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**VILLAGE OF LEESBURG  
HIGHLAND COUNTY  
REGULAR AUDIT  
YEARS ENDED DECEMBER 31, 2008 & 2007**

*Whited Seigneur Sams & Rahe, LLP*  
CERTIFIED PUBLIC ACCOUNTANTS



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# Mary Taylor, CPA

Auditor of State

Village Council  
Village of Leesburg  
57 South Fairfield Street  
P.O. Box 305  
Leesburg, Ohio 45135

We have reviewed the *Independent Auditors' Report* of the Village of Leesburg, Highland County, prepared by Whited, Seigneur, Sams & Rahe CPAs, LLP, for the audit period January 1, 2007 through December 31, 2008. 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.

The financial statements in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Auditor of State. Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Independent Auditors' Report* on your financial statements. While the Auditor of State does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. The attached report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the statements are misstated under the non-GAAP regulatory basis. The *Independent Auditors' Report* also includes an opinion on the financial statements using the regulatory format the Auditor of State permits.

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 Leesburg is responsible for compliance with these laws and regulations.

*Mary Taylor*

Mary Taylor, CPA  
Auditor of State

April 27, 2009

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**VILLAGE OF LEESBURG  
HIGHLAND COUNTY, OHIO  
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007**

**TABLE OF CONTENTS**

	<b>Page</b>
Independent Auditors' Report .....	1
Combined Statement of Cash Receipts, Cash Disbursements and Changes in Fund Cash Balances - All Governmental Fund Types - For the Year Ended December 31, 2008.....	3
Combined Statement of Cash Receipts, Cash Disbursements and Changes in Fund Cash Balances – Proprietary Fund Type - For the Year Ended December 31, 2008.....	4
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Governmental Fund Types - For the Year ended December 31, 2007 .....	5
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – Proprietary Fund Type – For the Year Ended December 31, 2007 .....	6
Notes to the Financial Statements .....	7
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed In Accordance With <i>Government Auditing Standards</i> .....	14
Schedule of Findings and Responses .....	16

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March 20, 2009

Village Of Leesburg  
Highland County  
57 South Fairfield Street  
P.O. Box 305  
Leesburg, OH 45135

## Independent Auditors' Report

We have audited the accompanying financial statements of the Village of Leesburg, Highland County, Ohio (the Village) as of and for the years ended December 31, 2008 and 2007. These financial statements are the responsibility of the Village's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

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

Revisions to GAAP would require the Village to reformat its financial statement presentation and make other changes for the years ended December 31, 2008 and 2007. Instead of the combined funds the accompanying financial statements present, GAAP require presenting entity wide statements and also to present the Village's larger (i.e. major) funds separately. While the Village does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to the new GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The Village has elected not to reformat its statements. Since this Village does not use GAAP to measure financial statement amounts, the following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above, do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2008 and 2007, or its changes in financial position or cash flows of its proprietary funds for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Village as of December 31, 2008 and 2007, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

The aforementioned revision to generally accepted accounting principles also requires the Village to include Management's Discussion and Analysis for the years ended December 31, 2008 and 2007. The Village has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 20, 2009, on our consideration of the Village's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and important for assessing the results of our audit.

