



OHIO AUDITOR OF STATE
KEITH FABER



VILLAGE OF LEESBURG
HIGHLAND COUNTY

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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 years ended December 31, 2021 and 2020, 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 years ended December 31, 2021 and 2020, 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, 2021 and 2020, 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.

Emphasis of Matter

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

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 March 28, 2023, 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
March 28, 2023

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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, 2021

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Property and Other Local Taxes	\$31,221	\$0	\$31,221
Municipal Income Tax	579,954	0	579,954
Intergovernmental	42,987	156,548	199,535
Special Assessments	569	0	569
Charges for Services	415	0	415
Fines, Licenses and Permits	2,805	0	2,805
Earnings on Investments	200	0	200
Miscellaneous	6,599	0	6,599
<i>Total Cash Receipts</i>	<u>\$664,750</u>	<u>156,548</u>	<u>821,298</u>
Cash Disbursements			
Current:			
Security of Persons and Property	269,176	0	269,176
Leisure Time Activities	7,325	0	7,325
Basic Utility Services	2,675	7,392	10,067
Transportation	300	80,662	80,962
General Government	167,168	0	167,168
Capital Outlay	18,000	6,675	24,675
Debt Service:			
Principal Retirement	15,521	0	15,521
Interest and Fiscal Charges	2,751	0	2,751
<i>Total Cash Disbursements</i>	<u>482,916</u>	<u>94,729</u>	<u>577,645</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>181,834</u>	<u>61,819</u>	<u>243,653</u>
Other Financing Receipts (Disbursements)			
Transfers In	0	56,964	56,964
Transfers Out	(56,964)	0	(56,964)
Other Financing Uses	(9,854)	0	(9,854)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(66,818)</u>	<u>56,964</u>	<u>(9,854)</u>
Special Item	1,000	0	1,000
<i>Net Change in Fund Cash Balances</i>	116,016	118,783	234,799
<i>Fund Cash Balances, January 1</i>	<u>739,146</u>	<u>109,777</u>	<u>848,923</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$855,162</u></u>	<u><u>\$228,560</u></u>	<u><u>\$1,083,722</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)
All Proprietary Fund Types
For the Year Ended December 31, 2021

	Proprietary Fund Types
	Enterprise
Operating Cash Receipts	
Charges for Services	\$769,107
<i>Total Operating Cash Receipts</i>	769,107
Operating Cash Disbursements	
Personal Services	92,389
Employee Fringe Benefits	43,272
Contractual Services	270,683
Supplies and Materials	82,069
<i>Total Operating Cash Disbursements</i>	488,413
<i>Operating Income (Loss)</i>	280,694
Non-Operating Receipts (Disbursements)	
Earnings on Investments (proprietary funds only)	9
Miscellaneous Receipts	1,163
Capital Outlay	(23,068)
Principal Retirement	(162,851)
Interest and Other Fiscal Charges	(37,598)
<i>Total Non-Operating Receipts (Disbursements)</i>	(222,345)
<i>Income (Loss) before Capital Contributions, Special Item, Extraordinary Item, Transfers and Advances</i>	58,349
Transfers In	208,721
Transfers Out	(208,721)
<i>Net Change in Fund Cash Balances</i>	58,349
<i>Fund Cash Balances, January 1</i>	494,594
<i>Fund Cash Balances, December 31</i>	\$552,943

See accompanying notes to the basic financial statements

Village of Leesburg
Highland County
Notes to the Financial Statements
For the Year Ended December 31, 2021

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.

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

Village of Leesburg
Highland County
Notes to the Financial Statements
For the Year Ended December 31, 2021

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

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

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 disbursements (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 in the subsequent year.

A summary of 2021 budgetary activity appears in Note 3.

Deposits and Investments

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

Capital Assets

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

Village of Leesburg
Highland County
Notes to the Financial Statements
For the Year Ended December 31, 2021

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 13.

