



Dave Yost • Auditor of State



**VILLAGE OF LYONS  
FULTON COUNTY  
DECEMBER 31, 2017 AND 2016**

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

Village of Lyons  
Fulton County  
126 W. Morenci Street  
P.O. Box 414  
Lyons, Ohio 43533

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 Lyons, Fulton County, Ohio (the Village) as of and for the years ended December 31, 2017 and 2016.

### ***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 such 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 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 (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 Section 117.38 and Ohio Administrative Code Section 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, 2017 and 2016, and the respective 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 cash balances, receipts and disbursements by fund type, and related notes of the Village of Lyons, Fulton County, Ohio as of December 31, 2017 and 2016, 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 2.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 15, 2018, 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

November 15, 2018

**VILLAGE OF LYONS**  
**Fulton County**

*Combined Statement of Receipts, Disbursements, and Changes in Fund Balances  
(Cash Basis) All Governmental Fund Types  
For the Year Ended December 31, 2017*

	General	Special Revenue	Totals (Memorandum Only)
<b>Cash Receipts</b>			
Property and Other Local Taxes	\$57,427	\$4,108	\$61,535
Municipal Income Tax	44,618		44,618
Intergovernmental	37,124	39,048	76,172
Fines, Licenses and Permits	2,255		2,255
Earnings on Investments	118	26	144
Miscellaneous	6,443	1,025	7,468
<i>Total Cash Receipts</i>	<u>147,985</u>	<u>44,207</u>	<u>192,192</u>
<b>Cash Disbursements</b>			
Current:			
Security of Persons and Property	17,927		17,927
Leisure Time Activities		3,660	3,660
Basic Utility Services	2,968		2,968
Transportation	10,777	36,301	47,078
General Government	74,578	21,954	96,532
Capital Outlay	2,770		2,770
Debt Service:			
Principal Retirement		169	169
<i>Total Cash Disbursements</i>	<u>109,020</u>	<u>62,084</u>	<u>171,104</u>
<i>Net Change in Fund Cash Balances</i>	38,965	(17,877)	21,088
<i>Fund Cash Balances, January 1</i>	<u>13,355</u>	<u>82,951</u>	<u>96,306</u>
<b>Fund Cash Balances, December 31</b>			
Restricted		62,099	62,099
Committed		2,975	2,975
Assigned	35,980		35,980
Unassigned	16,340		16,340
<i>Fund Cash Balances, December 31</i>	<u><u>\$52,320</u></u>	<u><u>\$65,074</u></u>	<u><u>\$117,394</u></u>

See accompanying notes to the basic financial statements

**VILLAGE OF LYONS**  
**Fulton County**

*Combined Statement of Receipts, Disbursements, and Changes in Fund Balances  
(Cash Basis) Proprietary Fund Type  
For the Year Ended December 31, 2017*

	Enterprise
<b>Operating Cash Receipts</b>	
Charges for Services	\$319,089
<b>Operating Cash Disbursements</b>	
Personal Services	93,957
Employee Fringe Benefits	14,714
Contractual Services	109,940
Supplies and Materials	34,616
Other	2,480
<i>Total Operating Cash Disbursements</i>	255,707
<i>Operating Income</i>	63,382
<b>Non-Operating Receipts (Disbursements)</b>	
Earnings on Investments	83
Miscellaneous Receipts	573
Capital Outlay	(7,239)
Principal Retirement	(42,223)
Interest and Other Fiscal Charges	(49,300)
<i>Total Non-Operating Receipts (Disbursements)</i>	(98,106)
<i>Loss before Transfers</i>	(34,724)
Transfers In	61,165
Transfers Out	(61,165)
<i>Net Change in Fund Cash Balances</i>	(34,724)
<i>Fund Cash Balances, January 1</i>	441,870
<i>Fund Cash Balances, December 31</i>	\$407,146

*See accompanying notes to the basic financial statements*



**Village of Lyons, Ohio**  
*Fulton County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2017*

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**Note 1 - Reporting Entity**

The Village of Lyons (the Village), Fulton County, 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 six-member Council directs the Village. The Village provides water and sewer utilities and park operations. The Village contracts with the Fulton County Sheriff's department to provide security of persons and property.

