



Mary Taylor, CPA  
Auditor of State



VILLAGE OF LEETONIA  
COLUMBIANA COUNTY

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Mary Taylor, CPA  
Auditor of State

Village of Leetonia  
Columbiana County  
300 East Main Street  
Leetonia, Ohio 44431

To the Village Council:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to an interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS 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. Our Report includes an adverse opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

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**Mary Taylor, CPA**  
Auditor of State

June 2, 2010

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# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

Village of Leetonia  
Columbiana County  
300 East Main Street  
Leetonia, Ohio 44431

To the Village Council:

We have audited the accompanying financial statements of Village of Leetonia, Columbiana County, (the Village) as of and for the years ended December 31, 2009 and 2008. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion 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 the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure 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. The Village processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Village because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. We believe our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the Village has prepared these financial statements using accounting practices the Auditor of 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.

Instead of the combined funds the accompanying financial statements present, GAAP require presenting entity wide statements and also presenting 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 GAAP presentation requirements. The Auditor of State permits, but does not require Villages to reformat their statements. The Village has elected not to follow GAAP statement formatting requirements. 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 in 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 for the years ended December 31, 2009 and 2008 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, 2009 and 2008 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 Village of Leetonia, Columbiana County, as of December 31, 2009 and 2008, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

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 June 2, 2010, 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. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

A handwritten signature in cursive script that reads "Mary Taylor".

**Mary Taylor, CPA**  
Auditor of State

June 2, 2010



VILLAGE OF LEETONIA  
COLUMBIANA COUNTY

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<u>Governmental Fund Types</u>				<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Permanent</u>	
<b>Cash Receipts:</b>					
Property and Local Taxes	\$47,692	\$33,678	\$0	\$0	\$81,370
Municipal Income Tax	0	483,987	0	0	483,987
Intergovernmental	72,964	222,434	0	0	295,398
Charges for Services	53,589	127,075	0	90	180,754
Fines, Licenses and Permits	13,074	1,008	0	0	14,082
Earnings on Investments	9,111	2,002	0	151	11,264
Miscellaneous	2,440	38,490	0	0	40,930
<b>Total Cash Receipts</b>	<u>198,870</u>	<u>908,674</u>	<u>0</u>	<u>241</u>	<u>1,107,785</u>
<b>Cash Disbursements:</b>					
Current:					
Security of Persons and Property	427,545	96,506	0	0	524,051
Public Health Services	0	44,229	0	53	44,282
Leisure Time Activities	6,625	10,708	0	0	17,333
Transportation	0	173,032	0	0	173,032
General Government	154,518	35,933	0	0	190,451
Debt Service:					
Redemption of Principal	3,400	30,075	0	0	33,475
Interest and Fiscal Charges	1,028	10,146	0	0	11,174
Capital Outlay	22,728	126,718	12,958	0	162,404
<b>Total Cash Disbursements</b>	<u>615,844</u>	<u>527,347</u>	<u>12,958</u>	<u>53</u>	<u>1,156,202</u>
<b>Total Receipts Over/(Under) Disbursements</b>	<u>(416,974)</u>	<u>381,327</u>	<u>(12,958)</u>	<u>188</u>	<u>(48,417)</u>
<b>Other Financing Receipts / (Disbursements):</b>					
Proceeds from Sale of Public Debt:					
Sale of Notes	18,828	0	0	0	18,828
Transfers-In	425,000	136,794	20,000	0	581,794
Transfers-Out	(79)	(581,715)	0	0	(581,794)
Advances-In	6,590	4,446	0	0	11,036
Advances-Out	(4,446)	(6,590)	0	0	(11,036)
<b>Total Other Financing Receipts / (Disbursements)</b>	<u>445,893</u>	<u>(447,065)</u>	<u>20,000</u>	<u>0</u>	<u>18,828</u>
Special Item	2,802	551	0	0	3,353
<b>Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements</b>	<u>31,721</u>	<u>(65,187)</u>	<u>7,042</u>	<u>188</u>	<u>(26,236)</u>
Fund Cash Balances, January 1	56,003	405,982	3,143	59,383	524,511
<b>Fund Cash Balances, December 31</b>	<u><u>\$87,724</u></u>	<u><u>\$340,795</u></u>	<u><u>\$10,185</u></u>	<u><u>\$59,571</u></u>	<u><u>\$498,275</u></u>
Reserve for Encumbrances, December 31	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

