



Dave Yost • Auditor of State

VILLAGE OF LEWISVILLE
MONROE COUNTY

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Village of Lewisville
Monroe County
46089 SR 145
Lewisville, Ohio 43754

To the Village Council:

Report on the Financial Statements

We have audited the accompanying financial statements and related notes of the Village of Lewisville, Monroe County, Ohio (the Village), as of and for the years ended December 31, 2012 and 2011.

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 of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Village's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Village's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinion.

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

As described in Note 1 of the financial statements, the Village prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03, which is an accounting basis other than accounting principles generally accepted in the United States of America, to satisfy requirements.

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The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2012 and 2011, or 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 combined cash balances of the Village of Lewisville, Monroe County, Ohio, as of December 31, 2012 and 2011, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 permit, described in Note 1.

Emphasis of Matter

As discussed in Note 1E to the financial statements, the Village adopted new accounting guidance in Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. Our opinion is not modified with respect to this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 22, 2013, 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 22, 2013

**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, 2012**

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Property and Local Taxes	\$7,247		\$7,247
Intergovernmental	16,711	\$7,455	24,166
Miscellaneous	180		180
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	24,138	7,455	31,593
	<hr/>	<hr/>	<hr/>
Cash Disbursements:			
Current:			
Security of Persons and Property	4,965		4,965
Community Environment	2,588		2,588
Basic Utility Service	2,603		2,603
Transportation		2,078	2,078
General Government	6,392		6,392
Capital Outlay		250	250
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	16,548	2,328	18,876
	<hr/>	<hr/>	<hr/>
Total Cash Receipts Over Cash Disbursements	7,590	5,127	12,717
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, January 1	7,647	11,352	18,999
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, December 31			
Restricted		16,479	16,479
Unassigned	15,237		15,237
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, December 31	\$15,237	\$16,479	\$31,716
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

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, 2011**

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Property and Local Taxes	\$7,652		\$7,652
Intergovernmental	12,739	\$8,781	21,520
	<u>20,391</u>	<u>8,781</u>	<u>29,172</u>
Cash Disbursements:			
Current:			
Security of Persons and Property	11,221		11,221
Community Environment	47		47
Basic Utility Service	2,542		2,542
Transportation		10,134	10,134
General Government	7,198		7,198
	<u>21,008</u>	<u>10,134</u>	<u>31,142</u>
Total Cash Receipts (Under) Cash Disbursements	(617)	(1,353)	(1,970)
Fund Cash Balances, January 1	<u>8,264</u>	<u>12,705</u>	<u>20,969</u>
Fund Cash Balances, December 31			
Restricted		11,352	11,352
Unassigned	7,647		7,647
Fund Cash Balances, December 31	<u><u>\$7,647</u></u>	<u><u>\$11,352</u></u>	<u><u>\$18,999</u></u>

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, 2012 AND 2011**

1. Summary of Significant Accounting Policies

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of Lewisville, Monroe County, Ohio (the Village) as a body corporate and politic. A publicly-elected six-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.

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

B. Accounting Basis

These financial statements follow the accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The Village recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the Auditor of State prescribes or permits.

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 accounts for and reports all financial resources not accounted for and reported in another fund.

2. 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 Fund - This fund receives gasoline tax and motor vehicle 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, 2012 AND 2011
(Continued)

1. Summary of Significant Accounting Policies (Continued)

D. Budgetary Process (Continued)

1. Appropriations (Continued)

The Village 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 individual commitments are made. The Village did not use the encumbrance method of accounting.

A summary of 2012 and 2011 budgetary activity appears in Note 3.

E. Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Village must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

1. Nonspendable

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

2. Restricted

Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

3. Committed

Council can *commit* amounts via formal action (resolution). The Village must adhere to these commitments unless the Council amends the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

**VILLAGE OF LEWISVILLE
MONROE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

E. Fund Balance (Continued)

4. Assigned

Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Village Council or a Village official delegated that authority by resolution, or by State Statute.