***Public Entity Risk Pools***

The Village participates in two public entity pools. Notes 7 and 11 to the financial statements provide additional information for this entity.

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

**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, and a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all proprietary fund types which are organized on a fund type basis.

***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 Funds:

***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.

***Park and Recreation Fund*** This fund receives property tax receipts and donations to fund construction and improvements to the parks.

**Village of Lyons, Ohio**  
*Fulton County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2017- (Continued)*

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**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** The water fund accounts for the provision of water treatment and distribution to the residents and commercial users located within the Village.

**Sewer Fund** The sewer fund accounts for the provision of sanitary sewer services to the residents and commercial users within the Village.

***Basis of Accounting***

These financial statements follow 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). 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 Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit.

***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, and appropriations may not exceed estimated resources. The Village Council must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end.

**Estimated Resources** Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1. The County Budget Commission must 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 carried over, and need not be reappropriated.

A summary of 2017 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.

**Village of Lyons, Ohio**  
*Fulton County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2017- (Continued)*

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***Capital Assets***

The Village records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

***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.

***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:

***Nonspendable*** The Village classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

***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.

***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.

***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.

***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 Lyons, Ohio**  
*Fulton County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2017- (Continued)*

**Note 3 - Budgetary Activity**

Budgetary activity for the year ending December 31, 2017 follows:

2017 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$124,020	\$147,985	\$23,965
Special Revenue	41,593	44,207	2,614
Enterprise	399,700	380,910	(18,790)
Total	\$565,313	\$573,102	\$7,789

2017 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$111,942	\$110,293	\$1,649
Special Revenue	86,572	63,015	23,557
Enterprise	465,494	418,787	46,707
Total	\$664,008	\$592,095	\$71,913

**Note 4 – Deposits**

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 was as follows:

	2017
Total deposits	\$524,540

***Deposits***

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

**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 Lyons, Ohio**  
*Fulton County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2017- (Continued)*

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Public utilities are also taxed on personal and real property located within the Village.

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

***Income Taxes***

The Village levies a municipal income tax of one 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.

**Note 6 – Interfund Transfers**

During the year, the following transfers in and out occurred:

<b>Fund</b>	<b>Transfer In</b>	<b>Transfers Out</b>
<b>Enterprise</b>	<b>\$61,165</b>	<b>\$61,165</b>

Enterprise Fund transfers were made to meet funding required for Debt Service.

**Note 7 - Risk Management**

The Village belongs to the Ohio Plan Risk Management, Inc. (OPRM) (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments ("Members"). The Plan is legally separate from its member governments.

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio.

OPRM coverage programs are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss. Effective November 1, 2016, the OPRM retained 50% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. Effective November 1, 2017, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 764 members as of December 31, 2017.

*Plan members are responsible to notify the Plan of their intent to renew coverage by their renewal date. If a member chooses not to renew with the Plan, they have no other financial obligation to the Plan, but still need to promptly notify the Plan of any potential claims occurring during their membership period. The*

**Village of Lyons, Ohio**  
*Fulton County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2017- (Continued)*

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former member's covered claims, which occurred during their membership period, remain the responsibility of the Plan.

Settlement amounts did not exceed insurance coverage for the past three fiscal years.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2017.

Assets	\$ 14,853,620
Liabilities	<u>(9,561,108)</u>
Members' Equity	<u>\$ 5,292,512</u>

You can read the complete audited financial statements for OPRM at the Plan's website, [www.ohioplan.org](http://www.ohioplan.org).

**Note 8 - Defined Benefit Pension Plan**

***Ohio Public Employees Retirement System***

Some employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10% of their gross salaries and the Village contributed an amount equaling 14% of participants' gross salaries. The Village has paid all contributions required through December 31, 2017.

**Note 9 - Postemployment Benefits**

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 1.0 percent during calendar year 2017.