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

**VILLAGE OF LEETONIA  
COLUMBIANA COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - ALL PROPRIETARY AND FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<u>Proprietary Fund Types</u>	<u>Fiduciary Fund Types</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
<b>Operating Cash Receipts:</b>			
Charges for Services	\$894,509	\$0	\$894,509
Fines, Licenses and Permits	\$0	\$11,151	11,151
Total Operating Cash Receipts	<u>894,509</u>	<u>11,151</u>	<u>905,660</u>
<b>Operating Cash Disbursements:</b>			
Personal Services	125,238	0	125,238
Employee Fringe Benefits	42,397	0	42,397
Contractual Services	425,985	0	425,985
Supplies and Materials	82,223	0	82,223
Other	3,300	11,151	14,451
Total Operating Cash Disbursements	<u>679,143</u>	<u>11,151</u>	<u>690,294</u>
Operating Income/(Loss)	<u>215,366</u>	<u>0</u>	<u>215,366</u>
<b>Non-Operating Cash Receipts:</b>			
Sale of Notes	490,136	0	490,136
Miscellaneous Receipts	12,525	0	12,525
Total Non-Operating Cash Receipts	<u>502,661</u>	<u>0</u>	<u>502,661</u>
<b>Non-Operating Cash Disbursements:</b>			
Capital Outlay	498,563	0	498,563
Redemption of Principal	141,712	0	141,712
Interest and Other Fiscal Charges	72,214	0	72,214
Total Non-Operating Cash Disbursements	<u>712,489</u>	<u>0</u>	<u>712,489</u>
Excess of Receipts Over/(Under) Disbursements Before Interfund Transfers and Advances	5,538	0	5,538
Special Item	2,057	0	2,057
Transfers-In	9,600	0	9,600
Transfers-Out	(9,600)	0	(9,600)
Advances-In	22,050	0	22,050
Advances-Out	(22,050)	0	(22,050)
Net Receipts Over/(Under) Disbursements	7,595	0	7,595
Fund Cash Balances, January 1	<u>162,310</u>	<u>0</u>	<u>162,310</u>
<b>Fund Cash Balances, December 31</b>	<b><u>\$169,905</u></b>	<b><u>\$0</u></b>	<b><u>\$169,905</u></b>
Reserve for Encumbrances, December 31	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