5. Unassigned

Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Village applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

F. Property, Plant, and Equipment

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

2. Equity in Pooled Deposits

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

	<u>2012</u>	<u>2011</u>
Demand deposits	<u>\$31,716</u>	<u>\$18,999</u>

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

3. Budgetary Activity

Budgetary activity for the years ending December 31, 2012 and 2011, follows:

2012 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$0	\$24,138	\$24,138
Special Revenue	0	7,455	7,455
Total	\$0	\$31,593	\$31,593

**VILLAGE OF LEWISVILLE
MONROE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011
(Continued)**

3. Budgetary Activity (Continued)

2012 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$0	\$16,548	(\$16,548)
Special Revenue	0	2,328	(2,328)
Total	\$0	\$18,876	(\$18,876)

2011 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$0	\$20,391	\$20,391
Special Revenue	0	8,781	8,781
Total	\$0	\$29,172	\$29,172

2011 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$0	\$21,008	(\$21,008)
Special Revenue	0	10,134	(10,134)
Total	\$0	\$31,142	(\$31,142)

Contrary to Ohio Rev. Code Section 5705.38, the Village did not pass an annual appropriation measure for either 2012 or 2011, which resulted in all Village fund expenditures exceeding appropriations in 2012 and 2011, contrary to Ohio Rev. Code Section 5705.41(B).

4. Property Tax

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

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

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

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

**VILLAGE OF LEWISVILLE
MONROE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011
(Continued)**

5. Retirement System

The Village's elected officials 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 includes postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2012 and 2011, 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, 2012.

6. Risk Management

Commercial Insurance

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles;
- Errors and omissions; and
- Public Officials Liability.

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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 SR 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 Village of Lewisville, Monroe County, Ohio (the Village), as of and for the years ended December 31, 2012 and 2011, and the related notes to the financial statements and have issued our report thereon dated November 22, 2013, wherein we noted the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 permits. We also noted the Village has adopted Governmental Accounting Standards Board Statement No. 54.

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 material weaknesses.

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. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider findings 2012-03 through 2012-08 described in the accompanying Schedule of Findings to be material weaknesses.

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 2012-01 through 2012-04.

Entity'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 audit the Village's responses 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 communication is not suitable for any other purpose



Dave Yost
Auditor of State

Columbus, Ohio

November 22, 2013

**VILLAGE OF LEWISVILLE
MONROE COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2012 AND 2011**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2012-01

Noncompliance

Ohio Rev. Code Section 5705.41(D)(1) prohibits a subdivision or taxing authority from making any contract or ordering any expenditure of money unless a certificate signed by the Village Clerk is attached thereto. The Village Clerk must certify that the amount required to meet any such contract or expenditure has been lawfully appropriated and is in the treasury, or is in the process of collection to the credit of an appropriate fund free from any previous encumbrance. Further, contracts and orders for expenditures lacking prior certification shall be null and void.

There are several exceptions to the standard requirement stated above that a Village Clerk 's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are "then and now" certificates, blanket certificates, and super blanket certificates, which are provided for in Sections 5705.41(D)(1) and 5705.41(D)(3), respectively, of the Ohio Revised Code:

Then and Now Certificate – If the Village Clerk can certify that both at the time the contract or order was made "then" and at the time that the Village Clerk is completing the certification "now", that sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any encumbrance, the Village can authorize the drawing of a warrant for the payment of the amount due. The Village has 30 days from the receipt of the "then and now" certificate to approve payment by resolution or ordinance. Amounts of less than \$3,000, may be paid by the Village Clerk without a resolution or ordinance of the Village upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the Village.

Blanket Certificate – Fiscal officers may prepare "blanket" certificates for a certain sum of money not in excess of an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority against any specific line item account over a period not running beyond the end of the current fiscal year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.

