



Dave Yost • Auditor of State

VILLAGE OF LEETONIA
COLUMBIANA COUNTY

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

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

To the Village Council:

Report on the Financial Statements

We have audited the accompanying financial statements and related notes of the Village of Leetonia, Columbiana County, (the Village) as of and for the years ended December 31, 2013 and 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 Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

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 1 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(D), which is an accounting basis other than accounting principles generally accepted in the United States of America, to satisfy these requirements.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 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, 2013 and 2012, or changes in financial position or cash flows thereof for the years 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 Leetonia, Columbiana County as of December 31, 2013 and 2012, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 1.

Emphasis of Matter

As discussed in Note 9 to the financial statements, the Village restated their December 31, 2011 fund cash balances for the General and Special Revenue Funds. We did not modify our opinion regarding this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 21, 2015, 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.



Dave Yost
Auditor of State
Columbus, Ohio

January 21, 2015

**VILLAGE OF LEETONIA
COLUMBIANA COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2013**

	General	Special Revenue	Capital Projects	Permanent	Totals (Memorandum Only)
Cash Receipts					
Property and Other Local Taxes	\$45,891	\$33,803			\$79,694
Municipal Income Tax	633,132				633,132
Intergovernmental	55,741	100,122			155,863
Charges for Services	10,100	159,206		\$180	169,486
Fines, Licenses and Permits	36,415	1,410			37,825
Earnings on Investments	155	154		7	316
Miscellaneous	7,551	17,584			25,135
<i>Total Cash Receipts</i>	<u>788,985</u>	<u>312,279</u>	<u>0</u>	<u>187</u>	<u>1,101,451</u>
Cash Disbursements					
Current:					
Security of Persons and Property	397,749	154,610			552,359
Public Health Services	5,414	39,951		12	45,377
Leisure Time Activities	4,983	21,746			26,729
Community Environment	14,794				14,794
Transportation		133,485			133,485
General Government	183,838	282			184,120
Capital Outlay	14,995	16,890			31,885
Debt Service:					
Principal Retirement		24,450			24,450
Interest and Fiscal Charges		355			355
<i>Total Cash Disbursements</i>	<u>621,773</u>	<u>391,769</u>	<u>0</u>	<u>12</u>	<u>1,013,554</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>167,212</u>	<u>(79,490)</u>	<u>0</u>	<u>175</u>	<u>87,897</u>
Other Financing Receipts (Disbursements)					
Sale of Capital Assets	475				475
Transfers In		90,000			90,000
Transfers Out	(90,000)				(90,000)
Advances In	15,800	19,205			35,005
Advances Out	(19,205)	(15,800)			(35,005)
Other Financing Sources	2,780	194			2,974
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(90,150)</u>	<u>93,599</u>	<u>0</u>	<u>0</u>	<u>3,449</u>
Extraordinary Item	13,995				13,995
<i>Net Change in Fund Cash Balances</i>	91,057	14,109	0	175	105,341
<i>Fund Cash Balances, January 1</i>	<u>238,549</u>	<u>241,523</u>	<u>8,723</u>	<u>59,947</u>	<u>548,742</u>
Fund Cash Balances, December 31					
Restricted	0	255,632	0	60,122	315,754
Committed	0	0	8,723	0	8,723
Unassigned (Deficit)	329,606	0	0	0	329,606
<i>Fund Cash Balances, December 31</i>	<u>\$329,606</u>	<u>\$255,632</u>	<u>\$8,723</u>	<u>\$60,122</u>	<u>\$654,083</u>

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

**VILLAGE OF LEETONIA
COLUMBIANA COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL PROPRIETARY AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2013**

