AL # 21.027 State and Local Fiscal Recovery Fund, there was no evidence the Village checked the SAM exclusions, collected a certification from the entity, or added a clause or condition to the covered transaction with the vendor for all procurement transactions with a payment to the vendor of more than \$25,000. Due to the deficient internal control structure, the required verification was not completed for the covered transaction in the AL # 21.027 State and Local Fiscal Recovery Fund during the fiscal year ended December 31, 2023. Failing to have the appropriate controls in place may result in vendors receiving federal funds that are suspended or debarred.

Prior to contracting with vendors that will be paid with federal funds, the Village should verify the vendor is not suspended or debarred by checking the SAM exclusions, collecting a certification from the vendor, or adding a clause or condition to the covered transaction with the vendor. In addition, the Village should adopt a written policy regarding the process for verifying that vendors are not suspended or debarred.

Officials' Response:

See Corrective Action Plan.

Procurement, Suspension, and Debarment

Finding Number:	2023-005
Assistance Listing Number and Title:	AL 21.027 Covid 19 – Coronavirus State and Local Fiscal Recovery Funds (SLFRF)
Federal Award Identification Number / Year:	2023
Federal Agency:	U.S Department of Treasury
Compliance Requirement:	Procurement, Suspension, and Debarment
Pass-Through Entity:	Ohio Department of Development
Repeat Finding from Prior Audit?	No

**FINDING NUMBER 2023-005
(Continued)**

Noncompliance/ Material Weakness

2 CFR 100.10 gives regulatory effect to the Department of Treasury for **2 CFR 200.320** that states that the non-Federal entity must have and use documented procurement procedures, consistent with the standards of 2 CFR Sections 200.320, 200.317, 200.318, and 200.319. Furthermore, **2 CFR 200.320(a)(2)** states that "small purchases are the acquisition of property or services, the aggregate dollar amount of which is higher than the micro-purchase threshold but does not exceed the simplified acquisition threshold. If small purchase procedures are used, price or rate quotations must be obtained from an adequate number of qualified sources as determined appropriate by the non-Federal entity."

During testing of the 2023 AL # 21.027 Covid 19 – Coronavirus State and Local Fiscal Recovery Funds, procurements from a vendor exceeded the micro-purchase threshold but did not exceed the Simplified Acquisition threshold, and the Village could not provide documentation supporting that they obtained price or rate quotations from an adequate number of qualified sources.

Failure to adhere to the requirements of 2 CFR 200.320 could result in unallowable purchases, misuse of public funds, or Federal funding being used for purchases which are not subject to free and open competition.

The Village should ensure they are following the appropriate Federal procurement methods when purchases fall within the small purchase threshold.

Officials' Response:

See Corrective Action Plan.

VILLAGE OF LEESBURG

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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS 2 CFR 200.511(b) DECEMBER 31, 2023

Finding Number	Finding Summary	Status	Additional Information
2022-001	Financial Reporting errors	Not Corrected	Reissued as 2023-001