Super Blanket Certificate – The Village may also make expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the Village Clerk for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification is not to extend beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any line item appropriation.

Although the obligations paid by the Village had a statement indicating the purchase was lawfully appropriated or in the process of collection to the credit of an appropriate fund, and free from any previous encumbrance, this certification of available funds was not obtained prior to incurring the obligation for 100% of transactions tested for 2012 and 2011. The purchase orders attached to the vouchers were not signed or dated by the Village Clerk.

**VILLAGE OF LEWISVILLE
MONROE COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2012 AND 2011
(Continued)**

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

FINDING NUMBER 2012-01 (Continued)

Noncompliance - Ohio Rev. Code Section 5705.41(D)(1) (Continued)

Failure to properly certify the availability of funds can result in overspending of funds and negative cash fund balances. Unless the exceptions noted above are used, prior certification is not only required by statute, but is a key control in the disbursement process to assure that purchase commitments receive prior approval. To improve controls over disbursements and to help reduce the possibility of the Village's funds exceeding budgetary spending limitations, we recommend the Village Clerk certify that funds are or will be available prior to obligations being incurred by the Village Clerk. When prior certification is not possible, "then and now" certificates should be used.

We recommend the Village certify purchases to which Ohio Rev. Code Section 5705.41(D) applies. The most convenient certification method is to use purchase orders that include the certification language Section 5705.41(D) requires to authorize disbursements. The Village Clerk should sign the certification prior to the Village incurring a commitment, and only when the requirements of Section 5705.41(D) are satisfied.

Officials' Response: The Clerk intends on using 'Then and Now Certificates' and using Super Blankets for bills. The Clerk will be making sure to use purchase orders in a timely manner.

FINDING NUMBER 2012-02

Noncompliance

Ohio Rev. Code Section 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 2012 and 2011, there was no indication that Village Council adopted an appropriation measure.

Ohio Rev. Code Section 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, 2012, the Village's expenditures exceeded appropriations by fund in the following amounts:

Fund	Appropriation	Expenditures	Variance
General	\$0	\$16,548	(\$16,548)
Street Construction	0	2,062	(2,062)
Street Highway	0	265	(265)

**VILLAGE OF LEWISVILLE
MONROE COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2012 AND 2011
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2012-02 (Continued)

Noncompliance - Ohio Rev. Code Sections 5705.38(A) and 5705.41(B) - (Continued)

At December 31, 2011, the Village's expenditures exceeded appropriations by fund in the following amounts:

Fund	Appropriation	Expenditures	Variance
General	\$0	\$21,008	(\$21,008)
Street Construction	0	10,125	(10,125)
Street Highway	0	10	(10)

The Village's failure to limit expenditures to the amounts appropriated could result in deficit spending. We recommend Village Council adopt an annual appropriation measure. Once the appropriations are officially adopted the Village Clerk should post the amounts to the computer system and the 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 Village Clerk should deny requests for payment when appropriations are not available.

Officials' Response: The Clerk will make sure the amended certificate is mailed and that appropriation measures are followed. The Clerk will go over expenditures with Council and not take funds from the wrong accounts.

FINDING NUMBER 2012-03

Noncompliance and Material Weakness

Ohio Rev. Code Section 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 2012, auto registration fees in the amount of \$5,523 were posted entirely to the General Fund; however, should have been allocated to the Street Construction Maintenance and Repair Fund and the Street Highway Funds in the amounts of \$5,358 and \$165, respectively.

In 2011, auto registration fees in the amount of \$5,947 were posted entirely to the General Fund; however, should have been allocated to the Street Construction Maintenance and Repair, and the Street Highway Funds in the amounts of \$5,699 and \$248, 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.

We recommend the Village Clerk allocate auto registration fees 92.5% to the Street Construction Maintenance and Repair Fund and 7.5% to the Street Highway Fund.

Officials' Response: The Clerk will post receipts to the correct location and split them 92.5% and 7.5% when needed.