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

**VILLAGE OF LEETONIA  
COLUMBIANA 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>	<u>Permanent</u>	
<b>Cash Receipts:</b>					
Property and Local Taxes	\$49,189	\$34,800	\$0	\$0	\$83,989
Municipal Income Tax	0	532,314	0	0	532,314
Intergovernmental	72,994	479,866	0	0	552,860
Charges for Services	68,536	103,153	0	110	171,799
Fines, Licenses and Permits	13,550	1,235	0	0	14,785
Earnings on Investments	16,458	3,227	0	189	19,874
Miscellaneous	8,043	19,035	0	0	27,078
<b>Total Cash Receipts</b>	<b>228,770</b>	<b>1,173,630</b>	<b>0</b>	<b>299</b>	<b>1,402,699</b>
<b>Cash Disbursements:</b>					
Current:					
Security of Persons and Property	439,598	308,252	0	0	747,850
Public Health Services	0	64,747	0	64	64,811
Leisure Time Activities	6,786	5,756	0	0	12,542
Community Environment	0	4,955	0	0	4,955
Transportation	0	262,062	0	0	262,062
General Government	169,271	32,832	0	0	202,103
Debt Service:					
Redemption of Principal	3,400	28,174	0	0	31,574
Interest and Fiscal Charges	777	10,993	0	0	11,770
Capital Outlay	5,324	104,859	20,720	0	130,903
<b>Total Cash Disbursements</b>	<b>625,156</b>	<b>822,630</b>	<b>20,720</b>	<b>64</b>	<b>1,468,570</b>
<b>Total Receipts Over/(Under) Disbursements</b>	<b>(396,386)</b>	<b>351,000</b>	<b>(20,720)</b>	<b>235</b>	<b>(65,871)</b>
<b>Other Financing Receipts / (Disbursements):</b>					
Proceeds from Sale of Public Debt:					
Sale of Notes	0	34,000	0	0	34,000
Sale of Fixed Assets	7,381	7,369	0	0	14,750
Transfers-In	375,000	119,418	15,000	0	509,418
Transfers-Out	(1,015)	(508,403)	0	0	(509,418)
Advances-In	4,410	6,554	0	0	10,964
Advances-Out	(6,554)	(4,410)	0	0	(10,964)
<b>Total Other Financing Receipts / (Disbursements)</b>	<b>379,222</b>	<b>(345,472)</b>	<b>15,000</b>	<b>0</b>	<b>48,750</b>
Special Item	1,850	748	0	0	2,598
<b>Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements</b>	<b>(15,314)</b>	<b>6,276</b>	<b>(5,720)</b>	<b>235</b>	<b>(14,523)</b>
Fund Cash Balances, January 1	71,317	399,706	8,863	59,148	539,034
<b>Fund Cash Balances, December 31</b>	<b>\$56,003</b>	<b>\$405,982</b>	<b>\$3,143</b>	<b>\$59,383</b>	<b>\$524,511</b>
Reserve for Encumbrances, December 31	\$0	\$0	\$0	\$0	\$0

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

**VILLAGE OF LEETONIA  
COLUMBIANA COUNTY**

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

	<u>Proprietary Fund Types</u>	<u>Fiduciary Fund Types</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
<b>Operating Cash Receipts:</b>			
Charges for Services	\$612,867	\$0	\$612,867
Fines, Licenses and Permits	\$0	\$12,485	12,485
Total Operating Cash Receipts	<u>612,867</u>	<u>12,485</u>	<u>625,352</u>
<b>Operating Cash Disbursements:</b>			
Personal Services	133,820	0	133,820
Employee Fringe Benefits	36,282	0	36,282
Contractual Services	152,923		152,923
Supplies and Materials	81,514		81,514
Other	2,141	22,485	24,626
Total Operating Cash Disbursements	<u>406,680</u>	<u>22,485</u>	<u>429,165</u>
Operating Income/(Loss)	<u>206,187</u>	<u>(10,000)</u>	<u>196,187</u>
<b>Non-Operating Cash Disbursements:</b>			
Capital Outlay	39,346		39,346
Redemption of Principal	126,994		126,994
Interest and Other Fiscal Charges	77,755		77,755
Total Non-Operating Cash Disbursements	<u>244,095</u>	<u>0</u>	<u>244,095</u>
Excess of Receipts Over/(Under) Disbursements Before Interfund Transfers and Advances	(37,908)	(10,000)	(47,908)
Special Item	872	0	872
Transfers-In	9,600	0	9,600
Transfers-Out	(9,600)	0	(9,600)
Advances-In	23,308	0	23,308
Advances-Out	(23,308)	0	(23,308)
Net Receipts Over/(Under) Disbursements	(37,036)	(10,000)	(47,036)
Fund Cash Balances, January 1	<u>199,346</u>	<u>10,000</u>	<u>209,346</u>
<b>Fund Cash Balances, December 31</b>	<b><u>\$162,310</u></b>	<b><u>\$0</u></b>	<b><u>\$162,310</u></b>
Reserve for Encumbrances, December 31	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

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

**VILLAGE OF LEETONIA  
COLUMBIANA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2009 AND 2008**

**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 Leetonia, Columbiana County, (the Village) as a body corporate and politic. A publicly-elected six-member Council directs the Village. The Village provides water and sewer utilities, park operations, police, fire and EMS services. The Village appropriates general fund money to support a volunteer fire department.