Respectfully submitted,

WHITED SEIGNEUR SAMS & RAHE CPAs, LLP



**VILLAGE OF LEESBURG  
HIGHLAND COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>Governmental Fund Types</u>			<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>				
Property and Local Taxes	\$ 45,192	\$ 2,689	\$ -	\$ 47,881
Municipal Income Tax	367,860	-	-	367,860
Intergovernmental	54,585	68,474	-	123,059
Charges for Services	13	-	-	13
Fines, Licenses and Permits	5,217	-	-	5,217
Earnings on Investments	5,111	202	-	5,313
Miscellaneous	22,410	-	-	22,410
	<u>500,388</u>	<u>71,365</u>	<u>-</u>	<u>571,753</u>
<b>Total Cash Receipts</b>				
	<u>500,388</u>	<u>71,365</u>	<u>-</u>	<u>571,753</u>
<b>Cash Disbursements:</b>				
Current:				
Security of Persons and Property	222,065	480	-	222,545
Leisure Time Activities	500	-	-	500
Community Environment	8,812	-	-	8,812
Transportation	39,320	72,889	-	112,209
General Government	141,186	-	-	141,186
Capital Outlay	7,263	280	-	7,543
	<u>419,146</u>	<u>73,649</u>	<u>-</u>	<u>492,795</u>
<b>Total Cash Disbursements</b>				
	<u>419,146</u>	<u>73,649</u>	<u>-</u>	<u>492,795</u>
<b>Total Receipts Over/(Under) Disbursements</b>	<u>81,242</u>	<u>(2,284)</u>	<u>-</u>	<u>78,958</u>
<b>Other Financing Receipts / (Disbursements):</b>				
Transfers-Out	(48,499)	-	-	(48,499)
	<u>(48,499)</u>	<u>-</u>	<u>-</u>	<u>(48,499)</u>
<b>Total Other Financing Receipts / (Disbursements)</b>				
	<u>(48,499)</u>	<u>-</u>	<u>-</u>	<u>(48,499)</u>
<b>Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements</b>	32,743	(2,284)	-	30,459
<b>Fund Cash Balances, January 1</b>	<u>539,192</u>	<u>33,084</u>	<u>4,478</u>	<u>576,754</u>
<b>Fund Cash Balances, December 31</b>	<u>\$ 571,935</u>	<u>\$ 30,800</u>	<u>\$ 4,478</u>	<u>\$ 607,213</u>
<b>Reserve for Encumbrances, December 31</b>	<u>\$ 2,129</u>	<u>\$ 104</u>	<u>\$ -</u>	<u>\$ 2,233</u>

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS



**VILLAGE OF LEESBURG  
HIGHLAND COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - PROPRIETARY FUND TYPE  
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<b>Proprietary Fund Type</b>
	<b>Enterprise</b>
<b>Operating Cash Receipts:</b>	
Charges for Services	\$ 489,091
Total Operating Cash Receipts	489,091
<b>Operating Cash Disbursements:</b>	
Personal Services	101,888
Employee Fringe Benefits	56,359
Contractual Services	192,122
Supplies and Materials	43,370
Basic Utility Services	134,955
Total Operating Cash Disbursements	528,694
Operating Income/(Loss)	(39,603)
<b>Non-Operating Cash Receipts:</b>	
Intergovernmental	93,500
Other Debt Proceeds	62,436
Total Non-Operating Cash Receipts	155,936
<b>Non-Operating Cash Disbursements:</b>	
Capital Outlay	1,452
Redemption of Principal	176,503
Interest and Other Fiscal Charges	108,487
Total Non-Operating Cash Disbursements	286,442
Excess of Receipts Over/(Under) Disbursements Before Interfund Transfers and Advances	(170,109)
Transfers-In	198,681
Transfers-Out	(150,182)
Net Receipts Over/(Under) Disbursements	(121,610)
Fund Cash Balances, January 1	274,980
<b>Fund Cash Balances, December 31</b>	<b>\$ 153,370</b>
Reserve for Encumbrances, December 31	\$ 399

