

**VILLAGE OF LEIPSIC
PUTNAM COUNTY
Single Audit
For the Year Ended December 31, 2012**

Perry & Associates
Certified Public Accountants, A.C.



Dave Yost • Auditor of State

Village Council
Village of Leipsic
142 E. Main Street
Leipsic, Ohio 45856

We have reviewed the *Independent Auditors' Report* of the Village of Leipsic, Putnam County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period January 1, 2012 through December 31, 2012. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Village of Leipsic is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

September 24, 2013

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**VILLAGE OF LEIPSIC
PUTNAM COUNTY**

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INDEPENDENT AUDITOR'S REPORT

July 26, 2013

Village of Leipsic
Putnam County
142 E. Main Street
Leipsic, Ohio 45856

To the Village Council:

Report on the Financial Statements

We have audited the accompanying financial statements and related notes of the **Village of Leipsic**, Putnam County, (the Village) as of and for the year ended December 31, 2012.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fair presenting financial statements free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Village's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Village's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinion.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1B of the financial statements, the Village prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03, which is an accounting basis other than accounting principles generally accepted in the United States of America, to satisfy requirements.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1B and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2012, or changes in financial position or cash flows thereof for the year then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of the Village of Leipsic, Putnam County, as of December 31, 2012, and its combined cash receipts and disbursements for the year then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 permits, described in Note 1B.

Emphasis of Matter

As discussed in Note 1B to the financial statements, during 2012, the Village has elected to change its financial presentation from a presentation comparable to the requirements of Governmental Accounting Standard No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments* to a presentation reflecting use of the Auditor of State's Regulatory Accounting Basis. We did not modify our opinion regarding this matter.

Other Matters

Our audit was conducted to opine on the financial statements taken as a whole. The schedule of expenditures of federal awards presents additional analysis required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and is not a required part of the financial statements. The schedule is management's responsibility, and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. This schedule was subjected to the auditing procedures we applied to the financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, 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 taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 26, 2013, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.

Respectfully Submitted,



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

**VILLAGE OF LEIPSIC
PUTNAM COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS AND
CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2012**

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts:				
Property and Other Local Taxes	\$ 109,747	\$ 54,936	\$ -	\$ 164,683
Municipal Income Tax	2,274,095	-	-	2,274,095
Intergovernmental	93,372	141,391	1,722,405	1,957,168
Charges for Services	37,770	34,376	-	72,146
Fines, Licenses and Permits	12,627	397	-	13,024
Earnings on Investments	20	58	1,615	1,693
Miscellaneous	61,366	35,033	8,227	104,626
	<u>2,588,997</u>	<u>266,191</u>	<u>1,732,247</u>	<u>4,587,435</u>
Total Cash Receipts				
Cash Disbursements:				
Current:				
Security of Persons and Property	340,866	161,698	-	502,564
Leisure Time Activities	46,729	-	-	46,729
Community Environment	-	52,216	-	52,216
Basic Utility Services	302,465	73,633	153,726	529,824
Transportation	25	1,830	-	1,855
General Government	3,215	-	-	3,215
Capital Outlay	87,353	218,548	3,350,546	3,656,447
Debt Service:				
Principal Retirement	393,172	-	-	393,172
Interest and Fiscal Charges	12,491	-	-	12,491
	<u>1,186,316</u>	<u>507,925</u>	<u>3,504,272</u>	<u>5,198,513</u>
Total Cash Disbursements				
Excess of Receipts Over (Under) Disbursements	<u>1,402,681</u>	<u>(241,734)</u>	<u>(1,772,025)</u>	<u>(611,078)</u>
Other Financing Receipts (Disbursements):				
Note Proceeds	275,000	-	-	275,000
Transfers In	1,372,143	253,718	68,129	1,693,990
Transfers Out	(2,382,850)	-	-	(2,382,850)
	<u>(735,707)</u>	<u>253,718</u>	<u>68,129</u>	<u>(413,860)</u>
Total Other Financing Receipts (Disbursements)				
Net Change in Fund Cash Balances	666,974	11,984	(1,703,896)	(1,024,938)
Fund Cash Balances, January 1 (Restated - See Note 11)	<u>(389,670)</u>	<u>290,715</u>	<u>2,399,146</u>	<u>2,300,191</u>
Fund Cash Balances, December 31				
Restricted	-	302,699	695,250	997,949
Unassigned	277,304	-	-	277,304
	<u>277,304</u>	<u>302,699</u>	<u>695,250</u>	<u>1,275,253</u>
Fund Cash Balances, December 31				