Village of Leesburg
Highland County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 3 – Budgetary Activity

Budgetary activity for the year ended December 31, 2021 follows:

Fund Type	2021 Budgeted vs. Actual Receipts		Variance
	Budgeted Receipts	Actual Receipts	
General	\$600,420	\$665,750	\$65,330
Special Revenue	208,903	213,512	4,609
Enterprise	992,644	979,000	(13,644)
Total	\$1,801,967	\$1,858,262	\$56,295

Fund Type	2021 Budgeted vs. Actual Budgetary Basis Expenditures		Variance
	Appropriation Authority	Budgetary Expenditures	
General	\$663,124	\$556,738	\$106,386
Special Revenue	233,061	107,448	125,613
Enterprise	1,045,664	922,941	122,723
Total	\$1,941,849	\$1,587,127	\$354,722

Note 4 – Deposits

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

	2021
Demand deposits	\$ 1,569,394
Certificates of deposit	67,271
Total deposits	\$ 1,636,665

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, 2021, the Village does not have any 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, 2021

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 a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

Risk Pool Membership

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

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

Village of Leesburg
Highland County
Notes to the Financial Statements
For the Year Ended December 31, 2021

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

	<u>2021</u>
Cash and investments	\$41,996,850
Actuarial liabilities	\$14,974,099

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, 2021.

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, 2021.

Social Security

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

Council members contributed 6.2 percent of their gross salaries. The Village contributed an amount equal to 6.2 percent of participants’ gross salaries. The Village has paid all contributions required through December 31, 2021.

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 2021. OP&F contributed 0.5% to fund these benefits during calendar year 2021. The portion of employer contributions allocated to

Village of Leesburg
Highland County
Notes to the Financial Statements
For the Year Ended December 31, 2021

health care for OPERS members in the member-directed plan was 4% during calendar year 2021. 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.

Note 9 – Debt

Debt outstanding at December 31, 2021 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Water System Improvement Loan	\$ 32,600	6.00%
OPWC #CO05D 1905 Standpipe	41,989	0.00%
OPWC #CO02G	110,000	0.00%
OPWC #CO10N	70,633	0.00%
OWDA #4395	1,846,142	1.50%
OWDA #5677	183,259	1.50%
OWDA #6413	88,613	2.00%
OWDA #7018	119,625	0.91%
Statewide Municipal Leasing	16,841	0.82%
Total	<u>\$ 2,509,702</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 (#CO05D) 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 (#CO02G) 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 (#CO10N) 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 (#4395) for \$2,828,105 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 (#5677) 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 (#6413) 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, 2021

During 2015, the Village received an OWDA Loan (#7018) for \$143,015 to finance a sewer line replacement project. . Repayment will be made over 30 years from sewer system revenues.

During 2020, the Village received a Statewide Municipal Leasing lease for \$50,634 to finance the purchase of a Utility Vehicle. Annual Payments of \$18,272 will be made over three years from the General fund.

Amortization

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

Year Ending December 31:	Water System Improvement	OPWC Loans	OWDA Loans	Statewide Municipal Leasing
2022	\$7,756	\$33,943	\$141,855	\$18,272
2023	7,708	33,943	141,855	0
2024	7,742	33,943	141,855	0
2025	7,752	33,943	141,855	0
2026	7,738	23,446	141,855	0
2027-2031	0	27,228	709,273	0
2032-2036	0	17,228	684,245	0
2037-2041	0	17,228	432,732	0
2042-2045	0	1,723	21,942	0
	<u>\$38,696</u>	<u>\$222,625</u>	<u>\$2,557,467</u>	<u>\$18,272</u>

Note 10 – Contingent Liabilities

The Village is 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 – Public Entity Risk Pool

The Village participates in the Public Entities Pool of Ohio (PEP), as risk-sharing pool available to Ohio local governments. PEP pays judgment, settlement, and other expenses resulting from covered claims that exceed the members’ deductibles.

Note 12 – Transfers

During 2021, transfers were made from the General Fund to the Street Construction, Maintenance and Repair Fund to subsidize operations. Transfers were also made between proprietary funds for the payment of debt. All transfers were made in accordance with the Ohio Revised Code.