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.

**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.

STAR Ohio is recorded at share values. The Village values certificates of deposit and repurchase agreements at cost.

**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 reports all financial resources except those required to be accounted for in another fund.

**2. Special Revenue Funds**

These funds account for proceeds from specific sources (other than from private-purpose trusts or for capital projects) that are restricted to expenditure for specific purposes. The Village had the following significant Special Revenue Fund:

Income Tax Fund - This fund receives income tax money withheld from businesses and individuals.

**VILLAGE OF LEETONIA  
COLUMBIANA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2009 AND 2008  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (continued)**

**3. Capital Project Funds**

These funds account for receipts restricted to acquiring or constructing major capital projects (except those financed through enterprise or trust funds). The Village had the following significant capital project fund:

General Improvement Fund – This fund accounts for the local share of improvement projects.

**4. Permanent Funds**

These funds account for assets held under a trust agreement that are legally restricted to the extent that only earnings, not principal, are available to support the Village's programs. The Village had the following significant permanent funds:

E. Wilderson Trust – This fund receives interest earned on the nonexpendable corpus from a trust agreement. These earnings are used for the general maintenance and upkeep of the Village's cemetery.

Kunkle Trust – This fund receives interest earned on the nonexpendable corpus from a trust agreement. These earnings are used for the general maintenance and upkeep of the Village's cemetery.

**5. 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 receives charges for services from residents to cover water service costs.

Water Capital Improvement - This fund receives charges for services from residents to cover water improvement costs.

Water Guarantee Deposit Trust Fund - This fund receives loan proceeds from the Ohio Water Development Authority to finance a utility plant expansion. A utility surcharge recorded in this fund will repay this loan.

**6. Fiduciary Funds**

Fiduciary funds include private purpose trust funds and agency funds. Trust funds account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Village's own programs.

Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Village disburses these funds as directed by the individual, organization or other government. The Village's agency fund accounts for Mayor's court fines and fees.

**VILLAGE OF LEETONIA  
COLUMBIANA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2009 AND 2008  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (continued)**

**E. Budgetary Process**

The Ohio Revised Code requires that each fund (except certain agency funds) be budgeted annually.

**1. Appropriations**

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or 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. Appropriations lapse at year end.

**2. Estimated Resources**

Estimated resources include estimates of cash to be received (budgeted receipts) plus 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.

A summary of 2009 and 2008 budgetary activity appears in Note 3.

**F. 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.

**G. 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.

**VILLAGE OF LEETONIA  
COLUMBIANA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2009 AND 2008  
(Continued)**

**2. EQUITY IN POOLED DEPOSITS AND INVESTMENTS**

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

	2009	2008
Demand deposits	\$10,521	\$2,561
Certificates of deposit	77,500	53,500
Total deposits	88,021	56,061
Repurchase agreement	580,159	630,760
Total investments	580,159	630,760
Total deposits and investments	\$668,180	\$686,821

**Deposits:** Deposits are insured by the Federal Depository Insurance Corporation.

**Investments:** The Village's financial institution transfers securities to the Village's agent to collateralize repurchase agreements. The securities are not in the Village's name.

