



Dave Yost • Auditor of State

VILLAGE OF LEWISVILLE
MONROE COUNTY
DECEMBER 31, 2016 AND 2015

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Village of Lewisville
Monroe County
46089 State Route 145
Lewisville, Ohio 43754

To the Village Council:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of the Village of Lewisville, Monroe County, Ohio (the Village), as of and for the years ended December 31, 2016 and 2015.

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 § 117.38 and Ohio Administrative Code § 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 opinions.

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

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

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Village does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

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, 2016 and 2015, and the respective changes in financial position 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 cash balances, receipts and disbursements by fund type, and related notes of the Village of Lewisville, Monroe County, Ohio, as of December 31, 2016 and 2015, for the years then ended in accordance with the financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D) permit, described in Note 2.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 17, 2017, 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

October 17, 2017

**VILLAGE OF LEWISVILLE
MONROE COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCE (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2016**

| | General | Special Revenue | (Memorandum Only) |
|--|-----------------|--------------------|----------------------|
| Cash Receipts | | | |
| Property and Other Local Taxes | \$7,683 | \$0 | \$7,683 |
| Intergovernmental | 26,994 | 20,550 | 47,544 |
| | <u>34,677</u> | <u>20,550</u> | <u>55,227</u> |
| <i>Total Cash Receipts</i> | | | |
| Cash Disbursements | | | |
| Current: | | | |
| Security of Persons and Property | 5,647 | 0 | 5,647 |
| Transportation | 0 | 1,257 | 1,257 |
| General Government | 782 | 771 | 1,553 |
| Capital Outlay | 20,752 | 0 | 20,752 |
| | <u>27,181</u> | <u>2,028</u> | <u>29,209</u> |
| <i>Total Cash Disbursements</i> | | | |
| <i>Excess of Cash Receipts Over Cash Disbursements</i> | <u>7,496</u> | <u>18,522</u> | <u>26,018</u> |
| <i>Fund Cash Balances, January 1</i> | <u>8,034</u> | <u>1,587</u> | <u>9,621</u> |
| Fund Cash Balances, December 31 | | | |
| Restricted | 0 | 20,109 | 20,109 |
| Unassigned (Deficit) | 15,530 | 0 | 15,530 |
| | <u>15,530</u> | <u>20,109</u> | <u>35,639</u> |
| <i>Fund Cash Balances, December 31</i> | <u>\$15,530</u> | <u>\$20,109</u> | <u>\$35,639</u> |

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

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**VILLAGE OF LEWISVILLE
MONROE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016**

Note 1 - Reporting Entity

The Village of Lewisville, Monroe County, Ohio (the Village), is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly-elected five-member Council directs the Village. The Village provides road maintenance and fire protection. The Village contracts with the Lewisville Volunteer Fire Department to receive fire protection services.

Note 2 - Summary of Significant Accounting Policies

Basis of Presentation

The Village's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types.

Fund Accounting

The Village uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Village are presented below:

General Fund The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Village for any purpose provided it is expended or transferred according to the general laws of Ohio.

Special Revenue Funds These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Village had the following significant Special Revenue Fund:

Street Construction Maintenance and Repair The street construction maintenance and repair fund accounts for and reports that portion of the State gasoline tax and motor vehicle license registration fees restricted for construction, maintenance, and repair of streets within the Village.

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03 (D). This basis is similar to the cash receipts and disbursements accounting basis. The Board 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 §117.38 and Ohio Administrative Code § 117-2-03 (D) permit.

VILLAGE OF LEWISVILLE
MONROE COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016
(Continued)

Note 2 - 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 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.

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

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 2016 budgetary activity appears in Note 3.

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.

Fund Balance

Fund balance is divided into two 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:

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.

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.