**Note 10 – Debt**

Debt outstanding at December 31, 2017 was as follows:

**Village of Lyons, Ohio**  
*Fulton County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2017- (Continued)*

	<u>Principal</u>	<u>Interest Rate</u>
Mortgage Revenue Bonds	\$1,137,000	4.25%
Ohio Water Development Authority Note	41,268	2.75%
Ohio Public Works Commission - Note 2	844	
Ohio Public Works Commission - Note 3	52,804	
State Bank Loan	12,249	2.39%
Fulton County Economic Development Loan	44,000	
Total	<u>\$1,288,165</u>	

The U.S. Department of Agriculture (USDA) Rural Development refinanced the Village's OWDA debt by way of bonds during 2002. The bonds were approved up to \$1,381,000 for the project. The bonds will be repaid in annual installments including interest of 4.25% over 40 years, maturing July 1, 2043. The bonds are collateralized by utility receipts. The Village has agreed to set utility rates sufficient to cover USDA debt service requirements. The activity of these bonds is being recorded in an enterprise fund. As required by the mortgage revenue bond covenant, the Village established and funded a debt service reserve fund. The balance in the fund at December 31, 2016 was \$84,000.

The Ohio Water Development Authority (OWDA) note was used for the Ash Street Waterline Extension Project and approved up to \$84,223 for the project. The note will be repaid in semi-annual installments with interest of 2.75% over 20 years, maturing in July 2026. The note is collateralized by water service charges. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements. This activity is being recorded in an enterprise fund.

The Ohio Public Works Commission (OPWC) note 2 was used for the North Adrian Street Resurfacing Project and for \$3,375 for the project. The note will be repaid in semi-annual installments with no interest over 10 years, maturing in January 2020. No assets are pledged to secure this note. If the Village defaults on the loan, OPWC can seek payment from the Village's tax receipts directly through the Fulton County Treasurer.

The Ohio Public Works Commission (OPWC) note 3 was used for the water main replacement from West Morenci Street from Noble Street to Sawmill Road for \$63,365 for the project. The note will be repaid in semi-annual installments with no interest over 30 years, maturing in July, 2042. No assets are pledged to secure the note. If the Village defaults on the loan, OPWC can seek payment from the Village's tax receipts directly through the Fulton County Treasurer.

The State Bank loan was used to purchase new water meters and approved up to \$50,000 for the project. The loan will be paid in monthly payments of \$885 which include interest of 2.39%, maturing Feb. 6, 2019.

The Fulton County Economic Development Commission (FCEDC) loan was used for the Water Tower Aeration Project and approved up to \$66,000 for the project. The loan will be repaid in annual installments with no interest over 6 years, maturing in August 2021. The loan collateralized by water service charges. The Village has agreed to set utility rates sufficient to cover the FCEDC debt service requirements. The activity of this loan is being recorded in an enterprise fund.

**Village of Lyons, Ohio**  
*Fulton County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2017- (Continued)*

***Amortization***

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

Year Ending December 31:	Mortgage Revenue Bond	OWDA Loan	OPWC Loans	State Bank Loan	Revolving Loan Loan
2018	\$73,323	\$2,739	\$2,449	\$10,628	\$11,000
2019	73,260	5,478	2,450	1,771	11,000
2020	73,155	5,478	2,281		11,000
2021	73,008	5,478	2,112		11,000
2022	72,817	5,477	2,112		
2023-2027	365,325	21,911	10,561		
2028-2032	364,990		10,561		
2033-2037	365,857		10,561		
2038-2042	365,505		10,561		
2043-2046	72,975				
Total	<u>\$1,900,215</u>	<u>\$46,561</u>	<u>\$53,648</u>	<u>\$12,399</u>	<u>\$44,000</u>

**Note 11 – Public Entity Risk Pool**

The Village participates in the Ohio Municipal League Group Rating Plan (GRP) for worker’s compensation. The pool’s business and affairs are conducted by a twenty-six member Board of Trustees consisting of fifteen mayors, two council members, three administrators, three finance directors, and three law directors which are voted on by the members for staggered two-year terms. The Executive Director of the Ohio Municipal League serves as the coordinator of the Program. Each year the participants pay an enrollment fee to the program to cover the costs of administering the program.

**Note 12 – Miscellaneous Revenues**

General Fund Miscellaneous Receipts primarily consisted of refunds, farm rental, reimbursements and garbage tags.