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VILLAGE OF LEESBURG

57 SOUTH FAIRFIELD STREET • P.O. BOX 305 • LEESBURG, OHIO 45135

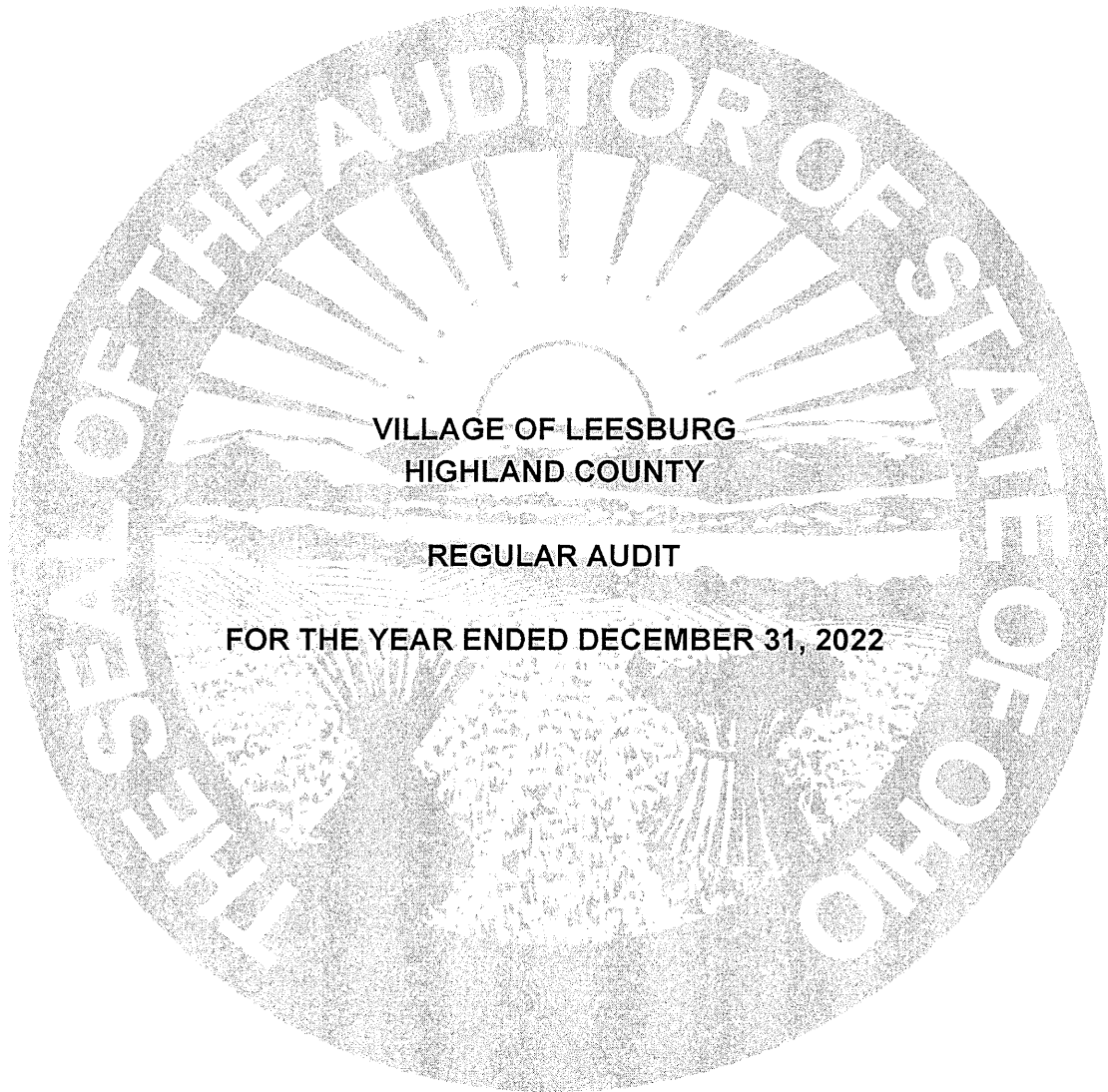
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WATER DEPARTMENT
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CORRECTIVE ACTION PLAN 2 CFR § 200.511(c) December 31, 2023

Finding Number:	2023-001
Planned Corrective Action:	All errors have already been corrected.
Anticipated Completion Date:	09/27/2024
Responsible Contact Person:	Tracy Evans
Finding Number:	2023-002
Planned Corrective Action:	Accurately post budget measures in a timely matter.
Anticipated Completion Date:	Continuous
Responsible Contact Person:	Tracy Evans
Finding Number:	2023-003
Planned Corrective Action:	Reporting was corrected through the ODOD
Anticipated Completion Date:	09/18/2024
Responsible Contact Person:	Tracy Evans
Finding Number:	2023-004
Planned Corrective Action:	Incorporate a Federal Procurement Policy (Res# 24-11)
Anticipated Completion Date:	08/15/2024
Responsible Contact Person:	Tracy Evans
Finding Number:	2023-005
Planned Corrective Action:	Incorporate a Federal Procurement Policy (Res# 24-11)
Anticipated Completion Date:	08/15/2024
Responsible Contact Person:	Tracy Evans



VILLAGE OF LEESBURG
HIGHLAND COUNTY

REGULAR AUDIT

FOR THE YEAR ENDED DECEMBER 31, 2022

OHIO AUDITOR OF STATE
KEITH FABER



VILLAGE OF LEESBURG
HIGHLAND COUNTY

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OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT

Village of Leesburg
Highland County
57 South Fairfield Street
Leesburg, Ohio 45135

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 Leesburg, Highland County, Ohio (the Village), which comprises the cash balances, receipts and disbursements for each governmental and proprietary fund type combined total as of and for the year ended December 31, 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 combined total as of and for the year ended December 31, 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, 2022, or the changes in financial position or, where applicable, cash flows thereof for the year 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.