**VILLAGE OF LEWISVILLE
MONROE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016
(Continued)**

Note 3 - Budgetary Activity

Budgetary activity for the year ending December 31, 2016 follows:

| 2016 Budgeted vs. Actual Receipts | | | |
|-----------------------------------|----------------------|--------------------|----------|
| Fund Type | Budgeted Receipts | Actual Receipts | Variance |
| General | \$0 | \$34,677 | \$34,677 |
| Special Revenue | 0 | 20,550 | 20,550 |
| Total | \$0 | \$55,227 | \$55,227 |

| 2016 Budgeted vs. Actual Budgetary Basis Expenditures | | | |
|---|----------------------------|---------------------------|------------|
| Fund Type | Appropriation Authority | Budgetary Expenditures | Variance |
| General | \$0 | \$27,181 | (\$27,181) |
| Special Revenue | 0 | 2,028 | (2,028) |
| Total | \$0 | \$29,209 | (\$29,209) |

Contrary to Ohio Rev. Code § 5705.38(A), the Village did not pass an annual appropriations measure for 2016 which resulted in all Village fund expenditures exceeding appropriations in 2016 contrary to Ohio Rev. Code § 5705.41(B). Also, contrary to Ohio Rev. Code § 5705.10 (C), certain gas tax receipts and auto registration fees were not allocated correctly to the Street Construction Maintenance and State Highway Funds.

Note 4 – Deposits and Investments

The Village maintains a deposit pool all funds use. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits at December 31, 2016 were as follows:

| | |
|-----------------|----------|
| Demand deposits | 2016 |
| | \$35,639 |

Deposits

Deposits are insured by the Federal Depository Insurance Corporation.

Note 5 – Taxes

Property Taxes

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.

VILLAGE OF LEWISVILLE
MONROE COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016
(Continued)

Note 5 – Taxes (Continued)

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

Note 6 - Risk Management

Commercial Insurance

The Village has obtained commercial insurance for the following risks:

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

**VILLAGE OF LEWISVILLE
MONROE COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCE (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2015**

| | General | Special Revenue | (Memorandum Only) |
|---|-----------------|--------------------|----------------------|
| Cash Receipts | | | |
| Property and Other Local Taxes | \$7,119 | \$0 | \$7,119 |
| Intergovernmental | 12,162 | 1,475 | 13,637 |
| | <u>19,281</u> | <u>1,475</u> | <u>20,756</u> |
| <i>Total Cash Receipts</i> | | | |
| Cash Disbursements | | | |
| Current: | | | |
| Security of Persons and Property | 5,166 | 0 | 5,166 |
| Transportation | 0 | 2,076 | 2,076 |
| General Government | 9,753 | 0 | 9,753 |
| Capital Outlay | 16,640 | 0 | 16,640 |
| | <u>31,559</u> | <u>2,076</u> | <u>33,635</u> |
| <i>Total Cash Disbursements</i> | | | |
| <i>Excess of Cash Receipts (Under) Cash Disbursements</i> | <u>(12,278)</u> | <u>(601)</u> | <u>(12,879)</u> |
| <i>Fund Cash Balances, January 1</i> | <u>20,312</u> | <u>2,188</u> | <u>22,500</u> |
| Fund Cash Balances, December 31 | | | |
| Restricted | 0 | 1,587 | 1,587 |
| Unassigned (Deficit) | 8,034 | 0 | 8,034 |
| | <u>8,034</u> | <u>0</u> | <u>8,034</u> |
| <i>Fund Cash Balances, December 31</i> | <u>\$8,034</u> | <u>\$1,587</u> | <u>\$9,621</u> |

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

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**VILLAGE OF LEWISVILLE
MONROE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015**

Note 1 - Reporting Entity

The Village of Lewisville, Monroe County, Ohio (the Village), is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly-elected five-member Council directs the Village. The Village provides road maintenance and fire protection. The Village contracts with the Lewisville Volunteer Fire Department to receive fire protection services.

Note 2 - Summary of Significant Accounting Policies

Basis of Presentation

The Village's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types.

Fund Accounting

The Village uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Village are presented below:

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Special Revenue Funds These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Village had the following significant Special Revenue Fund:

Street Construction Maintenance and Repair The street construction maintenance and repair fund accounts for and reports that portion of the State gasoline tax and motor vehicle license registration fees restricted for construction, maintenance, and repair of streets within the Village.