**VILLAGE OF LYONS**  
**Fulton County**

*Combined Statement of Receipts, Disbursements, and Changes in Fund Balances  
(Cash Basis) All Governmental Fund Types  
For the Year Ended December 31, 2016*

	General	Special Revenue	Totals (Memorandum Only)
<b>Cash Receipts</b>			
Property and Other Local Taxes	\$58,546	\$4,278	\$62,824
Municipal Income Tax	377		377
Intergovernmental	35,800	41,097	76,897
Fines, Licenses and Permits	2,071		2,071
Earnings on Investments	113	38	151
Miscellaneous	4,650	939	5,589
<i>Total Cash Receipts</i>	<u>101,557</u>	<u>46,352</u>	<u>147,909</u>
<b>Cash Disbursements</b>			
Current:			
Security of Persons and Property	14,942		14,942
Leisure Time Activities		6,714	6,714
Basic Utility Services	3,213		3,213
Transportation	15,404	59,806	75,210
General Government	65,480	86	65,566
Capital Outlay	6,500		6,500
<i>Total Cash Disbursements</i>	<u>105,539</u>	<u>66,606</u>	<u>172,145</u>
<i>Excess of Disbursements Over Receipts</i>	<u>(3,982)</u>	<u>(20,254)</u>	<u>(24,236)</u>
<b>Other Financing Uses</b>			
Transfers Out	(2,000)	(619)	(2,619)
<i>Net Change in Fund Cash Balances</i>	(5,982)	(20,873)	(26,855)
<i>Fund Cash Balances, January 1</i>	<u>19,337</u>	<u>103,824</u>	<u>123,161</u>
<b>Fund Cash Balances, December 31</b>			
Restricted		80,683	80,683
Committed		2,268	2,268
Unassigned	13,355		13,355
<i>Fund Cash Balances, December 31</i>	<u>\$13,355</u>	<u>\$82,951</u>	<u>\$96,306</u>

*See accompanying notes to the basic financial statements*

**VILLAGE OF LYONS**  
**Fulton County**

*Combined Statement of Receipts, Disbursements, and Changes in Fund Balances*  
*(Cash Basis) Proprietary Fund Type*  
*For the Year Ended December 31, 2016*

	Enterprise
<b>Operating Cash Receipts</b>	
Charges for Services	\$323,444
<b>Operating Cash Disbursements</b>	
Personal Services	102,379
Employee Fringe Benefits	17,824
Contractual Services	115,276
Supplies and Materials	11,462
Other	10,689
<i>Total Operating Cash Disbursements</i>	257,630
<i>Operating Income</i>	65,814
<b>Non-Operating Receipts (Disbursements)</b>	
Earnings on Investments	86
Miscellaneous Receipts	447
Capital Outlay	(18,611)
Principal Retirement	(22,000)
Interest and Other Fiscal Charges	(51,277)
<i>Total Non-Operating Receipts (Disbursements)</i>	(91,355)
<i>Loss before Transfers</i>	(25,541)
Transfers In	73,819
Transfers Out	(71,200)
<i>Net Change in Fund Cash Balances</i>	(22,922)
<i>Fund Cash Balances, January 1</i>	464,792
<i>Fund Cash Balances, December 31</i>	\$441,870

*See accompanying notes to the basic financial statements*

**Village of Lyons, Ohio**  
*Fulton County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2016*

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**Note 1 - Reporting Entity**

The Village of Lyons (the Village), Fulton County, 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 six-member Council directs the Village. The Village provides water and sewer utilities and park operations. The Village contracts with the Fulton County Sheriff's department to provide security of persons and property.

***Public Entity Risk Pools***

The Village participates in two public entity pools. Notes 8 and 12 to the financial statements provide additional information for this entity.

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

**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, and a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all proprietary fund types which are organized on a fund type basis.

***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 Funds:

***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.

***Park and Recreation Fund*** This fund receives property tax receipts and donations to fund construction and improvements to the parks.

**Village of Lyons, Ohio**  
*Fulton County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2016 – (Continued)*

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**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** The water fund accounts for the provision of water treatment and distribution to the residents and commercial users located within the Village.