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

**VILLAGE OF LEIPSIC
PUTNAM COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS AND
CHANGES IN FUND BALANCES (CASH BASIS)
ALL PROPRIETARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2012**

	Enterprise
Operating Cash Receipts:	
Charges for Services	\$ 1,886,782
Fines, Licenses and Permits	4,628
Miscellaneous	8,116
	1,899,526
Total Operating Receipts	1,899,526
Operating Cash Disbursements:	
Personal Services	538,112
Contractual Services	484,018
Supplies and Materials	141,001
Other	375
	1,163,506
Total Operating Cash Disbursements	1,163,506
Operating Income	736,020
Non-Operating Receipts (Disbursements):	
Property and Other Local Taxes	364,508
Earnings on Investment	397
Capital Outlay	(74,882)
Principal Retirement	(879,517)
Interest and Fiscal Charges	(607,012)
	(1,196,506)
Total Non-Operating Receipts (Disbursements)	(1,196,506)
(Loss) before Transfers	(460,486)
Transfer-In	1,411,488
Transfer-Out	(722,628)
	228,374
Net Change in Fund Cash Balances	228,374
Fund Cash Balances, January 1	1,348,033
Fund Cash Balances, December 31	\$ 1,576,407

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

**VILLAGE OF LEIPSIC
PUTNAM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of Leipsic, Putnam County, (the Village) as a body corporate and politic. A publicly-elected six-member Council directs the Village. The Village provides general government services, water and sewer utilities, maintenance of Village roads, park operations, police services, and fire services.

The Village participates in the Public Entities Pool of Ohio (PEP) public entity risk pool. Note 9 to the financial statements provide additional information for this entity. This organization is:

Public Entity Risk Pool:

The Village belongs to the Public Entities Pool of Ohio (PEP), a risk-sharing pool available to Ohio local governments.

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

B. Accounting Basis

These financial statements follow the accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The Village recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the Auditor of State prescribes or permits.

Change in Basis of Accounting

Last audit period the Village presented financial statements on the cash basis of accounting. The fund financial statements presented each major fund in a separate column with nonmajor funds aggregated and presented in a single column, rather than a column for each fund type. This audit period the Village has elected to report fund financial statements by fund type using the regulatory basis of accounting as prescribed by the Auditor of States office.

C. 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 LEIPSIC
PUTNAM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting

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

1. General Fund

The General Fund accounts for and reports all financial resources not accounted for and recorded in another fund.

2. 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 – This fund receives gasoline tax and motor vehicle tax money for constructing, maintaining, and repairing Village streets.

3. 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:

Wastewater Treatment Plant Fund – This fund receives monies for the expansion of the wastewater treatment plant.

4. 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 – This fund accounts for the provisions of water services to the residents and commercial users within the Village.

Wastewater Fund – This fund accounts for the provisions of wastewater services to the residents and commercial users within the Village.

Wastewater Debt Fund – This fund accounts for the debt issues relating to the sanitary system.

Reservoir Debt Fund – This fund accounts for the debt issues relating to the reservoir.

E. Budgetary Process

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

**VILLAGE OF LEIPSIC
PUTNAM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

1. Appropriations

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

2. Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1. The County Budget Commission must also approve estimated resources.

3. Encumbrances

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated. The Village did not encumber all commitments required by Ohio law.

A summary of 2012 budgetary activity appears in Note 3.

F. 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:

1. Nonspendable

The Village classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

2. 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.