Note 13 – Fund Balances

Fund balances may include money that the Village cannot spend, including the balance of unclaimed

Village of Leesburg
Highland County
Notes to the Financial Statements
For the Year Ended December 31, 2021

monies which cannot be spent for five years and the unexpendable 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	\$7,004	\$12,719	\$19,723

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

Note 14 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio’s state of emergency ended in June 2021, while the national state of emergency continues. During 2021, the Village received COVID-19 funding. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Village. The impact on the Village’s future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

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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, 2020

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Property and Other Local Taxes	\$32,576	\$3	32,579
Municipal Income Tax	425,939	0	425,939
Intergovernmental	39,788	179,493	219,281
Special Assessments	4,526	0	4,526
Charges for Services	412	0	412
Fines, Licenses and Permits	2,745	0	2,745
Earnings on Investments	221	0	221
Miscellaneous	44,267	0	44,267
<i>Total Cash Receipts</i>	<u>550,474</u>	<u>179,496</u>	<u>729,970</u>
Cash Disbursements			
Current:			
Security of Persons and Property	268,218	0	268,218
Leisure Time Activities	4,881	0	4,881
Basic Utility Services	0	8,262	8,262
Transportation	300	103,662	103,962
General Government	170,128	0	170,128
Capital Outlay	50,634	100,529	151,163
Debt Service:			
Principal Retirement	18,272	0	18,272
<i>Total Cash Disbursements</i>	<u>512,433</u>	<u>212,453</u>	<u>724,886</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>38,041</u>	<u>(32,957)</u>	<u>5,084</u>
Other Financing Receipts (Disbursements)			
Other Debt Proceeds	50,634	0	50,634
Transfers In	0	52,850	52,850
Transfers Out	(52,850)	0	(52,850)
Other Financing Uses	(9,041)	0	(9,041)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(11,257)</u>	<u>52,850</u>	<u>41,593</u>
Special Item	750	0	750
<i>Net Change in Fund Cash Balances</i>	27,534	19,893	47,427
<i>Fund Cash Balances, January 1</i>	<u>711,612</u>	<u>89,884</u>	<u>801,496</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$739,146</u></u>	<u><u>\$109,777</u></u>	<u><u>\$848,923</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)
All Proprietary Fund Types
For the Year Ended December 31, 2020

	Proprietary Fund Types
	Enterprise
Operating Cash Receipts	
Charges for Services	\$722,579
<i>Total Operating Cash Receipts</i>	<i>722,579</i>
Operating Cash Disbursements	
Personal Services	86,393
Employee Fringe Benefits	43,723
Contractual Services	253,288
Supplies and Materials	59,462
<i>Total Operating Cash Disbursements</i>	<i>442,866</i>
<i>Operating Income (Loss)</i>	<i>279,713</i>
Non-Operating Receipts (Disbursements)	
Earnings on Investments (proprietary funds only)	15
Miscellaneous Receipts	15,938
Capital Outlay	(24,450)
Principal Retirement	(127,812)
Interest and Other Fiscal Charges	(38,701)
<i>Total Non-Operating Receipts (Disbursements)</i>	<i>(175,010)</i>
<i>Income (Loss) before Capital Contributions, Special Item, Extraordinary Item, Transfers and Advances</i>	104,703
Transfers In	208,712
Transfers Out	(208,712)
<i>Net Change in Fund Cash Balances</i>	104,703
<i>Fund Cash Balances, January 1</i>	<i>389,891</i>
<i>Fund Cash Balances, December 31</i>	<i>\$494,594</i>

See accompanying notes to the basic financial statements

Village of Leesburg
Highland County
Notes to the Financial Statements
For the Year Ended December 31, 2020

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.

Village of Leesburg
Highland County
Notes to the Financial Statements
For the Year Ended December 31, 2020

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

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

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

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 disbursements (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 in the subsequent year.

A summary of 2020 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, 2020

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 13.

Village of Leesburg
Highland County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 3 – Budgetary Activity

Budgetary activity for the year ended December 31, 2020 follows:

2020 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$572,720	\$601,858	\$29,138
Special Revenue	224,547	232,346	7,799
Enterprise	1,053,080	947,244	(105,836)
Total	\$1,850,347	\$1,781,448	(\$68,899)

2020 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$620,189	\$579,368	\$40,821
Special Revenue	265,856	213,221	52,635
Enterprise	983,441	844,806	138,635
Total	\$1,869,486	\$1,637,395	\$232,091

Note 4 – Deposits

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

	2020
Demand deposits	\$ 1,276,455
Certificates of deposit	67,062
Total deposits	\$ 1,343,517

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, 2020, the Village does not have any 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, 2020

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 a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

Risk Pool Membership

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

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

Village of Leesburg
Highland County
Notes to the Financial Statements
For the Year Ended December 31, 2020

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

	<u>2020</u>
Cash and investments	\$40,318,971
Actuarial liabilities	\$14,111,510

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, 2020.