**Sewer Fund** The sewer fund accounts for the provision of sanitary sewer services to the residents and commercial users within the Village.

***Basis of Accounting***

These financial statements follow 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). 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 Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit.

***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, and appropriations may not exceed estimated resources. The Village Council must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end.

**Estimated Resources** Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1. The County Budget Commission must 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 carried over, and need not be reappropriated.

A summary of 2016 budgetary activity appears in Note 4.

***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.

**Village of Lyons, Ohio**  
*Fulton County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2016 – (Continued)*

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***Capital Assets***

The Village records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

***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.

***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:

***Nonspendable*** The Village classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

***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.

***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.

***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.

***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.

**Note 3 - Compliance**

Contrary to Ohio law, \$2,739 in Ohio Water Development Authority debt was incorrectly paid from the Street Fund rather than the Water Fund.

**Village of Lyons, Ohio**  
*Fulton County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2016 – (Continued)*

**Note 4 - 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	\$94,070	\$101,557	\$7,487
Special Revenue	41,894	46,352	4,458
Enterprise	386,600	397,796	11,196
Total	\$522,564	\$545,705	\$23,141

2016 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$113,269	\$108,979	\$4,290
Special Revenue	81,750	67,686	14,064
Enterprise	467,256	423,740	43,516
Total	\$662,275	\$600,405	\$61,870

**Note 5 – Deposits**

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 was as follows:

	2016
Total Deposits	\$538,176

***Deposits***

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

**Note 6 – 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 Lyons, Ohio**  
*Fulton County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2016 – (Continued)*

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Public utilities are also taxed on personal and real property located within the Village.

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

**Note 7 – Interfund Transfers**

During the year, the following transfers in and out occurred:

<b>Fund</b>	<b>Transfer In</b>	<b>Transfers Out</b>
General		\$2,000
Special Revenue		619
Enterprise	\$73,819	71,200
<b>Total</b>	<b>\$73,819</b>	<b>\$73,819</b>

General Fund transfers represent the allocation of unrestricted receipts collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations

The transfer from the Special Revenue to the Enterprise Fund is a correction of a prior audit error.

Enterprise Fund transfers were made to meet funding required for Debt Service.

**Note 8 - Risk Management**

The Village belongs to the Ohio Plan Risk Management, Inc. (OPRM) (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments ("Members"). The Plan is legally separate from its member governments.

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio.

OPRM coverage programs are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss. Until November 1, 2016, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 10% of the first \$1,000,000 property treaty. Effective November 1, 2016, the OPRM retained 50% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 762 members as of December 31, 2016.

*Plan members are responsible to notify the Plan of their intent to renew coverage by their renewal date. If a member chooses not to renew with the Plan, they have no other financial obligation to the Plan, but still need to promptly notify the Plan of any potential claims occurring during their membership period. The former member's covered claims, which occurred during their membership period, remain the*

**Village of Lyons, Ohio**  
*Fulton County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2016 – (Continued)*

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responsibility of the Plan.

Settlement amounts did not exceed insurance coverage for the past three fiscal years.

The Pool’s audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2016.

Assets	\$ 14,765,712
Liabilities	<u>(9,531,506)</u>
Members’ Equity	<u>\$ 5,234,206</u>

You can read the complete audited financial statements for OPRM at the Plan’s website, [www.ohioplan.org](http://www.ohioplan.org).

**Note 9 - Defined Benefit Pension Plan**

*Ohio Public Employees Retirement System*

Some employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan’s benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10% of their gross salaries and the Village contributed an amount equaling 14% of participants’ gross salaries. The Village has paid all contributions required through December 31, 2016.

**Note 10 - Postemployment Benefits**

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 2.0 percent during calendar year 2016.