3. Committed

Council can *commit* amounts via formal action (resolution). The Village must adhere to these commitments unless the Council amends the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

**VILLAGE OF LEIPSIC
PUTNAM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Fund Balance (Continued)

4. Assigned

Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Village Council or a Village official delegated that authority by resolution, or by State Statute.

5. 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.

G. Property, Plant and Equipment

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

H. 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.

2. EQUITY IN POOLED DEPOSITS

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

	2012
Demand deposits	<u>\$ 2,851,660</u>
Total deposits	<u><u>\$ 2,851,660</u></u>

Deposits are insured by the Federal Deposit Insurance Corporation or collateralized by the financial institution's public entity deposit pool.

**VILLAGE OF LEIPSIC
PUTNAM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012
(Continued)**

3. BUDGETARY ACTIVITY

Budgetary activity for the year ended December 31, 2012 follows:

2012 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 4,284,260	\$ 4,236,140	\$ (48,120)
Special Revenue	519,076	519,909	833
Capital Projects	2,691,775	1,800,376	(891,399)
Enterprise	3,535,420	3,675,919	140,499
Total	\$ 11,030,531	\$ 10,232,344	\$ (798,187)

2012 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 3,663,374	\$ 3,569,166	\$ 94,208
Special Revenue	526,782	507,925	18,857
Capital Projects	4,652,015	3,504,272	1,147,743
Enterprise	3,549,223	3,447,545	101,678
Total	\$ 12,391,394	\$ 11,028,908	\$ 1,362,486

Contrary to Ohio law, budgeted receipts were higher than actual receipts in the General Fund and the Capital Projects Wastewater Treatment Plant Fund which caused appropriations to be higher than actual receipts plus beginning fund balances. Also contrary to Ohio law, at December 31, 2012, the Wastewater Fund had a cash deficit balance of \$125,828.

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which the Council adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

Public utilities are also taxed on personal and real property located within the Village.

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

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

5. LOCAL INCOME TAX

The Village levies a 1.5% on substantially all earned income within the Village as well as certain income of residents earned outside of the Village. In the latter case, the Village allows a credit of the lesser of actual taxes paid to another city or 100% of the 1.5% tax rate on taxable income.

**VILLAGE OF LEIPSIC
PUTNAM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012
(Continued)**

5. LOCAL INCOME TAX (Continued)

Employers within the Village withhold income tax on employee compensation and remit the tax to the Village at least quarterly. Corporations and other individual taxpayers pay estimated taxes at least quarterly and file a declaration annually.

6. DEBT

Debt outstanding at December 31, 2012 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Fort Jennings State Bank Loan #32978	\$ 120,112	3.00%
OWDA Loan #1682	136,932	7.89%
OWDA Loan #2316	687,117	4.12%
OWDA Loan #4620	4,331,010	0.00%
OWDA Loan #5003	7,259,943	5.29%
OPWC Loan #CM725	13,240	0.00%
OPWC Loan #CM21B	34,422	0.00%
OPWC Loan #CM24D	58,140	0.00%
OPWC Loan #CM42M	67,464	0.00%
ORDC Loan	390,863	Various
Revenue Bonds, Series 1997	1,947,000	5.00%
Revenue Bonds, Series 2007	1,220,000	4.75%
Total	<u>\$ 16,266,243</u>	

The Fort Jennings State Bank Loan #32978 was issued to pay off Part B of bond issued for sewer replacement. This loan will be repaid in semi-annual installments of various amounts plus interest at 3%.

The Ohio Water Development Authority (OWDA) loan #1682 relates to the acquisition of wastewater treatment and/or water management. The loan will be repaid in semi-annual installments including interest, over 25 years. Utility system charges are the dedicated source of repayment for this loan.

The Ohio Water Development Authority (OWDA) loan #2316 relates to the wastewater treatment plant improvements. The loan will be repaid in semi-annual installments including interest, over 20 years. Utility system charges are the dedicated source of repayment for this loan.