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2009 and 2008 follows:

2009 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$645,501	\$645,501	\$0
Special Revenue	1,046,019	1,046,019	0
Capital Projects	20,000	20,000	0
Enterprise	1,408,826	1,408,826	0
Permanent	241	241	0
Fiduciary	11,151	11,151	0
Total	\$3,131,738	\$3,131,738	\$0

2009 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$703,647	\$615,924	\$87,723
Special Revenue	1,297,490	1,109,062	188,428
Capital Projects	20,000	12,958	7,042
Enterprise	1,539,661	1,401,232	138,429
Permanent	30,300	52	30,248
Fiduciary	17,979	11,151	6,828
Total	\$3,609,077	\$3,150,379	\$458,698



**VILLAGE OF LEETONIA  
COLUMBIANA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2009 AND 2008  
(Continued)**

**3. BUDGETARY ACTIVITY – (Continued)**

2008 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$616,655	\$613,001	(\$3,654)
Special Revenue	1,335,166	1,335,166	0
Capital Projects	15,000	15,000	0
Enterprise	623,339	623,339	0
Permanent	299	299	0
Fiduciary	12,485	12,485	0
Total	\$2,602,944	\$2,599,290	(\$3,654)

2008 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$716,678	\$626,171	\$90,507
Special Revenue	1,533,987	1,331,032	202,955
Capital Projects	23,863	20,720	3,143
Enterprise	812,040	660,375	151,665
Permanent	1,300	64	1,236
Fiduciary	32,000	22,485	9,515
Total	\$3,119,868	\$2,660,847	\$459,021

**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.

**VILLAGE OF LEETONIA  
COLUMBIANA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2009 AND 2008  
(Continued)**

**5. LOCAL INCOME TAX**

The Village levies a municipal income tax of one and half percent on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village.

Employers within the Village withhold income tax on employee compensation and remit the tax to the Village either monthly or quarterly, as required. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually.

**6. DEBT**

Debt outstanding at December 31, 2009 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
OWDA - Sewer Project	\$812,482	7.890%
OWDA - Salem Leetonia Waterline Project	\$488,231	1.000%
Washington Street Waterline Project Note	\$16,000	5.400%
1995 Pierce Fire Truck Note	\$68,400	4.875%
2006 Ambulance Note	\$58,100	5.450%
2005 Chevy Truck & 1998 GMC Truck Note	\$42,000	5.500%
2008 Crown Victoria Note	\$10,200	4.750%
2008 Pumper Truck Note	\$12,750	4.500%
2008 Bobcat Skidder Note	\$12,750	4.500%
2009 Crown Victoria Note	\$18,828	4.320%
Lease - Phone System	\$9,688	0.000%
Lease - Xerox Copier	\$10,769	0.000%
Lease - Postage Meter & Folder	\$8,712	0.000%
Total	<u>\$1,568,910</u>	

The Ohio Water Development Authority (OWDA) loan relates to a sewer plant construction, maintenance, and operation project and engineering plans for the water supply system which the Ohio Environmental Protection Agency mandated. Water and sewer receipts collateralize the loan. The Village has agreed to set water and sewer rates sufficient to cover OWDA debt requirements.

The Village has agreed to set water rates sufficient to cover the Washington Street Waterline Project Note debt service requirements. The Village has agreed to set water and sewer rates sufficient to cover the 2005 Chevy Truck and 1998 GMC Truck note debt service requirements.

All other debt obligations are collateralized by the Village's taxing authority and are anticipations of collections of current revenue in accordance with Ohio Revised Code Section 133.10 (B).

**VILLAGE OF LEETONIA  
COLUMBIANA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2009 AND 2008  
(Continued)**

**6. DEBT - (continued)**

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

Year ending December 31:	OWDA Loan	Washington Street Waterline	1995 Pierce Fire Truck	2008 Pumper Truck Note
2010	200,515	8,646	14,781	4,735
2011	201,618	8,214	14,217	4,541
2012	202,808		13,660	4,347
2013	204,092		13,090	
2014	205,476		12,527	
2015-2019	191,893		11,963	
2020-2024	98,662			
2025-2029	98,662			
2030-2034	98,662			
2035-2039	69,014			
Total	<u>\$1,571,402</u>	<u>\$16,860</u>	<u>\$80,238</u>	<u>\$13,623</u>