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 October 1, 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
October 1, 2024

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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, 2022

	General	Special Revenue	Capital Projects	Combined Total
Cash Receipts				
Property and Other Local Taxes	\$37,241	\$0	\$0	\$37,241
Municipal Income Tax	583,097	0	0	583,097
Intergovernmental	45,018	159,812	123,427	328,257
Special Assessments	701	0	0	701
Charges for Services	2	0	0	2
Fines, Licenses and Permits	2,084	0	0	2,084
Earnings on Investments	121	0	0	121
Miscellaneous	35,183	0	0	35,183
<i>Total Cash Receipts</i>	<u>703,447</u>	<u>159,812</u>	<u>123,427</u>	<u>986,686</u>
Cash Disbursements				
Current:				
Security of Persons and Property	281,557	0	0	281,557
Public Health Services	0	0	0	0
Leisure Time Activities	11,648	0	0	11,648
Basic Utility Services	44,874	10,232	644	55,750
Transportation	300	129,417	0	129,717
General Government	195,835	0	0	195,835
Capital Outlay	0	117,961	35,775	153,736
Debt Service:				
Principal Retirement	16,841	0	0	16,841
Interest and Fiscal Charges	1,431	0	0	1,431
<i>Total Cash Disbursements</i>	<u>552,486</u>	<u>257,610</u>	<u>36,419</u>	<u>846,515</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>150,961</u>	<u>(97,798)</u>	<u>87,008</u>	<u>140,171</u>
Other Financing Receipts (Disbursements)				
Other Debt Proceeds	0	0	36,419	36,419
Transfers In	0	46,665	0	46,665
Transfers Out	(46,665)	0	0	(46,665)
Other Financing Uses	(12,362)	0	0	(12,362)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(59,027)</u>	<u>46,665</u>	<u>36,419</u>	<u>24,057</u>
Special Item	3,000	0	0	3,000
<i>Net Change in Fund Cash Balances</i>	94,934	(51,133)	123,427	167,228
<i>Fund Cash Balances, January 1</i>	<u>855,162</u>	<u>228,560</u>	<u>0</u>	<u>1,083,722</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$950,096</u></u>	<u><u>\$177,427</u></u>	<u><u>\$123,427</u></u>	<u><u>\$1,250,950</u></u>

See accompanying notes to the basic financial statements

Village of Leesburg
Highland County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
Enterprise Funds
For the Year Ended December 31, 2022

	<u>Enterprise</u>
Operating Cash Receipts	
Charges for Services	\$798,608
<i>Total Operating Cash Receipts</i>	<u>798,608</u>
Operating Cash Disbursements	
Personal Services	109,252
Employee Fringe Benefits	54,893
Contractual Services	243,364
Supplies and Materials	88,380
<i>Total Operating Cash Disbursements</i>	<u>495,889</u>
<i>Operating Income (Loss)</i>	<u>302,719</u>
Non-Operating Receipts (Disbursements)	
Earnings on Investments (proprietary funds only)	6
Miscellaneous Receipts	368
Capital Outlay	(23,162)
Principal Retirement	(131,735)
Interest and Other Fiscal Charges	(34,849)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(189,372)</u>
<i>Income (Loss) before Transfers</i>	113,347
Transfers In	208,791
Transfers Out	(208,791)
<i>Net Change in Fund Cash Balances</i>	113,347
<i>Fund Cash Balances, January 1</i>	<u>552,943</u>
<i>Fund Cash Balances, December 31</i>	<u>\$666,290</u>

See accompanying notes to the basic financial statements

Village of Leesburg
Highland County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 1 – Reporting Entity

The Village of Leesburg, Highland 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 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 the proprietary fund type, which are organized on a fund type basis.