The Ohio Water Development Authority (OWDA) 0% loan #4620 relates to the separation of the Village's combined sewer. The loan will be repaid in semi-annual installments over 20 years. Utility system charges are the dedicated source of repayment for this loan.

The Ohio Water Development Authority (OWDA) loan #5003 relates to the costs of improving the Village's water system by constructing a reservoir. The loan will be repaid in semi-annual installments including interest, over 30 years. Utility system charges are the dedicated source of repayment for this loan.

**VILLAGE OF LEIPSIC
PUTNAM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012
(Continued)**

6. DEBT (Continued)

The Ohio Public Works Commission (OPWC) 0% loans relate to a sewer replacement project, two street storm sewer projects, and a sanitary sewer separation project. The sewer replacement project loan, the street storm sewer loans, and the sanitary sewer separation project loan will be repaid in semi-annual installments of \$3,310, \$2,648, \$3,420, and \$1,984, respectively, all over 20 years.

The Ohio Rail Development Commission loan relates to the construction of new rail tracks and turnouts to the Iron Highway Industrial Park and to commence tri-rail services to the ethanol plant. The loan will be repaid in monthly installments of \$10,577 from July 1, 2009 through December 31, 2010. The next 60 payments will be for \$11,309 including interest.

The Waterworks System Mortgage Revenue Bonds, Series 1997, relates to the costs of improving the Village waterworks system by acquiring and constructing improvements to and an expansion of the Village's water treatment plant, water storage facilities, and water distribution and supply system and to provide funds to retire outstanding temporary Mortgage Revenue Bonds, Series 1995, of the Village. The bond will be repaid in annual installments of various amounts over 40 years.

The Water System Improvement Bonds, Series 2007, relates to the cost of constructing, installing, and equipping certain water lines. The bonds will be repaid in annual installments of various amounts over 20 years plus interest at 4.75% the first 10 years, 4.5% the next 6 years, and 4.6% the last 4 years.

Union Bank Company Loan #10221453 was issued during 2012 in the amount of \$275,000 with an interest rate of 3.95%. The loan was paid off during 2012.

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

Year ending December 31:	OWDA Loans	OPWC Loans	Revenue Bonds	ORDC Loan	Bank Loan
2013	\$ 923,503	\$ 22,724	\$ 254,460	\$ 135,713	\$ 114,792
2014	922,303	22,724	251,560	135,713	17,366
2015	821,358	16,104	253,560	135,713	-
2016	821,358	16,104	250,223	-	-
2017	821,358	16,104	252,785	-	-
2018-2022	3,262,552	47,758	1,259,800	-	-
2023-2027	3,262,552	19,843	1,261,860	-	-
2028-2032	2,685,084	11,905	691,100	-	-
2033-2037	2,540,717	-	690,650	-	-
2038-2042	1,270,358	-	-	-	-
Total	<u>\$ 17,331,143</u>	<u>\$ 173,266</u>	<u>\$ 5,165,998</u>	<u>\$ 407,139</u>	<u>\$ 132,158</u>

**VILLAGE OF LEIPSIC
PUTNAM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012
(Continued)**

7. LEASES

The Village also acts as a lessor of 5 acres of land in the well field complex. The 5 acres meets the zoning code to accommodate a 250 foot free standing cellular tower. The terms of the lease are for seven 5-year terms for a total of 35 years. The first 5-year term of the lease began in 2006 with an upfront payment received of \$40,000. The other six 5-year terms will be charged \$1.00 per term. The Village will still retain the right to use the 5 acres however they feel fit. When the lease is finished, the cellular tower will be removed.

8. RETIREMENT SYSTEMS

The Village's law enforcement officers belong to the Police and Fire Pension Fund (OP&F). Other employees belong to the Ohio Public Employees Retirement System (OPERS). OP&F and OPERS are cost-sharing, multiple-employer plans. The Ohio Revised Code prescribes this plans' benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2012, OP&F participants contributed 10% of full-time police members' wages. For 2012, the Village contributed to OP&F an amount equal to 19.5% of full-time police members' wages. For 2012, 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, 2012.

