



OHIO AUDITOR OF STATE  
**KEITH FABER**





# OHIO AUDITOR OF STATE KEITH FABER



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

We have completed certain procedures in accordance with Ohio Rev. Code Section 117.01(G) to the accounting records and related documents of the Village of West Leipsic, Putnam County, Ohio (the Village) for the years ended December 31, 2019 and 2018.

Our procedures were designed solely to satisfy the audit requirements of Ohio Rev. Code Section 117.11(A). Because our procedures were not designed to opine on the Village's financial statements, we did not follow *generally accepted auditing standards*. We do not provide any assurance on the Village's financial statements, transactions or balances for the years ended December 31, 2019 and 2018.

The Village's management is responsible for preparing and maintaining its accounting records and related documents. Our responsibility under Ohio Rev. Code Section 117.11(A) is to examine, analyze and inspect these records and documents.

Based on the results of our procedures, we found the following significant compliance or accounting issues to report.

## Current Year Observations

1. We examined the bank reconciliation prepared as of December 31, 2019. It included an unreconciled balance with the bank balance exceeding the book balance by \$1,449. The variance was accrued interest earned on the certificate of deposit.

Reconciling cash is a critical control in assuring all transactions are posted accurately and in the proper accounting period. Unidentified differences result in inaccurate fund cash balance information, and conceivably could cause deficit spending. The Village should receipt interest at the time it is credited to the certificate of deposit.

Also, the Village's small size requires governing board involvement with critical accounting processes (such as bank reconciliation) to compensate for the inability to segregate these duties. The absence of these reviews may be a material weakness in internal accounting control, resulting in inaccurate cash balances, or even undetected theft.

2. Ohio Rev. Code § 117.38 provides that each public office, other than a state agency, shall file a financial report for each fiscal year. The report shall be certified by the proper officer or board and filed with the auditor of state within sixty days after the close of the fiscal year. At the time the report is filed with the auditor of state, the chief fiscal officer shall publish notice in a newspaper published in the taxing district. The notice shall state the financial report has been completed by the public office and is available for public inspection at the office of the chief fiscal officer.

The 2019 and 2018 financial reports were not filed until March 12, 2020 and April 3, 2020, respectively, which are not within sixty days after the close of the fiscal year. Failure to file by the required date could result in penalties of \$25 per day up to a maximum of \$750. The Village should file the financial reports within sixty days after the close of the fiscal year.

3. We noted that none of the Village's elected officials, or their designees, attended the required Public Records training. Ohio Rev. Code §§ 109.43(B) and 149.43(E)(1) require that officials elected to statewide or local office, or their designees, receive three hours of Public Records training for each term of office. The training received must be certified by the Ohio Attorney General. Proof that training has been completed must include documentation that either the Attorney General's office or another entity certified by the Attorney General provided the training the elected official received. Attendees who successfully complete the training will receive a certificate to serve as proof of training. This could result in elected officials not being properly informed of public records requirements. The designated officials should receive training on public records laws during each term of office and retain the certificate from the Attorney General as proof of training.
4. We noted the Village does not have an adopted records retention schedule policy. Ohio Rev. Code § 149.43(B)(2) states, in part, a public office also "shall have available a copy of its current records retention schedule at a location readily available to the public." Failure to have and follow a records retention schedule could result in public records being disposed of prematurely. The Village should implement procedures to provide the appropriate policy is approved to help avoid issues with public records requests.

#### **Current Status of Matters Reported in our Prior Engagement**

5. Our prior audit for the years ended December 31, 2017 and 2016 included a material weakness in financial reporting due to audit adjustments identified; including the failure to accurately record receipts and disbursements in the accounting system. This finding was not corrected in the current period, and receipts and disbursements were again recorded incorrectly in the accounting system. Sewer revenue and expenses were not recorded from the Village of Leipsic for the months of May, June, and July 2019, resulting in sewer revenues and expenditures being understated in the amount of \$23,068. In 2019 and 2018, charges for services revenue for sewer collections in the amounts of \$69,586 and \$92,353, respectively, were incorrectly classified as special assessments in the Enterprise Fund. The Village should adopt policies and procedures, including a final review of the annual report by the Fiscal Officer and Village Council to identify and correct errors, omissions, and misclassifications.
6. Our prior audit for the years ended December 31, 2017 and 2016 included a noncompliance comment for the Village not making the required monthly payment to the Enterprise Debt Service Fund. We noted the 2019 and 2018 annual reports included similar errors. Village Ordinance #497 Authorizing the Sewer Mortgage Revenue Bonds Series 2004, Section 10 indicates that a balance equal to the amount required to be paid during the ensuing fiscal year with respect to all outstanding bonds (the Bond Reserve Requirement), shall be accumulated in the Bond Reserve Fund. Whenever disbursements are made from this fund, monthly payments in the amount of \$124 shall be made until the Bond Reserve Requirement is again accumulated in that fund. During 2019 and 2018, the Fiscal Officer did not make the \$124 monthly payment to the Enterprise Debt Service Fund. This brought down the Enterprise Debt Service Fund's December 31, 2019 fund balance to \$1,100, which is \$13,682 below the required amount of \$14,782. The Enterprise Debt Service Fund's December 31, 2018 fund balance was \$1,100, which is \$13,694 below the required amount of \$14,794. Failing to maintain the required balance in the Enterprise Debt Service Fund could result in an inability to pay the debt, and violates the bond agreement. The Village should begin making the \$124 payments and continue to do so until the Enterprise Debt Service Fund balance is at the required level.

7. In a prior audit for the years ended December 31, 2017 and 2016 we noted the Village did not properly certify \$2,150 in the Special Revenue Fund as required by Ohio Rev. Code § 5705.41(D)(1). We have determined this matter was corrected for 2019 and 2018.



Keith Faber  
Auditor of State

Columbus, Ohio

June 3, 2020

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**VILLAGE OF WEST LEIPSIC**

**PUTNAM COUNTY**

## **CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
JUNE 18, 2020**