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

**VILLAGE OF LEESBURG  
HIGHLAND COUNTY**

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

	Governmental Fund Types			Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	
<b>Cash Receipts:</b>				
Property and Local Taxes	\$ 42,377	\$ 3,450	\$ -	\$ 45,827
Municipal Income Tax	398,349	-	-	398,349
Intergovernmental	57,841	68,986	-	126,827
Charges for Services	209	-	-	209
Fines, Licenses and Permits	3,371	-	-	3,371
Earnings on Investments	31,289	4,260	-	35,549
Miscellaneous	<u>35,327</u>	<u>-</u>	<u>-</u>	<u>35,327</u>
Total Cash Receipts	568,763	76,696	-	645,459
<b>Cash Disbursements:</b>				
Current:				
Security of Persons and Property	247,624	-	-	247,624
Community Environment	8,006	-	-	8,006
Transportation	64,780	88,772	-	153,552
General Government	157,797	-	-	157,797
Capital Outlay	<u>24,474</u>	<u>7,555</u>	<u>-</u>	<u>32,029</u>
Total Cash Disbursements	<u>502,681</u>	<u>96,327</u>	<u>-</u>	<u>599,008</u>
Total Receipts Over/(Under) Disbursements	66,082	(19,631)	-	46,451
<b>Other Financing Receipts / (Disbursements):</b>				
Transfers-Out	(138,649)	-	-	(138,649)
Advances-In	<u>12,874</u>	<u>-</u>	<u>-</u>	<u>12,874</u>
Total Other Financing Receipts / (Disbursements)	<u>(125,775)</u>	<u>-</u>	<u>-</u>	<u>(125,775)</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(59,693)	(19,631)	-	(79,324)
Fund Cash Balances, January 1	<u>598,885</u>	<u>52,715</u>	<u>4,478</u>	<u>656,078</u>
<b>Fund Cash Balances, December 31</b>	<b><u>\$ 539,192</u></b>	<b><u>\$ 33,084</u></b>	<b><u>\$ 4,478</u></b>	<b><u>\$ 576,754</u></b>
Reserve for Encumbrances, December 31	<u>\$ 1,066</u>	<u>\$ 229</u>	<u>\$ -</u>	<u>\$ 1,295</u>

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

**VILLAGE OF LEESBURG  
HIGHLAND COUNTY**

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

	<b>Proprietary Fund Type</b>
	<b>Enterprise</b>
<b>Operating Cash Receipts:</b>	
Charges for Services	\$ 467,887
Total Operating Cash Receipts	467,887
<b>Operating Cash Disbursements:</b>	
Personal Services	128,747
Employee Fringe Benefits	68,648
Contractual Services	167,541
Supplies and Materials	56,508
Total Operating Cash Disbursements	421,444
Operating Income/(Loss)	46,443
<b>Non-Operating Cash Receipts:</b>	
Intergovernmental	849,438
Other Debt Proceeds	420,648
Total Non-Operating Cash Receipts	1,270,086
<b>Non-Operating Cash Disbursements:</b>	
Capital Outlay	1,260,750
Redemption of Principal	123,297
Interest and Other Fiscal Charges	69,627
Total Non-Operating Cash Disbursements	1,453,674
Excess of Receipts Over/(Under) Disbursements Before Interfund Transfers and Advances	(137,145)
Transfers-In	316,506
Transfers-Out	(177,857)
Advances-Out	(12,874)
Net Receipts Over/(Under) Disbursements	(11,370)
Fund Cash Balances, January 1	286,350
<b>Fund Cash Balances, December 31</b>	<b>\$ 274,980</b>
Reserve for Encumbrances, December 31	\$ 913

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

**VILLAGE OF LEESBURG  
HIGHLAND COUNTY, OHIO  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

- **Description of the Entity**

Village Of Leesburg, Highland County, Ohio (the Village) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village is directed by a publicly elected six-member Council. The Village provides street maintenance, police protection, water and sewer utilities and garbage collection.

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

- **Basis of Accounting**

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized 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 prescribed or permitted by the Auditor of State.

- **Cash Deposits**

The Village maintains all funds in an interest-bearing checking account and a certificate of deposit with a local financial institution. The certificate of deposit is valued at cost. The Village pools the cash deposits for investment purposes to capture the highest rate of return.

- **Fund Accounting**

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

- **General Fund** - The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.
- **Special Revenue Funds** - These funds are used to account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. The Village had the following significant Special Revenue Funds:

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

State Highway Fund- This fund receives gasoline tax and motor vehicle license tax money for constructing, maintaining, and repairing state highways within the Village.

**VILLAGE OF LEESBURG  
HIGHLAND COUNTY, OHIO  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Permissive Motor Vehicle License Tax Fund - This fund receives motor vehicle license tax money levied by the Village for constructing, maintaining, and repairing Village streets.

- **Capital Project Fund**

This fund is used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through enterprise or trust funds). The Village had the following capital project fund:

Street Improvement Fund – This fund is being used to account for improvements made to the Village’s Streets.

- **Enterprise Funds**

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

Water Operating Fund - This fund receives charges for services from residents to cover the cost of providing this utility.

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

Garbage Fund – This fund receives charges for services from residents to cover the cost of garbage collection in the Village.