Year ending December 31:	2006 Ambulance	2005 Chevy Truck and GMC K3500	2008 Crown Victoria	2008 Bobcat Skidder
2010	11,510	8,342	3,850	4,735
2011	11,052	8,008	3,687	4,541
2012	10,599	7,678	3,523	4,347
2013	10,135	7,338		
2014	9,676	7,004		
2015-2019	17,977	13,003		
Total	<u>\$70,949</u>	<u>\$51,373</u>	<u>\$11,060</u>	<u>\$13,623</u>

Year ending December 31:	2009 Crown Victoria
2010	5,005
2011	4,818
2012	4,632
2013	4,443
2014	1,766
Total	<u>\$20,664</u>

Year ending December 31:	Lease - Phone System	Lease - Xerox Copier	Lease - Postage Meter & Folder
2010	3,523	3,916	3,168
2011	3,523	3,916	3,168
2012	2,642	2,937	2,376
Total	<u>\$9,688</u>	<u>\$10,769</u>	<u>\$8,712</u>

**VILLAGE OF LEETONIA  
COLUMBIANA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2009 AND 2008  
(Continued)**

**7. RETIREMENT SYSTEMS**

The Village's full-time Police 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 these plans' benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2009 and 2008, OP&F participants contributed 10% of their wages. For 2009 and 2008, the Village contributed to OP&F an amount equal to 19.5% of full-time police members' wages. For 2009 and 2008, OPERS members contributed 10%, respectively, of their gross salaries and the Village contributed an amount equaling 14%, respectively, of participants' gross salaries. For 2009 and 2008, OPERS law enforcement members contributed 10.1% of their gross salaries and the Village contributed an amount equaling 17.63% and 17.40%, respectively, of participants' gross salaries. The Village has paid all contributions required through December 31, 2009.

**8. RISK MANAGEMENT**

**Commercial Insurance**

The Village has obtained commercial insurance for the following risks:

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



# Mary Taylor, CPA

## Auditor of State

### INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Village of Leetonia  
Columbiana County  
300 East Main Street  
Leetonia, Ohio 44431

To the Village Council:

We have audited the financial statements of Village of Leetonia (the Village) as of and for the years ended December 31, 2009 and 2008, and have issued our report thereon dated June 2, 2010 wherein we noted the Village prepared its financial statements using accounting practices the Auditor of State prescribes or permits rather than accounting principles generally accepted in the United States of America. We also noted the Village uses the Auditor of State's Uniform Accounting Network (UAN) to process its financial transactions. *Government Auditing Standards* considers this service to impair the Auditor of State's independence to audit the Village of Leetonia. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. 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 the Comptroller General of the United States' *Government Auditing Standards*.

#### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of opining on the effectiveness of the Village's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Village's internal control over financial reporting.

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 combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the Village's financial statements will not be prevented, or detected and timely corrected.

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

### **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, providing an opinion 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 no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We did note a certain matter not requiring inclusion in this report that we reported to the Village's management in a separate letter dated June 2, 2010.

We intend this report solely for the information and use of management, Village Council and others within the Village. We intend it for no one other than these specified parties.

A handwritten signature in cursive script that reads "Mary Taylor".

**Mary Taylor, CPA**  
Auditor of State

June 2, 2010

**VILLAGE OF LEETONIA  
COLUMBIANA COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2009 AND 2008**

<b>Finding Number</b>	<b>Finding Summary</b>	<b>Fully Corrected?</b>	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i><b>Explain</b></i>
2007-001	Expenditures not allowable paid from Court Computerization Fund.	Yes	Finding No Longer Valid.
2007-002	ORC 5705.41(D), funds not properly encumbered	Yes	Finding No Longer Valid







**Mary Taylor, CPA**  
Auditor of State

VILLAGE OF LEETONIA

COLUMBIANA 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  
JULY 27, 2010