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, 2020.

Social Security

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

Council members contributed 6.2 percent of their gross salaries. The Village contributed an amount equal to 6.2 percent of participants’ gross salaries. The Village has paid all contributions required through December 31, 2020.

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 2020. OP&F contributed 0.5% to fund these benefits during calendar year 2020. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4% during calendar year 2020.

Village of Leesburg
Highland County
Notes to the Financial Statements
For the Year Ended December 31, 2020

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.

Note 9 – Debt

Debt outstanding at December 31, 2020 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Water System Improvement Loan	\$ 38,000	6.00%
OPWC #CO05D 1905 Standpipe	57,735	0.00%
OPWC #CO02G	140,000	0.00%
OPWC #CO10N	75,801	0.00%
OWDA #4395	1,934,864	1.50%
OWDA #5677	191,062	1.50%
OWDA #6413	95,086	2.00%
OWDA #7018	123,965	0.91%
Statewide Municipal Leasing	32,362	0.82%
Total	<u>\$ 2,688,875</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 (#CO05D) 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 (#CO02G) 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 (#CO10N) 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 (#4395) for \$2,828,105 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 (#5677) 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 (#6413) 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, 2020

During 2015, the Village received an OWDA Loan (#7018) for \$143,015 to finance a sewer line replacement project. Repayment will be made over 30 years from sewer system revenues.

During 2020, the Village received a Statewide Municipal Leasing lease for \$50,634 to finance the purchase of a Utility Vehicle. Annual Payments of \$18,272 will be made over three years from the General fund.

Amortization

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

Year Ending December 31:	Water System Improvement	OPWC Loans	OWDA Loans	Statewide Municipal Leasing
2021	\$7,680	\$33,943	\$141,855	\$18,272
2022	7,756	33,943	141,855	18,272
2023	7,708	33,943	141,855	0
2024	7,742	33,943	141,855	0
2025	7,752	33,943	141,855	0
2026-2030	7,738	62,475	709,273	0
2031-2035	0	17,228	692,588	0
2036-2040	0	17,228	550,146	0
2041-2045	0	6,890	37,931	0
-	<u>\$46,376</u>	<u>\$273,536</u>	<u>\$2,699,213</u>	<u>\$36,544</u>

Note 10 – Contingent Liabilities

The Village is 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 – Public Entity Risk Pool

The Village participates in the Public Entities Pool of Ohio (PEP), as risk-sharing pool available to Ohio local governments. PEP pays judgment, settlement, and other expenses resulting from covered claims that exceed the members’ deductibles.

Note 12 – Transfers

During 2020, transfers were made from the General Fund to the Street Construction Maintenance and Repair Fund to subsidize operations. Transfers were also made between proprietary funds for the payment of debt. All transfers were made in accordance with the Ohio Revised Code.

Village of Leesburg
Highland County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 13 – Fund Balances

Included in fund balances are 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	\$5,044	\$768	\$5,812

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

Note 14 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Village. In addition, the impact on the Village's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

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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 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 years ended December 31, 2021 and 2020 and the related notes to the financial statements of the Village of Leesburg, Highland County, (the Village) and have issued our report thereon dated March 28, 2023, wherein we noted the Village followed financial reporting provisions Ohio Rev. Code § 117.38 and Ohio Admin. Code 117-2-03(C) permit. We also noted the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Village.

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 purposes 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 2021-001 and 2021-002 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*.

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
March 28, 2023

**VILLAGE OF LEESBURG
HIGHLAND COUNTY
SCHEDULE OF FINDINGS
DECEMBER 31, 2021 AND 2020**

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

FINDING NUMBER 2021-001

Material Weakness

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 during 2021:

General Fund

- Municipal Income Tax Revenue, and General Government Expense were understated by \$4,177.
- Intergovernmental Revenue was understated, and Property Taxes Revenue was overstated by \$1,975.
- Security of Person and Property Expense was overstated by \$18,272, Principal Expense was understated by \$15,521 and Interest Expense was understated by \$2,751.
- Actual Receipts reported in the Budgetary Activity note were understated by \$1,000.