Water Debt Service Fund – This fund is used to accumulate resources for retirement of loans issued to fund improvements to the Village’s water plant.

Sewer Debt Service Fund – This fund is used to accumulate resources for retirement of loans issued to fund improvements to the Village’s wastewater treatment plant.

Sewer Project Fund – This fund is used to accumulate resources to finance debt service on the Village’s Ohio Public Works Commission and Ohio Water Development Authority loans and for future improvements to the Village’s wastewater treatment system.

**VILLAGE OF LEESBURG  
HIGHLAND COUNTY, OHIO  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

- **Budgetary Process**

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

- **Appropriations** - Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function and object level of control, and appropriations may not exceed estimated resources. The 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.
- **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.
- **Encumbrances** - The Ohio Revised Code requires the Village to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year-end are carried over, and need not be reappropriated.

A summary of 2008 and 2007 budgetary activity appears in Note 3.

- **Property, Plant and Equipment**

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

- **Accumulated Leave**

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Village's basis of accounting.

**2. EQUITY IN POOLED CASH**

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

	<u>2008</u>	<u>2007</u>
Demand Deposits	\$ 700,404	\$ 792,692
Certificate of Deposit	<u>60,179</u>	<u>59,042</u>
Total deposits	<u>\$ 760,583</u>	<u>\$ 851,734</u>

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

**VILLAGE OF LEESBURG  
HIGHLAND COUNTY, OHIO  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007**

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2008 and 2007 were as follows:

2008 Budgeted vs. Actual Receipts

Fund Type	Budgeted	Actual	Variance
General	\$ 500,388	\$ 500,388	\$ -
Special Revenue	71,365	71,365	-
Capital Projects	-	-	-
Enterprise	708,900	843,708	134,808
<b>Total</b>	<b>\$ 1,280,653</b>	<b>\$ 1,415,461</b>	<b>\$ 134,808</b>

2008 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriations	Budgetary Expenditures	Variance
General	\$ 642,963	\$ 469,774	\$ 173,189
Special Revenue	80,283	73,753	6,530
Capital Projects	4,478	-	4,478
Enterprise	865,452	965,717	(100,265)
<b>Total</b>	<b>\$ 1,593,176</b>	<b>\$ 1,509,244</b>	<b>\$ 83,932</b>

2007 Budgeted vs. Actual Receipts

Fund Type	Budgeted	Actual	Variance
General	\$ 576,161	\$ 581,637	\$ 5,476
Special Revenue	79,500	76,696	(2,804)
Capital Projects	-	-	-
Enterprise	1,529,305	2,054,479	525,174
<b>Total</b>	<b>\$ 2,184,966</b>	<b>\$ 2,712,812</b>	<b>\$ 527,846</b>

2007 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriations	Budgetary Expenditures	Variance
General	\$ 1,187,920	\$ 642,396	\$ 545,524
Special Revenue	132,216	96,556	35,660
Capital Projects	4,478	-	4,478
Enterprise	1,869,610	2,066,762	(197,152)
<b>Total</b>	<b>\$ 3,194,224</b>	<b>\$ 2,805,714</b>	<b>\$ 388,510</b>

**VILLAGE OF LEESBURG  
HIGHLAND COUNTY, OHIO  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007**

**3. BUDGETARY ACTIVITY (CONTINUED)**

The Village was noncompliant with several Ohio Revised Code budgetary requirements. In 2007, appropriations exceeded actual resources and a reduced certificate of estimated resources should have been acquired due to fewer receipts received than estimated. Expenditures exceeded appropriations in both 2008 and 2007. Although actual revenues exceeded estimated receipts, the excess was not appropriated. These circumstances did not necessitate a citation of noncompliance. Refer to the Schedule of Findings and Responses for further details on instances of budgetary noncompliance.

**4. PROPERTY TAX**

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by the Village Council. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to make semiannual payments, 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**

This locally levied tax of one percent applies to all salaries, wages, commissions and other compensation earned by residents both in and out of the Village and to earnings of nonresidents earned in the Village. It also applies to net profits of business organizations conducted within the Village. Proceeds of the tax are credited entirely to the General Fund.

