



**VILLAGE OF LEESVILLE  
CARROLL COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 1999-1998**



**JIM PETRO**  
**AUDITOR OF STATE**  

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**STATE OF OHIO**



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## REPORT OF INDEPENDENT ACCOUNTANTS

Village of Leesville  
Carroll County  
PO Box 204  
65 Lovers Alley  
Leesville, Ohio 44639-0204

To the Village Council:

We have audited the accompanying financial statements of the Village of Leesville, Carroll County, Ohio, (the Village) as of and for the years ended December 31, 1999 and December 31, 1998, as listed in the table of contents. 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 generally accepted auditing standards 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 opinion.

As discussed in Note 1, the Village prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Village of Leesville as of December 31, 1999 and December 31, 1998, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 15, 2000 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 grants.

This report is intended solely for the information and use of the audit committee, management, Village Council, and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Jim Petro".

**Jim Petro**  
Auditor of State

May 15, 2000



**VILLAGE OF LEESVILLE  
 COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
 CHANGES IN FUND CASH BALANCES  
 ALL GOVERNMENTAL FUND TYPES  
 FOR THE YEAR ENDED DECEMBER 31, 1999**

	<u>Governmental Fund Types</u>		<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Local Taxes Receipts	\$2,573	\$961	\$3,534
Intergovernmental Receipts	30,986	5,151	36,137
Miscellaneous	669		669
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	34,228	6,112	40,340
<b>Cash Disbursements:</b>			
Current:			
Security of Persons and Property	2,565		2,565
Public Health Services	359		359
Leisure Time Activities	3,176		3,176
Transportation	16,096	3,001	19,097
General Government	7,251	28	7,279
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	29,447	3,029	32,476
	<hr/>	<hr/>	<hr/>
Total Receipts Over/(Under) Disbursements	4,781	3,083	7,864
	<hr/>	<hr/>	<hr/>
<b>Fund Cash Balances, January 1</b>	44,327	15,934	60,261
	<hr/>	<hr/>	<hr/>
<b>Fund Cash Balances, December 31</b>	<b><u>\$49,108</u></b>	<b><u>\$19,017</u></b>	<b><u>\$68,125</u></b>

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

**VILLAGE OF LEESVILLE  
 COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
 CHANGES IN FUND CASH BALANCES  
 ALL GOVERNMENTAL FUND TYPES  
 FOR THE YEAR ENDED DECEMBER 31, 1998**

	<u>Governmental Fund Types</u>		<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Local Taxes Receipts	\$2,537	\$1,021	\$3,558
Intergovernmental Receipts	34,307	5,294	39,601
Miscellaneous	1,374		1,374
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	38,218	6,315	44,533
<b>Cash Disbursements:</b>			
Current:			
Security of Persons and Property	2,564	2,500	5,064
Public Health Services	770		770
Leisure Time Activities	1,888		1,888
Transportation	16,093	2,674	18,767
General Government	14,753	47	14,800
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	36,068	5,221	41,289
	<hr/>	<hr/>	<hr/>
Total Receipts Over/(Under) Disbursements	2,150	1,094	3,244
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, January 1	42,177	14,840	57,017
	<hr/>	<hr/>	<hr/>
<b>Fund Cash Balances, December 31</b>	<b><u><u>\$44,327</u></u></b>	<b><u><u>\$15,934</u></u></b>	<b><u><u>\$60,261</u></u></b>

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

**VILLAGE OF LEESVILLE  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 1999 AND 1998**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The Village of Leesville, Carroll County, (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 general governmental services, street repair and maintenance services. The Village contracts with a volunteer fire department for fire protection.

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

**B. 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.

**C. Cash and Investments**

Certificates of deposit are valued at cost.

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

**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 is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

**2. Special Revenue Fund**

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 intergovernmental receipts for the improvement and maintenance of the Village streets.

**VILLAGE OF LEESVILLE  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 1999 AND 1998  
(Continued)**

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

*Fire Levy Fund* - This fund receives local government tax revenue and uses the revenue to meet contractual obligations for fire protection.

**E. Budgetary Process**

The Ohio Revised Code requires that each fund 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 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 commitments are made. Encumbrances outstanding at year end are carried over and need not be reappropriated. The Village did not encumber all commitments required by Ohio law.

A summary of 1999 and 1998 budgetary activity appears in Note 3.