	Proprietary Fund Types	Fiduciary Fund Types	Totals
	Enterprise	Agency	(Memorandum Only)
Operating Cash Receipts			
Charges for Services	\$843,187		\$843,187
Fines, Licenses and Permits		\$15,771	15,771
<i>Total Operating Cash Receipts</i>	<u>843,187</u>	<u>15,771</u>	<u>858,958</u>
Operating Cash Disbursements			
Personal Services	166,261		166,261
Employee Fringe Benefits	53,783		53,783
Contractual Services	278,280		278,280
Supplies and Materials	77,261		77,261
Other	7,841	15,771	23,612
<i>Total Operating Cash Disbursements</i>	<u>583,426</u>	<u>15,771</u>	<u>599,197</u>
<i>Operating Income (Loss)</i>	<u>259,761</u>	<u>0</u>	<u>259,761</u>
Non-Operating Receipts (Disbursements)			
Miscellaneous Receipts	3,360		3,360
Capital Outlay	(1,902)		(1,902)
Principal Retirement	(170,399)		(170,399)
Interest and Other Fiscal Charges	(32,981)		(32,981)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(201,922)</u>	<u>0</u>	<u>(201,922)</u>
<i>Income (Loss) before Transfers</i>	57,839	0	57,839
Transfers In	9,600		9,600
Transfers Out	(9,600)		(9,600)
<i>Net Change in Fund Cash Balances</i>	57,839	0	57,839
<i>Fund Cash Balances, January 1</i>	<u>469,804</u>	<u>0</u>	<u>469,804</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$527,643</u></u>	<u><u>\$0</u></u>	<u><u>\$527,643</u></u>

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

**VILLAGE OF LEETONIA
COLUMBIANA COUNTY**

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

	General	Special Revenue	Capital Projects	Permanent	Totals (Memorandum Only)
Cash Receipts					
Property and Other Local Taxes	\$46,567	\$33,843			\$80,410
Municipal Income Tax	530,473				530,473
Intergovernmental	50,806	98,235			149,041
Charges for Services	80	164,691		\$70	164,841
Fines, Licenses and Permits	33,209	2,200			35,409
Earnings on Investments	482	281		61	824
Miscellaneous	215,656	65,032			280,688
<i>Total Cash Receipts</i>	<u>877,273</u>	<u>364,282</u>	<u>0</u>	<u>131</u>	<u>1,241,686</u>
Cash Disbursements					
Current:					
Security of Persons and Property	378,182	186,265			564,447
Public Health Services	5,180	51,020		109	56,309
Leisure Time Activities	4,198	6,904			11,102
Community Environment	14,751	0			14,751
Transportation	0	137,381			137,381
General Government	191,267	1,210			192,477
Capital Outlay	28,323	38,498			66,821
Debt Service:					
Principal Retirement	13,678	74,220			87,898
Interest and Fiscal Charges	353	4,169			4,522
<i>Total Cash Disbursements</i>	<u>635,932</u>	<u>499,667</u>	<u>0</u>	<u>109</u>	<u>1,135,708</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>241,341</u>	<u>(135,385)</u>	<u>0</u>	<u>22</u>	<u>105,978</u>
Other Financing Receipts (Disbursements)					
Transfers In		164,544			164,544
Transfers Out	(173,548)				(173,548)
Advances In	9,522	8,800			18,322
Advances Out	(8,800)	(6,303)	(3,220)		(18,323)
Other Financing Sources	205				205
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(172,621)</u>	<u>167,041</u>	<u>(3,220)</u>	<u>0</u>	<u>(8,800)</u>
<i>Net Change in Fund Cash Balances</i>	68,720	31,656	(3,220)	22	97,178
<i>Fund Cash Balances, January 1 (restated - Note 9)</i>	<u>169,829</u>	<u>209,867</u>	<u>11,943</u>	<u>59,925</u>	<u>451,564</u>
Fund Cash Balances, December 31					
Restricted	0	241,523	0	59,947	301,470
Committed	0	0	8,723	0	8,723
Unassigned (Deficit)	238,549	0	0	0	238,549
<i>Fund Cash Balances, December 31</i>	<u>\$238,549</u>	<u>\$241,523</u>	<u>\$8,723</u>	<u>\$59,947</u>	<u>\$548,742</u>