Special Revenue Fund

- Appropriation Authority reported in the Budgetary Activity note was understated by \$69,293
- Actual Expenditures reported in the Budgetary Activity note were understated by \$11,925.

Enterprise Fund

- Appropriation Authority reported in the Budgetary Activity note was understated by \$4,000.
- Actual Receipts reported in the Budgetary Activity note were understated by \$9.

Due to deficiencies in the Village's financial statement monitoring and review process, the Village made the following errors during 2020:

General Fund

- Municipal Income Tax Revenue and Cash Fund Balance were overstated by \$802.
- Intergovernmental Revenue was understated, and Property Taxes Revenue was overstated by \$1,946.
- Intergovernmental Revenue was understated and Miscellaneous Revenue was overstated by \$3,649.
- Debt Proceeds Revenue and Capital Outlay Expense were understated \$50,634.

**FINDING NUMBER 2021-001
(Continued)**

- Security of Person and Property Expense was overstated by \$18,272, and Principal Expense was understated by \$18,272.

Enterprise Fund

- Charges for Services and Cash Fund Balance were understated by \$802.
- Actual Receipts reported in the Budgetary Activity note were understated by \$15.
- Actual Expenditures reported in the Budgetary Activity note were understated by \$2,265

The Village has corrected the financial statements, notes to the financial statements, and accounting system, where applicable for the errors as identified above.

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 positions of the Village.

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

Officials' Response:

We did not receive a response from the Village.

FINDING NUMBER 2021-002

Material Weakness

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.

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

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 receipts ledger.

Amendments to the Original Certificate for 2021 were recorded in amount of \$61,152 in General funds, \$4,618 in Special Revenue funds, and \$106,641 in Enterprise funds but not established by the Village prior to year-end.

**FINDING NUMBER 2021-002
(Continued)**

Amendments to the Original Certificate for 2020 were recorded in amount of \$20,695 in General funds, \$7,799 in Special Revenue funds, and \$106,641 in Enterprise funds but not established by the Village prior to year-end.

Appropriation amendments for 2021 were not recorded in amount of \$69,293 in Special Revenue funds and \$4,000 in Enterprise funds.

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

Failure to accurately post the appropriations to the ledgers could result in overspending and negative cash balances. In addition, this lead to inaccurate reporting of the budgetary information in the financial statements as noted in Finding Number 2021-001.

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:

We did not receive a response from the Village.

2. OTHER – FINDINGS FOR RECOVERY

In addition, we identified the following other issues related to Findings for Recovery. This issue did not impact our GAGAS report.

FINDING NUMBER 2021-003

Finding for Recovery Repaid Under Audit

State ex rel. McClure v. Hagerman, 155 Ohio St. 320 (1951), provides that expenditures made by a governmental unit should serve a public purpose. Typically, the determination of what constitutes a “proper public purpose” rests with the judgment of the governmental entity, unless such determination is arbitrary or unreasonable. Ohio Attorney General Opinion 82-006 indicates that fringe benefits are lawful public expenditures “when provided by an employer as an inducement,” to an employee to continue that employee’s current employment.

The Village provided Dorothy Vance, former Tax Administrator with a one-time thank you bonus of \$4,000 for completing 20 years of service at the Village in February 2020. Th payment was not made as an inducement for Ms. Vance to continue her employment.

In accordance with the foregoing facts and pursuant to Ohio Rev. Code § 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against Dorothy Vance, former Tax Administrator and her bonding company, Cincinnati Insurance Company, jointly and severally, in the amount of \$4,000 and in favor of the Village of Leesburg’s General Fund.

FINDING NUMBER 2021-003
(Continued)

On February 21, 2023, Dorothy Vance repaid \$4,000. This was deposited and recorded in the Village's General Fund as noted above. This finding for recovery is considered to be paid in full.

VILLAGE OF LEESBURG

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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS DECEMBER 31, 2021 AND 2020

Finding Number	Finding Summary	Status	Additional Information
2019-001	Material Weakness – Utilities	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 5/4/2023

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

This report is a matter of public record and is available online at
www.ohioauditor.gov