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03 (D). This basis is similar to the cash receipts and disbursements accounting basis. The Board 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 §117.38 and Ohio Administrative Code § 117-2-03 (D) permit.

VILLAGE OF LEWISVILLE
MONROE COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015
(Continued)

Note 2 - 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 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.

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

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 2015 budgetary activity appears in Note 3.

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.

Fund Balance

Fund balance is divided into two 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:

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.

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.

**VILLAGE OF LEWISVILLE
MONROE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015
(Continued)**

Note 3 - Budgetary Activity

Budgetary activity for the year ending December 31, 2015 follows:

| 2015 Budgeted vs. Actual Receipts | | | |
|-----------------------------------|----------------------|--------------------|----------|
| Fund Type | Budgeted Receipts | Actual Receipts | Variance |
| General | \$0 | \$19,281 | \$19,281 |
| Special Revenue | 0 | 1,475 | 1,475 |
| Total | \$0 | \$20,756 | \$20,756 |

| 2015 Budgeted vs. Actual Budgetary Basis Expenditures | | | |
|---|----------------------------|---------------------------|------------|
| Fund Type | Appropriation Authority | Budgetary Expenditures | Variance |
| General | \$0 | \$31,559 | (\$31,559) |
| Special Revenue | 0 | 2,076 | (2,076) |
| Total | \$0 | \$33,635 | (\$33,635) |

Contrary to Ohio Rev. Code § 5705.38(A), the Village did not pass an annual appropriations measure for 2015 which resulted in all Village fund expenditures exceeding appropriations, contrary to Ohio Rev. Code § 5705.41(B). Also, contrary to Ohio Rev. Code § 5705.10 (C), certain gas tax receipts and auto registration fees were not allocated correctly to the Street Construction Maintenance and State Highway Funds.

Note 4 – Deposits and Investments

The Village maintains a deposit pool all funds use. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits at December 31, 2015 were as follows:

| | |
|-----------------|---------|
| | 2015 |
| Demand deposits | \$9,621 |

Deposits

Deposits are insured by the Federal Depository Insurance Corporation.

Note 5 – Taxes

Property Taxes

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.

VILLAGE OF LEWISVILLE
MONROE COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015
(Continued)

Note 5 – Taxes (Continued)

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

Note 6 - Risk Management

Commercial Insurance

The Village has obtained commercial insurance for the following risks:

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



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 Lewisville
Monroe County
46089 State Route 145
Lewisville, Ohio 43754

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 cash balances, receipts, and disbursements by fund type of the Village of Lewisville, Monroe County, Ohio (the Village), as of and for the years ended December 31, 2016 and 2015, and the related notes to the financial statements and have issued our report thereon dated October 17, 2017, wherein we noted the Village followed financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D) permit.

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 opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Village's internal control. Accordingly, we have not opined on it.

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A material weakness is a deficiency, or a combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Village's financial statements. We consider Findings 2016-002 and 2016-003 described in the accompanying Schedule of Findings to be material weaknesses.

A significant deficiency is a deficiency, or a combination of internal control deficiencies less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider Finding 2016-004 described in the accompanying Schedule of Findings to be a significant deficiency.

Compliance and Other Matters

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying Schedule of Findings as items 2016-001 and 2016-002.

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, flowing style.

Dave Yost
Auditor of State
Columbus, Ohio

October 17, 2017

**VILLAGE OF LEWISVILLE
MONROE COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2016 AND 2015**

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

FINDING NUMBER 2016-001

Noncompliance

Ohio Rev. Code § 5705.38(A) states that on or about the first day of each fiscal year, the taxing authority of each subdivision or taxing unit shall pass an appropriation measure.

For 2016 and 2015, there was no indication that Village Council adopted an appropriation measure.

Ohio Rev. Code § 5705.41(B) prohibits a subdivision or taxing unit from making an expenditure unless it has been properly appropriated.

Due to Village Council not passing an appropriation measure as indicated above, expenditures in all funds exceeded appropriations as noted in the tables below.

