



**VILLAGE OF LEWISVILLE  
MONROE COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 2000 - 1999**



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

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**STATE OF OHIO**



VILLAGE OF LEWISVILLE  
MONROE COUNTY

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## REPORT OF INDEPENDENT ACCOUNTANTS

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

To the Village Council:

We have audited the accompanying financial statements of the Village of Lewisville, Monroe County, Ohio (the Village), as of and for the years ended December 31, 2000 and 1999. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Village of Lewisville, Monroe County, as of December 31, 2000 and 1999, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 21, 2001, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

**Jim Petro**  
Auditor of State

May 21, 2001

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**VILLAGE OF LEWISVILLE  
MONROE COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2000**

	<u>Governmental Fund Types</u>		<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Local Taxes	\$5,830	\$	\$5,830
Intergovernmental	4,187	10,955	15,142
Total Cash Receipts	<u>10,017</u>	<u>10,955</u>	<u>20,972</u>
<b>Cash Disbursements:</b>			
Current:			
General Government	4,970	525	5,495
Security of Persons and Property	3,333		3,333
Public Health Services	478		478
Basic Utility Services	1,181		1,181
Transportation		10,962	10,962
Capital Outlay		4,000	4,000
Total Cash Disbursements	<u>9,962</u>	<u>15,487</u>	<u>25,449</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>55</u>	<u>(4,532)</u>	<u>(4,477)</u>
<b>Other Financing Receipts:</b>			
Other Sources		147	147
Total Other Financing Receipts	<u>0</u>	<u>147</u>	<u>147</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements	55	(4,385)	(4,330)
Fund Cash Balances, January 1	<u>13,909</u>	<u>12,605</u>	<u>26,514</u>
<b>Fund Cash Balances, December 31</b>	<b><u>\$13,964</u></b>	<b><u>\$8,220</u></b>	<b><u>\$22,184</u></b>

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

**VILLAGE OF LEWISVILLE  
MONROE COUNTY**

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

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Local Taxes	\$6,397	\$	\$6,397
Intergovernmental	15,237	7,304	22,541
Other Revenue		240	240
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	21,634	7,544	29,178
<b>Cash Disbursements:</b>			
Current:			
General Government	7,698		7,698
Security of Persons and Property	3,271		3,271
Public Health Services	394		394
Basic Utility Services	647		647
Transportation	3,590	8,350	11,940
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	15,600	8,350	23,950
	<hr/>	<hr/>	<hr/>
Total Cash Receipts Over/(Under) Cash Disbursements	6,034	(806)	5,228
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, January 1	7,875	13,411	21,286
	<hr/>	<hr/>	<hr/>
<b>Fund Cash Balances, December 31</b>	<b><u>\$13,909</u></b>	<b><u>\$12,605</u></b>	<b><u>\$26,514</u></b>

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



**VILLAGE OF LEWISVILLE  
MONROE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000 AND 1999**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The Village of Lewisville, Monroe County (the Village), is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village is directed by a publicly-elected six-member Council. The Village provides general governmental services. The Village contracts with the Monroe County Sheriff's department to provide security of persons and property.

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

**B. Basis of Accounting**

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred.

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

**C. Fund Accounting**

The Village uses fund accounting to segregate cash that is restricted as to use. The Village classifies its funds into the following types:

**1. General Fund**

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

**2. Special Revenue Funds**

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

Street Construction, Maintenance and Repair Fund - This fund receives gasoline tax and motor vehicle license tax money for constructing, maintaining and repairing Village streets.

**D. Budgetary Process**

The Ohio Revised Code requires that each fund be budgeted annually.

**1. Appropriations**

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control and appropriations may not exceed estimated resources.

**VILLAGE OF LEWISVILLE  
MONROE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000 AND 1999  
(Continued)**

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

**D. Budgetary Process (Continued)**

**1. Appropriations (Continued)**

The Council must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Appropriations lapse at year end.

**2. Estimated Resources**

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

**3. Encumbrances**

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year. The Village did not encumber all commitments required by Ohio law.

A summary of 2000 and 1999 budgetary activity appears in Note 3.

**E. Property, Plant and Equipment**

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

**2. EQUITY IN POOLED CASH**

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

	<u>2000</u>	<u>1999</u>
Demand deposits	\$ 22,184	\$ 26,514
Total deposits	<u>\$ 22,184</u>	<u>\$ 26,514</u>

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

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2000 and 1999, follows:

**VILLAGE OF LEWISVILLE  
MONROE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000 AND 1999  
(Continued)**

**3. BUDGETARY ACTIVITY (Continued)**

2000 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 11,252	\$ 10,017	\$ (1,235)
Special Revenue	<u>2,313</u>	<u>11,102</u>	<u>8,789</u>
Total	<u>\$ 13,565</u>	<u>\$ 21,119</u>	<u>\$ 7,554</u>

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 0	\$ 9,962	\$ (9,962)
Special Revenue	<u>0</u>	<u>15,487</u>	<u>(15,487)</u>
Total	<u>\$ 0</u>	<u>\$ 25,449</u>	<u>\$ (25,449)</u>

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 10,747	\$ 21,634	\$ 10,887
Special Revenue	<u>6,318</u>	<u>7,544</u>	<u>1,226</u>
Total	<u>\$ 17,065</u>	<u>\$ 29,178</u>	<u>\$ 12,113</u>

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 23,603	\$ 15,600	\$ 8,003
Special Revenue	<u>19,105</u>	<u>8,350</u>	<u>10,755</u>
Total	<u>\$ 42,708</u>	<u>\$ 23,950</u>	<u>\$ 18,758</u>

In 2000, the Village Council did not approve the annual appropriation resolution, causing expenditures to exceed appropriations at the legal level of control for all funds.