Fund Accounting

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

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

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

Street Construction, Maintenance and Repair Fund The street construction maintenance and repair fund accounts for and reports that portion of the State gasoline tax and motor vehicle license registration fees restricted for the purpose of construction, maintenance, and repair of streets within the Village.

Coronavirus Relief Fund The coronavirus relief fund accounts for and reports receipts from CARES Act money used for the purpose of emergency relief for the Village.

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:

Village of Leesburg
Highland County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 2 – Summary of Significant Accounting Policies (continued)

Other Capital Projects Fund This fund accounts for and reports the receipt of special assessments issued by the Village for the reconstruction, repair and improvement of roads and water sewer lines.

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

Sewer Operating Fund The sewer operating 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 disbursements 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 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 canceled and 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.

Village of Leesburg
Highland County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 2 – Summary of Significant Accounting Policies (continued)

Capital Assets

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

Accumulated Leave

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

Fund Balance

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

Nonspendable The Village classifies assets as nonspendable when legally or contractually required to maintain the amounts intact. 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 and the nonexpendable portion of the corpus in permanent funds.

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 (ordinance or resolution). The Village must adhere to these commitments unless Council amends the ordinance or 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 11.

Village of Leesburg
Highland County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 3 – Budgetary Activity

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

2022 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 693,720	\$ 706,447	\$ 12,727
Special Revenue	207,584	206,477	(1,107)
Capital Projects	159,202	159,846	644
Enterprise	1,007,770	1,007,773	3
Total	\$ 2,068,276	\$ 2,080,543	\$ 12,267

2022 Budgeted vs. Actual Budgetary Basis Disbursements			
Fund Type	Appropriation Authority	Budgetary Disbursements	Variance
General	\$ 685,555	\$ 619,453	\$ 66,102
Special Revenue	318,933	258,663	60,270
Capital Projects	35,775	36,419	(644)
Enterprise	1,032,780	897,460	135,320
Total	\$ 2,073,043	\$ 1,811,995	\$ 261,048

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. A summary of the Village's deposit accounts are as follows:

	2022
Demand deposits	\$1,849,843
Certificates of deposit	67,397
Total deposits	1,917,240

The Village does not use a separate payroll clearing account. The expenditures included in the accompanying financial statement reflect net payroll plus all remitted payroll withholdings. At December 31, 2022, the Village had \$12,027 in unremitted employee payroll withholdings.

Deposits

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

Village of Leesburg
Highland County
Notes to the Financial Statements
For the Year Ended December 31, 2022

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.

Local Income Taxes

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

Workers' Compensation

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

Risk Pool Membership

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

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

Village of Leesburg
Highland County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 6 - Risk Management (continued)

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

	<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

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 postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 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, 2022.

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 and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25% of their wages. The Village contributed to OP&F an amount equal to 19.5% of full-time police members’ wages. 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. 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 2022. OP&F contributed 0.5% to fund these benefits during calendar year 2022. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4% during calendar year 2022.

Beginning January 1, 2019, OP&F changed its retiree health care model to a stipend-based health care model. A stipend funded by OP&F was placed in individual Health Reimbursement Accounts that retirees use to be reimbursed for health care expenses.

Village of Leesburg
Highland County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 8 – Postemployment Benefits (continued)

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:

	<u>Principal</u>	<u>Interest Rate</u>
Water System Improvement Loan	\$ 26,800	6.00%
OPWC #CO05D Water Treatment Plant	36,741	0.00%
OPWC #CO02G Wastewater Treatment Plant Renovation	100,000	0.00%
OPWC #C010N Water Supply Improvements	68,910	1.50%
OWDA #4395 Wastewater Treatment Upgrade	1,756,084	0.00%
OWDA #5677 Water Wells and Disinfection	175,338	1.50%
OWDA #6413 Remote Read Water Meters	82,009	2.00%
OWDA #7018 Sewer Line Replacement	115,246	0.91%
OWDA #9504 Water System and Mapping	36,419	0.00%
Total	<u>\$2,397,547</u>	

The Water System Improvement Loan was issued in 1986 for \$116,000 to finance an improvement project on the Village’s water plant. The bonds are being retired over a period of 40 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 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 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 an 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 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.