At December 31, 2016, the Village's expenditures exceeded appropriations by fund in the following amounts:

| Fund | Appropriations | Expenditures | Variances |
|---------------------|-----------------------|---------------------|------------------|
| General | \$0 | \$27,181 | (\$27,181) |
| Street Construction | 0 | 1,679 | (1,679) |
| State Highway | 0 | 349 | (349) |

At December 31, 2015, the Village's expenditures exceeded appropriations by fund in the following amounts:

| Fund | Appropriations | Expenditures | Variances |
|---------------------|-----------------------|---------------------|------------------|
| General | \$0 | \$31,559 | (\$31,559) |
| Street Construction | 0 | 1,869 | (1,869) |
| State Highway | 0 | 207 | (207) |

The Village's failure to limit expenditures to the amounts appropriated could result in deficit spending.

The Village Council should adopt an annual appropriation measure. Once the appropriations are officially adopted the Village Clerk should post the amounts to the computer system and then compare expenditures to appropriations on a monthly basis. If appropriations in addition to those already adopted will be needed, Village Council should take the necessary steps to adopt additional appropriations, if possible, to prevent expenditures from exceeding appropriations or reduce spending. The Clerk should deny requests for payment when appropriations are not available.

**VILLAGE OF LEWISVILLE
MONROE COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2016 AND 2015
(Continued)**

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

FINDING NUMBER 2016-002

Noncompliance and Material Weakness

Ohio Rev. Code § 5705.10(C) states all revenue derived from a special levy shall be credited to a special fund for the purpose for which the levy was made.

In 2016, \$19,177 of Gasoline Tax, \$1,355 of auto registration fees, and \$18 of excess IRP monies were all posted to the General Fund instead of being allocated to the Street Construction Maintenance and State Highway Funds in the amounts of \$19,009 and \$1,541, respectively.

In 2015, \$1,409 of auto registration fees and \$16 of excess IRP monies were posted to the General Fund instead of being allocated to the Street Construction Maintenance and State Highway Funds in the amount of \$1,318 and \$107, respectively.

All of the adjustments noted above have been agreed to by Village management and have been posted to the Village's accounting records and are reflected in the accompanying financial statements.

The Clerk should allocate gasoline tax, auto registration fees, and excess IRP monies at 92.5% to the Street Construction Maintenance Fund and 7.5% to the State Highway Fund.

FINDING NUMBER 2016-003

Material Weakness

All local public offices shall maintain an accounting system and accounting records sufficient to enable the public office to identify, assemble, analyze, classify, record and report its transactions, maintain accountability for the related assets, document compliance with finance-related legal and contractual requirements and prepare financial statements.

The Village Officer's Handbook (revised March 2017) provides suggested account classifications. These accounts classify receipts by fund and source (taxes or charges for services, for example) and classify disbursements by fund, program (general government, for example) or object (personal services, for example). Using these classifications and the aforementioned accounting records will provide the Village with information required to monitor compliance with the budget, and prepare annual reports in the format required by the Auditor of State.

Governmental Accounting Standards Board (GASB) Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, introduces five fund balance classifications and clarifies the existing governmental fund type definitions. The fund balance classifications relate to constraints placed upon the use of resources reported in governmental funds. The five classifications are nonspendable, restricted, committed, assigned and unassigned. Auditor of State Bulletin 2011-004 provides guidance on applying GASB 54.

The Village did not always record receipts, disbursements and fund balances into accurate classifications.

The Village did not have control procedures in place to ensure the accuracy of the Clerk's receipt and expenditure postings.

**VILLAGE OF LEWISVILLE
MONROE COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2016 AND 2015
(Continued)**

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| FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued) |
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FINDING NUMBER 2016-003 (Continued)

Material Weakness (Continued)

We noted the following posting errors in 2016:

- \$18,752 of Street Construction, Maintenance, and Repair Fund Balance was classified as Unassigned instead of Restricted.
- \$1,357 of State Highway Fund Balance was classified as Unassigned instead of Restricted.
- \$4,540 of homestead and rollback tax was posted to property taxes instead of intergovernmental receipts within the General Fund.
- \$14,852 of a State Fire Marshall Grant was posted to charges for services instead of intergovernmental receipts within the General Fund.
- \$1,300 of expenditures was posted as basic utility services instead of security of persons and property within the General Fund.
- \$58 of expenditures was posted as security of persons and property instead of general government within the General Fund.