9. RISK MANAGEMENT

The Village is exposed to various risks of property and casualty losses, and injuries to employees.

The Village insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

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

Casualty and Property Coverage

APEEP provides PEP with an excess risk-sharing program. Under this arrangement, PEP retains insured risks up to an amount specified in the contracts. At December 31, 2012, PEP retained \$350,000 for casualty claims and \$150,000 for property claims.

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

Financial Position

PEP's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2012 and 2011.

**VILLAGE OF LEIPSIC
PUTNAM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012
(Continued)**

9. RISK MANAGEMENT (Continued)

	<u>2012</u>	<u>2011</u>
Assets	\$34,389,569	\$33,362,404
Liabilities	(14,208,353)	(14,187,273)
Net Position	<u>\$20,181,216</u>	<u>\$19,175,131</u>

At December 31, 2012 and 2011, respectively, the liabilities above include approximately \$13.1 million and \$13.0 million of estimated incurred claims payable. The assets above also include approximately \$12.6 million and \$12.1 million of unpaid claims to be billed to approximately 466 and 455 member governments in the future, as of December 31, 2012 and 2011, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2012, the Village's share of these unpaid claims collectible in future years is approximately \$45,000.

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

<u>Contributions to PEP</u>	
<u>2012</u>	<u>2011</u>
\$52,209	\$39,981

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

10. CONTINGENT LIABILITIES

Amounts grantor agencies pay to the Village are subject to audit and adjustment by the grantor. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

**VILLAGE OF LEIPSIC
PUTNAM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012
(Continued)**

11. PRIOR PERIOD FUND BALANCE ADJUSTMENTS

The prior audit report reflected fund balances which included, for financial statement purposes only, interfund advances which were made to certain funds to provide for negative fund balances the Village had throughout 2011. These interfund advances were detailed in Note 20 – Advances for Financial Reporting. The General Fund and Capital Projects Wastewater Treatment Plant Fund were affected for financial statement purposes. For 2012, these advances are no longer necessary. A reconciliation of the prior audit ending balances, prior year advances and current year beginning balances is presented below.

	2011 Ending Trial Balance	2011 Financial Statement Advances	2011 Ending Audit Balance	2012 Beginning Audit Balance
General Fund	\$ (389,670)	\$ 389,670	\$ -	\$ (389,670)
Special Revenue Funds	290,715	-	290,715	290,715
Capital Project Funds	2,399,146	(389,670)	2,009,476	2,399,146
Enterprise Funds	1,348,033	-	1,348,033	1,348,033
Total Fund Balances	\$ 3,648,224	\$ -	\$ 3,648,224	\$ 3,648,224

12. TRANSFERS

Interfund transfers during 2012 were as follows:

	<u>From</u>	<u>To</u>
General Fund	2,382,850	1,372,143
Street Fund	-	253,718
Blighted Fund	-	68,129
Water Fund	92,830	-
Wastewater Fund	505,394	-
Reservoir Fund	124,404	-
Water Debt Fund	-	78,955
USDA Reservoir Fund	-	13,875
Wastewater Debt Fund	-	505,394
Railroad Debt Fund	-	124,404
Reservoir Debt Fund	-	688,860
	<u>3,105,478</u>	<u>3,105,478</u>

Transfers represent the allocation of unrestricted receipts collected in the General Fund (which includes the Local Income Tax Fund) to finance various programs accounted for in other funds in accordance with budgetary authorizations. In 2012, the Village transferred funds from the Water, Wastewater and Reservoir Funds to the Water Debt, USDA Reservoir, Wastewater Debt and Railroad Debt Funds for debt service payments. The above mentioned transfers from/to were used to move receipts from the fund that statute or budget requires to collect them to the fund that statute or budget requires to spend them.

These transfers were determined to be appropriate and in compliance with Ohio Revised Code.