Village of Leesburg
Highland County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 9 – Debt (continued)

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, 2018. Repayment will be made over 30 years from sewer system revenues. No amortization schedule is available for this loan.

During 2022, the village received an OWDA Loan to finance water system repairs and mapping projects. The project is ongoing. The village received \$48,344 in loan proceeds as of December 31, 2022. Repayment will be made over 5 years.

Amortization

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

Year Ending December 31:	Water System Improvement	OPWC Loans	OWDA Loans
2023	\$ 7,708	\$ 33,943	\$ 141,855
2024	7,742	33,943	141,855
2025	7,752	33,943	141,855
2026	7,738	23,446	141,855
2027	-	13,446	141,855
2028-2032	-	17,228	709,273
2033-2037	-	17,228	675,902
2038-2042	-	12,059	304,679
2043-2047	-	-	19,104
	<u>\$ 30,940</u>	<u>\$ 185,236</u>	<u>\$ 2,418,233</u>

OWDA Loan #9504 is not included in the amortization table above, as of the date of the financial statement.

Note 10 – Contingent Liabilities

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

Note 11 – Fund Balances

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

Fund Balances	General	Special Revenue	Total
Outstanding Encumbrances	\$7,940	\$ 1,053	\$ 8,993

Village of Leesburg
Highland County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 11 – Fund Balances (continued)

The fund balance of special revenue funds is either restricted or committed. The fund balance of capital projects funds is restricted, committed, or assigned. These restricted, committed, and assigned amounts in the special revenue and capital projects funds include the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

Note 12 – Transfers

During 2022, transfers were made from the General Fund to the Street Construction, Maintenance and Repair Fund as well as the enterprise fund to subsidize operations. All transfers were made in accordance with the Ohio Revised Code.

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OHIO AUDITOR OF STATE KEITH FABER



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

Village of Leesburg
Highland County
57 South Fairfield Street
Leesburg, Ohio 45135

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 combined total as of and for the year ended December 31, 2022 and the related notes to the financial statements of the Village of Leesburg, Highland County, (the Village) and have issued our report thereon dated October 1, 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 deficiencies in internal control, described in the accompanying schedule of findings as item 2022-001 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*.

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
October 1, 2024

**VILLAGE OF LEESBURG
HIGHLAND COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2022**

FINDING NUMBER 2022-001

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.

Due to deficiencies in the Village's financial statement monitoring and review process, the Village made the following errors in 2022:

General Fund:

- Security of persons and property expense was overstated by \$18,272, principal expense was understated by \$16,841 and interest expense was understated by \$1,431 due to the incorrect recording of principal and interest payments.

Special Revenue Funds:

- Budgetary estimated receipts were overstated by \$76,155 in the notes to the financial statements.

Capital Projects Fund:

- Intergovernmental revenue was understated and special assessments revenue was overstated by \$123,427 due to the incorrect recording of grant revenues.
- Debt proceeds was understated and special assessments revenue was overstated by \$35,775 due to incorrect recording of loan proceeds.

The Village has corrected the financial statements and notes to the financial statements for the errors as identified above.

The Village made additional errors in classifying receipt and disbursement transaction line items in various funds in the Statement of Receipts, Disbursements, and Changes in Fund Balances and Budget vs. Actual tables in amounts ranging from \$6 to \$2,752.

The Village corrected for the other errors as applicable.

Failure to accurately post and report transactions could result in material errors in the Village's financial statements and reduces the Village's ability to monitor financial activity and to make sound decisions which effect the overall available cash position of the Village.

The Village should review and implement internal controls to ensure financial transactions are accurately recorded and reported.

Officials' Response:

We did not receive a response from Officials to this finding.

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VILLAGE OF LEESBURG

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FISCAL OFFICER
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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS DECEMBER 31, 2022

Finding Number	Finding Summary	Status	Additional Information
2021-001	Financial Reporting errors	Not Corrected	Reissued as 2022-001
2021-002	Budgetary Reporting errors	Corrected	
2021-003	Finding for Recovery Repaid Under Audit	Corrected	

OHIO AUDITOR OF STATE KEITH FABER



VILLAGE OF LEESBURG

HIGHLAND 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 10/17/2024

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