Appropriations exceeded estimated resources plus unencumbered balances within the General Fund in 1999.

The Village Clerk/Treasurer did not certify the availability of funds prior to incurring some expenditures.

**VILLAGE OF LEWISVILLE  
MONROE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000 AND 1999  
(Continued)**

**4. PROPERTY TAX**

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by Village Council. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to make semiannual payment, the first half is due December 31. The second half payment is due the following June 20.

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

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

**5. RETIREMENT SYSTEMS**

Village employees, as well as Village Council and the Clerk/Treasurer, belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2000 and 1999, PERS members contributed 8.5% of their gross salaries. The Village contributed an amount equal to 13.55% of participants' gross salaries through June 30, 2000. For the period July 1, 2000 through December 31, 2000, PERS temporarily reduced the employer's contribution rate to 8.13% of participants' gross salaries. The Village has paid all contributions required through December 31, 2000.

**6. RISK MANAGEMENT**

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Vehicles



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

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

To the Village Council:

We have audited the accompanying financial statements of the Village of Lewisville, Monroe County, Ohio (the Village), as of and for the years ended December 31, 2000 and 1999, and have issued our report thereon dated May 21, 2001. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying Schedule of Findings as items 2000-31056-001 through 2000-31056-004. We also noted certain immaterial instances of noncompliance that we have reported to management of the Village in a separate letter dated May 21, 2001.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Village's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Village in a separate letter dated May 21, 2001.

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

This report is intended for the information and use of management and the Village Council, and is not intended to be and should not be used by anyone other than these specified parties.

**Jim Petro**  
Auditor of State

May 21, 2001

VILLAGE OF LEWISVILLE  
MONROE COUNTY

SCHEDULE OF FINDINGS  
DECEMBER 31, 2000 AND 1999

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

FINDING NUMBER 2000-31056-001

**Noncompliance Citation**

Ohio Rev. Code § 5705.41(D) states that no subdivision or taxing unit shall make any contract or order any expenditure of money unless there is attached thereto a certificate of the fiscal officer of the subdivision that the amount required to meet the same has been lawfully appropriated for such purpose and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. Every such contract made without such a certificate shall be null and void and no warrant shall be issued in payment of any amount due thereon.

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

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

All expenditures made in 2000 were not certified as to the availability of funds due to Village Council not passing an appropriation resolution. For 1999, all of the obligations paid by the Village had a statement attached indicating the purchase was lawfully appropriated or in the process of collection to the credit of the appropriate fund, free from any previous encumbrance; however, this certification was dated subsequent to incurring the obligation for 47% of transactions tested.

We recommend the Clerk/Treasurer monitor the use of purchase orders more carefully to help ensure expenditures are certified as to the availability of funds prior to incurring the obligation.

FINDING NUMBER 2000-31056-002

**Noncompliance Citation**

Ohio Rev. Code § 5705.38 states that, on or about the first day of each year, the taxing authority of each subdivision or other taxing unit shall pass an appropriation measure. The subdivision may pass a temporary appropriation for meeting ordinary expenses of the taxing unit until not later than the first day of April of the current year, and the appropriations made therein shall be chargeable to the appropriations in the annual appropriation measure for that fiscal year.

The Village did not adopt an appropriation measure in 2000.

We recommend a temporary or permanent appropriation measure be adopted at the organizational meeting each year, to allow the Village to expend monies for the fiscal year.

VILLAGE OF LEWISVILLE  
MONROE COUNTY

SCHEDULE OF FINDINGS  
DECEMBER 31, 2000 AND 1999  
(Continued)

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

**FINDING NUMBER 2000-31056-003**

**Noncompliance Citation**

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

The Village had expenditures which exceed appropriations at the legal level of control within all funds for 2000, which was attributed to the Village not adopting an appropriation resolution.

The Village should adopt a temporary or annual appropriation resolution near the start of the fiscal year. Once adopted, the Clerk/Treasurer should deny payment requests exceeding appropriations. The Clerk/Treasurer may request the Board to approve increased expenditure levels by increasing appropriations and amending estimated resources, if necessary.

**FINDING NUMBER 2000-31056-004**

**Noncompliance Citation**

Ohio Rev. Code § 5705.39 provides that appropriations from each fund shall not exceed the estimated revenue plus unencumbered balances available for expenditure as certified by the County Budget Commission.

As of December 31, 1999, the General Fund was found to have appropriations in excess of the total amount certified by the Budget Commission in the amount of \$4,981.

We recommend the Village develop internal control procedures to ensure appropriations of each fund do not exceed the estimated revenue certified by the County Budget Commission.





STATE OF OHIO  
OFFICE OF THE AUDITOR  

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JIM PETRO, AUDITOR OF STATE

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**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  
JULY 24, 2001**