**VILLAGE OF LEIPSIC
PUTNAM COUNTY**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2012**

<u>Federal Grantor</u> Program or Cluster Title	<u>Federal CFDA Number</u>	<u>Expenditures</u>
<u>Economic Development Administration</u>		
Economic Development Cluster:		
Investments for Public Works and Economic Development Facilities	11.300	<u>\$ 1,446,063</u>
Total Economic Development Cluster		<u>1,446,063</u>
Total Economic Development Administration		<u>1,446,063</u>
Total Federal Expenditures		<u><u>\$ 1,446,063</u></u>

See Accompanying Notes to this Schedule

**VILLAGE OF LEIPSIC
PUTNAM COUNTY**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2012**

Note A – Significant Accounting Policies

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) reports the Village's federal award programs' disbursements. The schedule has been prepared on the cash basis of accounting.

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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**

July 26, 2013

Village of Leipsic
Putnam County
142 E. Main Street
Leipsic, Ohio 45856

To the Village Council:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the **Village of Leipsic**, Putnam County, Ohio, (the Village) as of and for the year ended December 31, 2012, and the related notes to the financial statements and have issued our report thereon dated July 26, 2013, wherein we noted the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 permits.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Village's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the Village's internal control. Accordingly, we have not opined on it.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. However, as described in the accompanying schedule of audit findings we identified certain deficiencies in internal control over financial reporting, that we consider material weaknesses.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Village's financial statements. We consider findings 2012-01 through 2012-03 described in the accompanying schedule of audit findings to be material weaknesses.

A significant deficiency is a deficiency, or a combination of internal control deficiencies less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider findings 2012-04 and 2012-05 described in the accompanying schedule of audit findings to be significant deficiencies.

Compliance and Other Matters

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying schedule of audit findings as items 2012-02 through 2012-05.

We also noted certain matters not requiring inclusion in this report that we reported to the Village's management in a separate letter dated July 26, 2013.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Village's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Village's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully Submitted,



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

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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

July 26, 2013

Village of Leipsic
Putnam County
142 E. Main Street
Leipsic, Ohio 45856

To the Board of Health:

Report on Compliance for Each Major Federal Program

We have audited the **Village of Leipsic's** (the Village) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect the Village of Leipsic's major federal program for the year ended December 31, 2012. The *Summary of Auditor's Results* in the accompanying schedule of audit findings identifies the Village's major federal program.

Management's Responsibility

The Village's Management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to its federal program.

Auditor's Responsibility

Our responsibility is to opine on the Village's compliance for each of the Village's major federal programs based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. These standards and OMB Circular A-133 require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the Village's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our compliance opinion on the Village's major program. However, our audit does not provide a legal determination of the Village's compliance.

Opinion on the Major Federal Program

In our opinion, the Village of Leipsic complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal program for the year ended December 31, 2012.

Report on Internal Control Over Compliance

The Village's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the Village's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on each major federal program's compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the Village's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program's applicable compliance requirement. *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 federal program compliance requirement will not be prevented, or timely detected and corrected. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with federal program's applicable compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

This report only describes the scope of our internal control compliance tests and the results of this testing based on OMB Circular A-133 requirements. Accordingly, this report is not suitable for any other purpose.

Respectfully Submitted,



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

**VILLAGE OF LEIPSIC
PUTNAM COUNTY**

**Schedule of Audit Findings
OMB Circular A -133 § .505
For the Year Ended December 31, 2012**

1. SUMMARY OF AUDITOR'S RESULTS
--

<i>(d)(I)(i)</i>	Type of Financial Statement Opinion	Unmodified
<i>(d)(I)(ii)</i>	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	Yes
<i>(d)(I)(ii)</i>	Were there any other significant deficiencies in internal control reported at the financial statement level (GAGAS)?	Yes
<i>(d)(I)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	Yes
<i>(d)(I)(iv)</i>	Were there any material internal control weaknesses reported for major federal programs?	No
<i>(d)(I)(iv)</i>	Were there any other significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(I)(v)</i>	Type of Major Programs' Compliance Opinion	Unmodified
<i>(d)(I)(vi)</i>	Are there any reportable findings under § .510?	No
<i>(d)(I)(vii)</i>	Major Programs (list):	Investments for Public Works and Economic Development Facilities, CFDA #11.300
<i>(d)(I)(viii)</i>	Dollar Threshold: Type A\B Programs	Type A: > \$ 300,000 Type B: all others
<i>(d)(I)(ix)</i>	Low Risk Auditee?	No