We noted the following posting errors in 2015:

- \$8,034 of the General Fund Balance was classified as Assigned instead of Unassigned.
- \$1,422 of Street Construction Maintenance and Repair Fund Balance was classified as Assigned instead of Restricted.
- \$165 of State Highway Fund Balance was classified as Assigned instead of Restricted.
- \$7,000 of General Fund County Contribution money was posted to charges for services instead of intergovernmental receipts.
- \$19,473 was charged to the incorrect line item of total security of persons and property in the General Fund. Instead, \$2,833 should have been charged to general government and \$16,640 to capital outlay.
- \$3,302 of County intergovernmental receipts were posted to the General Fund, but were not deposited into the bank and are still outstanding on the County ledgers, to date. These receipts were considered deposits in transit on the Village's bank reconciliation. General Fund Balance will decrease to adjust these receipts off the books. The County Auditor will reissue these checks to the Village in 2017.

The adjustments with which the Village officials' agree are reflected within the accompanying financial statements and posted to the accounting records.

In addition to the adjustments listed above, we also identified insignificant adjustments in 2016 and 2015 in the amounts of \$1,380 and \$1,419, respectively that we have brought to the Village's attention. These were due to the Village posting property tax receipts at net instead of at gross amount.

The Village should utilize available authoritative resources to appropriately classify and record all receipts, expenditures, and fund balances.

**VILLAGE OF LEWISVILLE
MONROE COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2016 AND 2015
(Continued)**

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| FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued) |
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FINDING NUMBER 2016-004

Significant Deficiency

When designing the public office's system of internal control and the specific control activities, management should plan for adequate segregation of duties or compensating controls.

The small size of the Village's staff did not allow for an adequate segregation of duties; the Clerk performed all accounting functions. It is therefore important that the Mayor and Council Members' function as a finance committee to monitor financial activity closely. There was no documentation in the minutes of the Council Members' approval of bank reconciliations, monthly activity of revenues and expenditures or budget versus actual reports received in Village council meetings.

This could and did result in the accounting system of the Village not being posted up-to-date, errors in the monthly bank reconciliation, and errors and omissions occurring in the Village's accounting system. With no control procedures in place this was all unnoticed by management.

Financial information should be presented to Council Members on a regular basis. This information should include monthly bank reconciliations, as well as monthly revenue and expenditure activity by fund, and budget versus actual reports. The presentation of these reports should be documented in the board minutes of the Village meetings.

Officials' Response: We did not receive a response from Officials to the findings reported above.

**VILLAGE OF LEWISVILLE
MONROE COUNTY**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2016 AND 2015**

| Finding Number | Finding Summary | Status | Additional Information |
|-----------------------|---|---------------|-------------------------------|
| 2014-001 | Ohio Rev. Code § 5705.38 for not approving annual appropriations and Ohio Rev. Code § 5705.41(B) for expenditures exceeding appropriations. | Not Corrected | Will correct in future |
| 2014-002 | Ohio Rev. Code § 5705.10(C) for misposting of receipts between funds. | Not Corrected | Will correct in future |
| 2014-003 | Ohio Rev. Code § 9.38 for not depositing revenues in a timely manner. | Corrected | |
| 2014-004 | Material Weakness regarding not properly posting receipts and expenditures to the correct account. | Not Corrected | Will correct in future |
| 2014-005 | Material Weakness regarding unexplained reconciling items on the bank reconciliation. | Corrected | |
| 2014-006 | Material Weakness regarding outstanding state warrants that had not been cashed. | Corrected | |
| 2014-007 | Significant Deficiency regarding lack of segregation of duties. | Not Corrected | Will correct in future |

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Dave Yost • Auditor of State

VILLAGE OF LEWISVILLE

MONROE 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
NOVEMBER 28, 2017