**6. DEBT**

Debt outstanding at December 31, 2008 was as follows:

	Principal	Interest Rate
Sewer System Improvement Loan	\$ 283,000	5.00%
Water System Improvement Loan	83,500	6.00%
Ohio Public Works Commission (OPWC) Loans	655,207	0.00%
Ohio Water Development Authority (OWDA) Loan	58,802	6.56%
Ohio Water Development Authority (OWDA) Loan	2,754,115	1.50%
Total	<u>\$ 3,834,623</u>	



**VILLAGE OF LEESBURG  
HIGHLAND COUNTY, OHIO  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007**

**6. DEBT (Continued)**

The Sewer System Improvement Loan was issued in 1979 to finance an improvement project on the Village's wastewater treatment plant. The bonds are being retired over a period of 38 years, paid from sewer system revenues.

The Water System Improvement Loan was issued in 1986 to finance an improvement project to the Village's water plant. The bonds are being retired over a period of 40 years, payable from water system revenues.

During 1996, the Village received an OPWC Loan and an OWDA Loan for \$305,000 and \$246,724, respectively, to finance water system and wastewater treatment system improvements. These loans are being repaid over a period of 20 years and 15 years, respectively, payable from water system and sewer system revenues.

During 2001, the Village received an OPWC Loan for \$222,500 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 entered into an OWDA Construction Loan for a wastewater treatment plant expansion and upgrade. Disbursements to date are \$2,754,115. Although repayment began in 2007, OWDA authorized a loan reconfiguration due to expanding the system to the neighboring Village of Highland. Repayment is anticipated to resume in 2010 from sewer system revenues over a period of 30 years.

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

Year ending December 31:	Water/Sewer Improvement			Total
	Loans	OPWC Loans	OWDA Loans	
2009	\$ 41,910	\$ 45,747	\$ 83,512	\$ 171,169
2010	41,948	45,747	140,683	228,378
2011	41,824	45,747	127,513	215,084
2012	41,744	45,747	114,342	201,833
2013	41,602	45,747	114,342	201,691
2014-2018	210,542	198,235	571,710	980,487
2019-2023	72,104	152,485	571,710	796,299
2024-2028	23,232	75,746	571,710	670,688
2029-2033	-	-	571,710	571,710
2034-2038	-	-	571,710	571,710
2039	-	-	57,171	57,171
Total	<u>\$ 514,906</u>	<u>\$ 655,201</u>	<u>\$ 3,496,113</u>	<u>\$ 4,666,220</u>

**VILLAGE OF LEESBURG  
HIGHLAND COUNTY, OHIO  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007**

**7. RETIREMENT SYSTEMS**

The Village's law enforcement officers belong to the Ohio Police and Fire Pension Fund (OP&F). Other full-time employees belong to the Ohio Public Employees Retirement System (OPERS). OP&F and OPERS are cost-sharing, multiple-employer plans. These plans provide retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2008 and 2007, OP&F participants contributed 10% of their wages. The Village contributed an amount equal to 19.5% of participant wages. OPERS members contributed 10% and 9.5% of their wages for 2008 and 2007, respectively. The Village contributed an amount equal to 14% and 13.85% of participants' gross salaries for 2008 and 2007, respectively. As of December 31, 2008 the Village is current on their remittances.

**8. RISK MANAGEMENT**

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicle; and
- Errors and omissions.

**9. CONTINGENT LIABILITIES**

Amounts received from grantor agencies are subject to audit and adjustment by the grantor, principally the federal government. Any disallowed costs may require refunding to the grantor. Amounts which may be disallowed, if any, are not presently determinable. However, based on prior experience, management believes such refunds, if any, would not be material.

# Whited Seigneur Sams & Rahe, LLP

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March 20, 2009

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Highland County  
57 South Fairfield Street  
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Leesburg, OH 45135

## **Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards**

We have audited the accompanying financial statements of the Village Of Leesburg, Highland County, Ohio (the Village) as of and for the years ended December 31, 2008 and 2007 and have issued our report thereon dated March 20, 2009, wherein we noted the Village followed accounting practices prescribed or permitted by the Auditor of State rather than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### **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 as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Village's financial statements are free of 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matter that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as items 2008-001 thru 2008-003.