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

FINDING NUMBER 2012-01

Material Weakness

Posting of Receipts and Disbursements

During 2012, several receipts and disbursements were not posted into accurate classifications based on the source of the receipt and disbursement. The following mispostings were noted during the audit:

- Grant monies were misclassified as other financing sources instead of intergovernmental receipts.
- Licenses, permits and fees receipts were misclassified as miscellaneous receipts.
- Interest payments were misclassified as principal retirement payments instead of interest and other fiscal charges disbursements.

Not posting receipts and disbursement accurately resulted in the financial statements requiring several reclassifications. The financial statements reflect all reclassifications.

**VILLAGE OF LEIPSIC
PUTNAM COUNTY**

**Schedule of Audit Findings
OMB Circular A -133 § .505
For the Year Ended December 31, 2012**

2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)

FINDING NUMBER 2012-01 (Continued)

Posting of Receipts and Disbursements (Continued)

We recommend the Fiscal Officer refer to the Village Handbook for guidance to determine the proper establishment of revenue and disbursement accounts and posting of receipts and disbursements. We also recommend reclassifications be made during the proper reporting period.

Officials' Response – Officials did not provide a response to this finding.

FINDING NUMBER 2012-02

Material Weakness/Noncompliance

Ohio Rev. Code Section 117.38 states, in part, cash-basis entities must file annual reports with the Auditor of State within 60 days of the fiscal year end. The Auditor of State may prescribe by rule or guidelines the forms for these reports. However, if the Auditor of State has not prescribed a reporting form, the public office shall submit its report on the form used by the public office. The report shall contain the amount of: (A) receipts, and amounts due from each source; (B) expenditures for each purpose; (C) income of any public service industry that the entity owns or operates, as well as the costs of ownership or operation; and (D) public debt of each taxing district, the purpose of the debt, and how the debt will be repaid. Also, the public office must publish notice in a local newspaper stating the financial report is available for public inspection at the office of the chief fiscal officer.

The Village filed the Annual Financial Report with the Auditor of State's office in a timely manner; however, certain amounts listed on the Annual Financial Report were not correctly classified based on amounts from the Village's accounting system. Amounts for intergovernmental and municipal income tax receipts were classified correctly in the Village's accounting system but were misclassified as property and other local taxes on Annual Financial Report.

We recommend the Annual Financial Report be compiled from the Village's accounting system and reconciled upon completion.

Officials' Response – Officials did not provide a response to this finding.

FINDING NUMBER 2012-03

Material Weakness/Noncompliance

Ohio Rev. Code Section 5705.10 requires that money paid into a fund must be used only for the purposes for which such fund has been established. As a result, a negative fund balance indicates that money from one fund was used to cover the expenses of another fund.

The Village had a negative fund balance at December 31, 2012 in the Wastewater Fund of (\$125,828).

A negative cash fund balance is an indication that revenues from other sources were used to pay obligations of these funds. Fund activity should be monitored by the Fiscal Officer to prevent future expenditures in excess of available resources. In those cases where additional funds are required, the resources should either be transferred or advanced to the fund in accordance with the Ohio Revised Code.

**VILLAGE OF LEIPSIC
PUTNAM COUNTY**

**Schedule of Audit Findings
OMB Circular A -133 § .505
For the Year Ended December 31, 2012**

2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)

FINDING NUMBER 2012-03 (Continued)

Ohio Rev. Code Section 5705.10 (Continued)

We recommend the Village monitor their fund balances to ensure that money from various funds is not used to pay obligations of other funds.

Officials' Response – Officials did not provide a response to this finding.