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

**VILLAGE OF LEETONIA
COLUMBIANA COUNTY**

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

	Proprietary Fund Types	Fiduciary Fund Types	Totals
	Enterprise	Agency	(Memorandum Only)
Operating Cash Receipts			
Charges for Services	\$859,177		\$859,177
Fines, Licenses and Permits		\$12,461	12,461
<i>Total Operating Cash Receipts</i>	<u>859,177</u>	<u>12,461</u>	<u>871,638</u>
Operating Cash Disbursements			
Personal Services	143,363		143,363
Employee Fringe Benefits	44,459		44,459
Contractual Services	267,587		267,587
Supplies and Materials	70,386		70,386
Other	2,085	12,461	14,546
<i>Total Operating Cash Disbursements</i>	<u>527,880</u>	<u>12,461</u>	<u>540,341</u>
<i>Operating Income (Loss)</i>	<u>331,297</u>	<u>0</u>	<u>331,297</u>
Non-Operating Receipts (Disbursements)			
Miscellaneous Receipts	36,713		36,713
Capital Outlay	(1,400)		(1,400)
Principal Retirement	(199,512)		(199,512)
Interest and Other Fiscal Charges	(44,872)		(44,872)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(209,071)</u>	<u>0</u>	<u>(209,071)</u>
<i>Income (Loss) before Special Item and Transfers</i>	<u>122,226</u>	<u>0</u>	<u>122,226</u>
Special Item	1,075		1,075
Transfers In	18,604		18,604
Transfers Out	(9,600)		(9,600)
<i>Net Change in Fund Cash Balances</i>	<u>132,305</u>	<u>0</u>	<u>132,305</u>
<i>Fund Cash Balances, January 1</i>	<u>337,499</u>	<u>0</u>	<u>337,499</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$469,804</u></u>	<u><u>\$0</u></u>	<u><u>\$469,804</u></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, 2013 AND 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 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 financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

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.

The Village values certificates of deposit 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 accounts and reports all financial resources not accounted for and reported in another fund.

2. Special Revenue Funds

These funds account for proceeds from specific revenue sources that are restricted or committed to expenditure for specific 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.

**VILLAGE OF LEETONIA
COLUMBIANA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

3. Capital Project Funds

These funds account for and report financial resources that are restricted, committed, or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Village had one capital project funds:

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

4. Permanent Funds

These funds account for and report resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting Village's programs. The Village had the following significant permanent fund:

M. 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.

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.

Sewer Fund - This fund receives charges for services from residents to cover sewer service costs.

Enterprise Debt Service Fund - This fund receives charges for services from residents to cover debt payments.

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, 2013 AND 2012
(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. 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. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year.

A summary of 2013 and 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.

VILLAGE OF LEETONIA
COLUMBIANA COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Fund Balance (Continued)

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.

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.

**VILLAGE OF LEETONIA
COLUMBIANA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(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:

	2013	2012
Demand deposits	\$1,068,478	\$905,058
Certificates of deposit	77,800	77,800
Other time deposits (savings and NOW accounts)	35,448	35,688
Total deposits	\$1,181,726	\$1,018,546

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

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2013 and 2012 follows:

2013 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$659,162	\$808,040	\$148,878
Special Revenue	379,895	421,678	41,783
Capital Projects	0	0	0
Enterprise	867,345	856,146	(11,199)
Permanent	120	187	67
Total	\$1,906,522	\$2,086,051	\$179,529

2013 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$784,453	\$730,978	\$53,475
Special Revenue	468,670	407,569	61,101
Capital Projects	0	0	0
Enterprise	883,781	798,308	85,473
Permanent	20	12	8
Total	\$2,136,924	\$1,936,867	\$200,057