**F. 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.

**2. EQUITY IN POOLED CASH**

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

	<b>1999</b>	<b>1998</b>
Demand deposits	\$27,896	\$40,032
Certificates of deposit	<u>40,229</u>	<u>20,229</u>
Total deposits	<u>\$68,125</u>	<u>\$60,261</u>

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

**VILLAGE OF LEESVILLE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 1999 AND 1998**  
**(Continued)**

**3. BUDGETARY ACTIVITY**

Budgetary activity for the year ending December 31, 1999 and December 31, 1998 follows:

**1999 Budgeted vs. Actual Receipts**

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 28,030	\$ 34,228	\$ 6,198
Special Revenue	5,230	6,112	882
Total	<u>\$ 33,260</u>	<u>\$ 40,340</u>	<u>\$ 7,080</u>

**1999 Budgeted vs. Actual Budgetary Basis Expenditures**

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 32,900	\$ 29,447	\$ 3,453
Special Revenue	7,660	3,029	4,631
Total	<u>\$ 40,560</u>	<u>\$ 32,476</u>	<u>\$ 8,084</u>

**1998 Budgeted vs. Actual Receipts**

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 33,952	\$ 38,218	\$ 4,266
Special Revenue	5,230	6,315	1,085
Total	<u>\$ 39,182</u>	<u>\$ 44,533</u>	<u>\$ 5,351</u>

**1998 Budgeted vs. Actual Budgetary Basis Expenditures**

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 36,700	\$ 36,068	\$ 632
Special Revenue	9,260	5,221	4,039
Total	<u>\$ 45,960</u>	<u>\$ 41,289</u>	<u>\$ 4,671</u>

**VILLAGE OF LEESVILLE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 1999 AND 1998**  
**(Continued)**

**4. PROPERTY TAX**

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by 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 payment, 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. RETIREMENT SYSTEMS**

The employees of the Village were covered by the Public Employees Retirement System (PERS) of Ohio. PERS is a cost sharing, multiple-employer plans. This plan provides 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 1999, PERS members contributed 8.5% of their gross salaries. The Village contributed an amount equal to 13.55% of participants' gross salaries. The Village has paid all contributions required through December 31, 1999.

**6. RISK MANAGEMENT**

The Village purchases commercial insurance and the following risks are covered:

- General liability and casualty
- Public official's liability
- Vehicle



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**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE  
AND ON INTERNAL CONTROL REQUIRED BY *GOVERNMENT AUDITING STANDARDS***

Village of Leesville  
Carroll County  
PO Box 204  
65 Lovers Alley  
Leesville, Ohio 44639-0204

To the Village Council:

We have audited the accompanying financial statements of the Village of Leesville, Carroll County, Ohio, (the Village), as of and for the years ended December 31, 1999 and December 31, 1998, and have issued our report thereon dated May 15, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

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 grants, 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 an instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 1999-31210-001. We also noted certain immaterial instances of noncompliance, which we have reported to management of the Village in a separate letter dated May 15, 2000.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered Village's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Village in a separate letter dated May 15, 2000.

Village of Leesville  
Carroll County  
Report of Independent Accountants on Compliance and on Internal Control  
Required by *Government Auditing Standards*  
Page 2

This report is intended 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.

A handwritten signature in black ink, appearing to read "Jim Petro", written in a cursive style.

**Jim Petro**  
Auditor of State

May 15, 2000

**VILLAGE OF LEESVILLE  
SCHEDULE OF FINDINGS  
DECEMBER 31, 1999 AND 1998**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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<b>Finding Number</b>	<b>1999-31210-001</b>
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**Ohio Revised Code § 5705.41 (D)** provides that no subdivision or taxing unit shall make any contract or order any expenditure of money unless there is attached thereto a certificate of the fiscal officer of the subdivision that the amount required to meet the same has been lawfully appropriated for such purpose and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. Every such contract made without such a certificate shall be null and void and no warrant shall be issued in payment of any amount due thereon.

This section also provides two "exceptions" to the above requirements:

- A. Then and Now Certificate - If no certificate is furnished as required, upon receipt of the fiscal officer's certificate that a sufficient sum was appropriated and free of any previous encumbrances, the Village Council may authorize the issuance of a warrant in payment of the amount due upon such contract or order by resolution within 30 days from the receipt of such certificate, if such expenditure is otherwise valid.
  
- B. If the amount involved is less than one thousand dollars the fiscal officer may authorize it to be paid without the affirmation of the Council.

During 1999, 100% of the liabilities, contracts, or open purchase commitments tested were not certified by the clerk/treasurer and were not encumbered until the time of payment. These commitments were not subsequently approved by the Council within the aforementioned 30 day time period. During 1998, 95% of the liabilities, contracts, or open purchase commitments tested were not certified by the clerk/treasurer and were not encumbered until the time of payment. These commitments were not subsequently approved by the Council within the aforementioned 30 day time period.

Each disbursement should be certified and encumbered prior to making the order or contract to expend Village money.





STATE OF OHIO  
OFFICE OF THE AUDITOR

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**VILLAGE OF LEESVILLE**

**CARROLL 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 6, 2000**