FINDING NUMBER 2012-04

Significant Deficiency/Noncompliance

Ohio Revised Code Section 5705.41(D)(1) prohibits a subdivision or taxing entity from making any contract or ordering any expenditure of money unless a certificate signed by the Fiscal Officer is attached thereto. The Fiscal Officer must certify that the amount required to meet any such contract or expenditure has been lawfully appropriated and is in the treasury, or is in the process of collection to the credit of an appropriate fund free from any previous encumbrance.

There are several exceptions to the standard requirement stated above that a Fiscal Officer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are: "then and now" certificates, blanket certificates, and super blanket certificates, which are provided for in sections 5705.41(D)(1) and 5705.41(D)(3), respectively, of the Ohio Revised Code.

1. "Then and Now" certificate - If the Fiscal Officer can certify that both at the time that the contract or order was made ("then"), and at the time that the Fiscal Officer is completing the certification ("now"), that sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the taxing authority (Village Council) can authorize the drawing of a warrant for the payment of the amount due. The taxing authority has thirty days from the receipt of the "then and now" certificate to approve payment by ordinance or resolution. Amounts of less than \$3,000 may be paid by the Fiscal Officer without a resolution or ordinance upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the Village.
2. Blanket Certificate – Fiscal Officer may prepare "blanket" certificates for a certain sum of money not in excess of an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority against any specific line item account over a period not running beyond the end of the current fiscal year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any particular line item appropriation.
3. Super Blanket Certificate – The Village may also make expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the Fiscal Officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification is not to extend beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any line-item appropriation.

VILLAGE OF LEIPSIC
PUTNAM COUNTY

Schedule of Audit Findings
OMB Circular A -133 § .505
For the Year Ended December 31, 2012

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

FINDING NUMBER 2012-04 (Continued)

Ohio Revised Code Section 5705.41(D)(1) (Continued)

40% of the transactions tested in 2012 were not certified by the Fiscal Officer at the time the commitment was incurred and there was no evidence that the Village followed the aforementioned exceptions. Failure to properly certify the availability of funds can result in overspending funds and negative cash fund balances.

Unless the exceptions noted above are used, prior certification is not only required by statute, but is a key control in the disbursement process to assure that purchase commitments receive prior approval. To improve controls over disbursements and to help reduce the possibility of the Village's funds exceeding budgetary spending limitations, we recommend that the Fiscal Officer certify that the funds are, or will be, available prior to obligation by the Village. When prior certification is not possible, "then and now" certification should be used.

Officials' Response – Officials did not provide a response to this finding.

FINDING NUMBER 2012-05

Significant Deficiency/Noncompliance

Ohio Rev. Code Section 5705.36 requires that upon a determination by the Fiscal Officer of a subdivision that the revenue to be collected by the subdivision will be less than the amount included in an official certificate and that the amount of the deficiency will reduce available resources below the level of current appropriations, the Fiscal Officer shall certify an amended certificate reflecting the deficiency.

As of December 31, 2012, actual receipts were below estimated receipts, and the deficiency reduced available resources below the current appropriations in the Wastewater Treatment Plant Fund.

We recommend that the Village periodically review and compare estimated and actual receipts and make necessary amendments thereto, to reduce the risk of appropriations exceeding available resources and the potential for negative fund balances.

Officials' Response – Officials did not provide a response to this finding.

3. FINDINGS FOR FEDERAL AWARDS

None

**VILLAGE OF LEIPSIC
PUTNAM COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2012**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2011-1	ORC Section 5705.10(H) – Deficit Fund Balances	No	Not Corrected, Repeated as Finding 2012-03.
2011-2	ORC Section 5705.36(A)(4)	No	Not Corrected, Repeated as Finding 2012-05.
2011-3	ORC Section 5705.41(D)	No	Not Corrected, Repeated as Finding 2012-04.
2011-4	ORC Section 117.38 – Significantly Deficient Annual Report	No	Not Corrected, Repeated as Finding 2012-02.
2011-5	ORC Section 5705.39	Yes	N/A



Dave Yost • Auditor of State

VILLAGE OF 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
OCTOBER 8, 2013