**Note 11 – Debt**

Debt outstanding at December 31, 2016 was as follows:

	Principal	Interest Rate
Mortgage Revenue Bonds	\$1,160,000	4.25%
Ohio Water Development Authority Note	45,523	2.75%
Ohio Public Works Commission - Note 2	1,012	
Ohio Public Works Commssion - Note 3	53,860	
State Bank Loan	21,603	2.39%
Fulton County Economic Development Loan	55,000	
Total	\$1,336,998	



**Village of Lyons, Ohio**  
*Fulton County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2016 – (Continued)*

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The U.S. Department of Agriculture (USDA) Rural Development refinanced the Village's OWDA debt by way of bonds during 2002. The bonds were approved up to \$1,381,000 for the project. The bonds will be repaid in annual installments including interest of 4.25% over 40 years, maturing July 1, 2043. The bonds are collateralized by utility receipts. The Village has agreed to set utility rates sufficient to cover USDA debt service requirements. The activity of these bonds is being recorded in an enterprise fund. As required by the mortgage revenue bond covenant, the Village established and funded a debt service reserve fund. The balance in the fund at December 31, 2016 was \$84,000.

The Ohio Water Development Authority (OWDA) note was used for the Ash Street Waterline Extension Project and approved up to \$84,223 for the project. The note will be repaid in semi-annual installments with interest of 2.75% over 20 years, maturing in July 2026. The note is collateralized by water service charges. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements. This activity is being recorded in an enterprise fund.

The Ohio Public Works Commission (OPWC) note 2 was used for the North Adrian Street Resurfacing Project and for \$3,375 for the project. The note will be repaid in semi-annual installments with no interest over 10 years, maturing in January 2020. No assets are pledged to secure this note. If the Village defaults on the loan, OPWC can seek payment from the Village's tax receipts directly through the Fulton County Treasurer.

The Ohio Public Works Commission (OPWC) note 3 was used for the water main replacement from West Morenci Street from Noble Street to Sawmill Road for \$63,365 for the project. The note will be repaid in semi-annual installments with no interest over 30 years, maturing in July, 2042. No assets are pledged to secure the note. If the Village defaults on the loan, OPWC can seek payment from the Village's tax receipts directly through the Fulton County Treasurer.

The State Bank loan was used to purchase new water meters and approved up to \$50,000 for the project. The loan will be paid in monthly payments of \$885 which include interest of 2.39%, maturing Feb. 6, 2019.

The Fulton County Economic Development Commission (FCEDC) loan was used for the Water Tower Aeration Project and approved up to \$66,000 for the project. The loan will be repaid in annual installments with no interest over 6 years, maturing in August 2021. The loan collateralized by water service charges. The Village has agreed to set utility rates sufficient to cover the FCEDC debt service requirements. The activity of this loan is being recorded in an enterprise fund.

**Village of Lyons, Ohio**  
*Fulton County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2016 – (Continued)*

***Amortization***

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

Year Ending December 31:	Mortgage Revenue Bond	OWDA Loan	OPWC Loans	State Bank Loan	Revolving Loan Loan
2017	\$72,300	\$2,739	\$1,225	\$9,742	\$11,000
2018	73,323	5,478	2,449	10,628	11,000
2019	73,260	5,478	2,449	1,771	11,000
2020	73,155	5,478	2,281		11,000
2021	73,008	5,478	2,112		11,000
2022-2026	365,082	27,388	10,561		
2027-2031	365,320		10,561		
2032-2036	365,100		10,561		
2037-2041	366,170		10,561		
2042-2046	145,797		2,112		
Total	<u>\$1,972,515</u>	<u>\$52,039</u>	<u>\$54,872</u>	<u>\$22,141</u>	<u>\$55,000</u>

**Note 12 – Public Entity Risk Pool**

The Village participates in the Ohio Municipal League Group Rating Plan (GRP) for worker's compensation. The pool's business and affairs are conducted by a twenty-six member Board of Trustees consisting of fifteen mayors, two council members, three administrators, three finance directors, and three law directors which are voted on by the members for staggered two-year terms. The Executive Director of the Ohio Municipal League serves as the coordinator of the Program. Each year the participants pay an enrollment fee to the program to cover the costs of administering the program.



# 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 Lyons  
Fulton County  
126 W. Morenci Street  
P.O. Box 414  
Lyons, Ohio 43533

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 Lyons, Fulton County, Ohio, (the Village) as of and for the years ended December 31, 2017 and 2016, and the related notes to the financial statements and have issued our report thereon dated November 15, 2018 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.