We noted certain matters that we reported to management of the Village in a separate letter dated March 20, 2009.

The Village's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. We did not audit the Village's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the audit committee, management and Village Council and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,

WHITED SEIGNEUR SAMS & RAHE CPAs, LLP



**VILLAGE OF LEESBURG  
HIGHLAND COUNTY, OHIO  
SCHEDULE OF FINDINGS AND RESPONSES  
DECEMBER 31, 2008 AND 2007**

**FINDING NUMBER 2008-001**

Ohio Rev. Code Section 5705.36(A)(4) requires obtaining a reduced amended certificate if the amount of the deficiency will reduce available resources below the current level of appropriation.

The Village's actual revenues were less than what was anticipated in various funds in 2007. This caused appropriations to therefore exceed actual resources (beginning unencumbered cash balance plus actual receipts). The affected funds and amount of noncompliance:

1000 General Fund	\$ 9,201
2011 Street Construction & Maintenance	\$ 1,178
2021 State Highway	\$ 984
2101 Permanent Motor Vehicle License	\$ 860
3902 Water Debt	\$ 6,543
5201 Sewer Debt Service	\$ 7,830

The lack of appropriate monitoring internal control procedures could allow disbursements in excess of available funds at the legal level of control, which is at the fund level at the Village.

The Fiscal Officer should monitor actual receipts versus estimated receipts in terms of their impact on appropriations being limited by actual resources.

**Management Response:**

The Fiscal Officer was told by the County Auditor's office that she only needed to get an amended certificate if she was taking in more money than expected and needed to expend it out. She was not aware of the implications if less money than expected was received. This was corrected in 2008.

**FINDING NUMBER 2008-002**

Ohio Rev. Code Section 5705.39 states in part that total appropriations from each fund shall not exceed the total estimated resources.

The Village filed appropriations in excess of total estimated resources in 2007 in the following funds and amounts:

5721 Sewer Debt Fund	\$87,230
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Appropriations exceeding estimated resources could allow disbursements to exceeded actual resources. This could allow the General Fund, for example, to run into a negative cash situation and continue making disbursements with cash from other funds.

The Fiscal Officer should perform a comparison to ensure that both initial and amended appropriations are no greater than estimated resources before filing with the County Auditor.

**VILLAGE OF LEESBURG  
HIGHLAND COUNTY, OHIO  
SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)  
DECEMBER 31, 2008 AND 2007**

**FINDING NUMBER 2008-002 (CONTINUED)**

Management response:

\$39,580.59 of this balance was from an audit adjustment made for the 2006 year which caused the 2007 year to start off with a negative balance. This was corrected in 2007. The additional amount was a transfer from the General Fund to my Sewer Debt Fund. The Fiscal Officer did not receive an amended certificate or increase appropriations for this amount. Again, she wasn't aware that she was supposed to do this and 2008 was corrected.

**FINDING 2008-003**

Ohio Rev. Code Section 5705.41(B) requires that no subdivision or taxing unit is to expend money unless it has been appropriated.

The Village's disbursements plus encumbrances exceeded appropriations in the following funds and amounts:

2007	4902 Sewer Project Fund	\$282,508
	5101 Water Operating Fund	\$ 1,327
2008	4902 Sewer Project Fund	\$132,001

Disbursing in excess of appropriations could lead to negative cash balances in funds.

The Village should monitor variances between budgetary disbursements and appropriations to identify when appropriations should be amended, if possible, or a need to decrease spending.

Management response:

The amounts listed above are resulted from payments made from grants or loans directly to OPWC and OWDA. This money did not come through the Village of Leesburg directly and the agreements were made prior to the Fiscal Officer's employment. The information regarding the payments made was mailed to the Mayor at the time and the information was not given to the Fiscal Officer. She did not receipt in the funds or expend them out because she didn't know they existed. The Fiscal Officer didn't know until the auditor showed her that you could access the loan and grant agreements on line and see the totals disbursed.



**Mary Taylor, CPA**  
Auditor of State

**VILLAGE OF LEESBURG**

**HIGHLAND 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  
MAY 7, 2009**