**VILLAGE OF LEETONIA
COLUMBIANA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

2012 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$876,938	\$887,000	\$10,062
Special Revenue	532,578	537,626	5,048
Capital Projects	0	0	0
Enterprise	898,316	915,570	17,254
Permanent	300	131	(169)
Total	\$2,308,132	\$2,340,327	\$32,195

2012 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$858,316	\$818,280	\$40,036
Special Revenue	578,541	505,970	72,571
Capital Projects	11,720	0	11,720
Enterprise	894,680	783,264	111,416
Permanent	409	109	300
Total	\$2,343,666	\$2,107,623	\$236,043

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.

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 municipal income tax of 1.5 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.

**VILLAGE OF LEETONIA
COLUMBIANA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)**

6. DEBT

Debt outstanding at December 31, 2013 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
OWDA - Sewer Project	\$255,040	7.89%
OWDA - Salem Leetonia Waterline Project	412,398	1.00%
Lease - Sharp Copiers	12,618	0.00%
Lease - Postage Meter & Folder	11,880	0.00%
Lease - Water Plant Copier	2,499	0.00%
Total	<u><u>\$694,435</u></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 Salem-Leetonia Waterline Project 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).

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

Year ending December 31:	<u>OWDA Loan</u>	<u>Lease - Sharp Copiers</u>	<u>Lease - Postage Meter & Folder</u>	<u>Lease - Water Plant Copier</u>
2014	\$204,765	\$5,221	\$3,168	\$1,428
2015	112,252	5,221	3,168	1,071
2016	19,021	2,176	3,168	0
2017	19,021	0	2,376	0
2018	19,021	0	0	0
2019-2023	95,103	0	0	0
2024-2028	95,103	0	0	0
2029-2033	95,103	0	0	0
2034-2038	85,592	0	0	0
Total	<u><u>\$744,981</u></u>	<u><u>\$12,618</u></u>	<u><u>\$11,880</u></u>	<u><u>\$2,499</u></u>

**VILLAGE OF LEETONIA
COLUMBIANA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(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 January through June of 2013 and 2012, OP&F participants contributed 10% of their wages and 10.75% for July through December 2013. For 2013 and 2012, the Village contributed to OP&F an amount equal to 19.5% of full-time police members' wages. For 2013 and 2012, OPERS members contributed 10%, respectively, of their gross salaries and the Village contributed an amount equaling 14%, respectively, of participants' gross salaries. The Village has paid all contributions required through December 31, 2013.

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

9. RESTATEMENT OF FUND CASH BALANCES

The Village has restated the fund cash balances of the General and Special Revenue Fund types to reflect the Village income tax within the General Fund.

	<u>General Fund</u>	<u>Special Revenue Funds</u>
Fund cash balances as previously reported at December 31, 2011	\$73,368	\$306,310
Repayment	<u>96,443</u>	<u>(96,443)</u>
Restated fund cash balances at December 31, 2011	<u>\$169,829</u>	<u>\$209,867</u>

10. EXTRAORDINARY ITEM

The Village recorded an extraordinary receipt in the amount of \$13,995 in 2013 for the insurance recovery related to a lightning strike which damaged the Village phone system



Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S 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 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 Leetonia, Columbiana County, (the Village) as of and for the years ended December 31, 2013 and 2012, and the related notes to the financial statements and have issued our report thereon dated January 21, 2015 wherein we noted the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit and also noted the Village restated the fund cash balances of the General and Special Funds.

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.

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 a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Village's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

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 no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

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.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping initial "D".

Dave Yost
Auditor of State
Columbus, Ohio

January 21, 2015

**VILLAGE OF LEETONIA
COLUMBIANA COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2013 AND 2012**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2011-01	Ohio Rev. Code Section 117.28 – Finding for recovery for public monies collected but not accounted for in the water lab.	Yes	The \$1,700 has been completely repaid.

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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
MARCH 10, 2015**