### ***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.

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 a material weakness 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 finding 2017-001 described in the accompanying schedule of findings to be a material weakness.

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 2017-002 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 an instance of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2017-002.

***Village's Response to Findings***

The Village's responses to the findings identified in our audit are described in the accompanying schedule of findings. We did not subject the Village's responses to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

***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 report is not suitable for any other purpose.



**Dave Yost**  
Auditor of State

Columbus, Ohio

November 15, 2018

VILLAGE OF LYONS  
FULTON COUNTY

SCHEDULE OF FINDINGS  
DECEMBER 31, 2017 AND 2016

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

FINDING NUMBER 2017-001

**Material Weakness – Financial Reporting**

In our audit engagement letter, as required by AU-C Section 210, *Terms of Engagement*, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; 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 as discussed in AU-C Section 210 paragraphs .A14 & .A16. We identified the following errors requiring adjustment to the financial statements for the year ended December 31, 2017 and 2016:

- The Village Officer's Handbook includes a list of numeric revenue codes which lists license tax state levied and property tax allocation for homestead and rollback amounts as revenue codes 226 and 231 under the financial report caption title of "intergovernmental". The Fiscal Officer recorded license tax monies of \$9,776 in 2016 and \$8,821 in 2017 in the Street fund as revenue code 150, license tax local, and homestead and rollback amounts received from the State of \$10,109 in 2016 and \$9,735 in 2017 as revenue code 110, general property tax real estate in the General fund. As a result, these amounts were reported under the financial report caption title of "Property and Other Local taxes" instead of "Intergovernmental".
- The Village Officer's Handbook includes a list of numeric expenditure account codes which lists debt service under program code 850. This program code includes object codes for principal and interest (710 and 720, respectively). The Fiscal Officer recorded debt service payments in the Water fund of \$7,583 in 2016 and \$886 in 2017 as basic utility services program code 500, and \$17,010 in 2016 and \$6,323 in 2017 in capital outlay program code 800. As a result, these payments were not reported as "Debt Service Principal and Interest".
- Governmental Accounting Standards Board (GASB) Statement No. 54, codified as GASB Cod 1800.176 requires an assignment of fund balance within the General fund when appropriations adopted for the subsequent year exceed the estimated revenues for that year. 2018 General fund appropriations of \$140,000 exceeded estimated receipts of \$104,020 leaving \$35,980 that should be reported as assigned fund balance at December 31, 2017.

These errors were not identified and corrected prior to the Village preparing its financial statements due to deficiencies in the Village's internal controls over financial statement monitoring. Failing to prepare accurate financial reports could lead to Council making misinformed decisions. The accompanying financial statements have been adjusted to correct material errors. Additional errors that did not require financial statement adjustment were noted in smaller relative amounts.

Sound financial reporting is the responsibility of Village Officials and is essential to help ensure the information provided to the readers of the financial statements and notes to the statements are complete and accurate. The Village should adopt policies and procedures, including a final review of the statements and notes by the Fiscal Officer and Council, to help identify and correct errors and omissions. Management can use Auditor of State guidance to aid in properly identifying account classifications and preparing annual financial statements. In addition, the Fiscal Officer should refer to the Village Officer's Handbook at the following website address for information on accounting codes: <https://ohioauditor.gov/publications/VillageOfficerManual%203-1-18.pdf>.

**Officials' Response:**

Village has reviewed and plans to correct.

**FINDING NUMBER 2017-002**

**Noncompliance and Significant Deficiency**

**Ohio Rev. Code § 5705.10(I)** provides all money paid into any fund shall be used only for the purpose for which such fund is established.

The Village inappropriately recorded \$2,739 to the Street Fund rather than the Water Operating fund to make a semi-annual debt payment to Ohio Water Development Authority for the Waterline extension project.

The lack of controls over the posting of financial transactions decreases the reliability of financial data at year-end and can result in undetected errors and irregularities. The Village should implement controls to help ensure all transactions are reviewed to help ensure posting to the proper funds.

**Officials' Response:**

Village has reviewed and plans to correct.



# Dave Yost • Auditor of State

**VILLAGE OF LYONS**

**FULTON 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 29, 2018**