**VILLAGE OF LEWISVILLE
MONROE COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2012 AND 2011
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2012-04

Noncompliance and Material Weakness

Ohio Rev. Code Section 9.38 requires that all monies collected under the color of office, or monies collected by a public officer or employee shall be deposited with the treasurer of the taxing district once every twenty-four hours.

This section also stipulates that if the amount of daily receipts does not exceed \$1,000 and the receipts can be safeguarded, public offices may adopt a policy permitting officials who receive money to hold it past the next business day, but the deposit must be made no later than 3 business days after receiving it.

If the amount exceeds \$1,000 or a lesser amount cannot be safeguarded, the public official must then deposit the money on the next business day.

Throughout the period, when comparing the date monies were actually received to the deposit date revealed receipts were held and not deposited until 1 to as much as 3 months later. This practice did result in several checks becoming lost and re-issued. (See Finding Nos. 2012-06 and 2012-08)

To help prevent cash flow problems and the risk of receipts becoming lost, we recommend that deposits be made with the bank on a timely basis, such as on the business day following the date of receipt or within a reasonable period of time thereafter.

Officials' Response: The Clerk will be having County Auditor and State direct depositing checks to avoid this.

FINDING NUMBER 2012-05

Material Weakness

The bank reconciliation prepared as of December 31, 2012 included an unexplained reconciling item of \$290, which resulted in fund balances exceeding actual available cash by this amount. The Village Clerk was unable to determine what this amount represented; however, once we prepared the monthly proof of cash the reconciling item at December 31, 2012 was in the aggregate amount of \$444. The Village Clerk has not been able to reconcile since March 2009. Each month the unexplained reconciling amount was never consistent and ranged anywhere from \$52 to \$7,946. There was also no documentation of the governing board review of the bank reconciliations.

Reconciling cash is a critical control in assuring all transactions are posted accurately and timely, and in the proper accounting period. Unidentified differences result in inaccurate fund cash balance information, and conceivably could cause deficit spending. The Village's small size requires governing board involvement with critical accounting processes (such as bank reconciliation) to compensate for the inability to segregate these duties. The absence of these reviews may be a material weakness in internal accounting control, resulting in inaccurate cash balances, or even undetected theft.

We recommend the Village Clerk prepare monthly bank reconciliations. Sufficient explanation and/or supporting documentation should be provided and retained for all reconciling items, such as outstanding checks, deposits-in-transit, and "Other Adjusting Factors" that may appear on the reconciliation. The Village Clerk should present monthly bank reconciliations to Village Council for their review and approval at their monthly meetings.

**VILLAGE OF LEWISVILLE
MONROE COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2012 AND 2011
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2012-05 (Continued)

Material Weakness (Continued)

Officials' Response: Monthly bank statements will be complete in a timely manner.

FINDING NUMBER 2012-06

Material Weakness

Per our review of the Receipt Detail Report for 2012 and 2011, we determined that based on the receipt dates, receipts were not being posted timely. The Village also did not post all of monies received in the fiscal year. Per inquiry with the Monroe County Auditor, on May 20, 2013, and scan of County Auditor Confirmation sheets from Monroe County, a total of 9 checks issued to the Village in 2012 in the aggregate amount of \$2,616 were voided and re-issued in 2013 due to the Village Clerk losing these checks. In 2011, a total of 5 checks issued to the Village in the aggregate amount of \$845 were voided and re-issued in 2012 due to the Village Clerk losing these checks.

In addition, the Village Clerk only deposits and posts receipts once a month to the Village accounting records.

To prevent the Village from having cash flow problems, monies received should be reasonably and timely posted to the Village's accounting records.

We recommend the Village Clerk post receipts reasonably, timely, and into the proper period.

Officials' Response: Getting the checks direct deposited should control this problem.

FINDING NUMBER 2012-07

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's Officers Handbook (revised March 2013) provides suggested account classifications. These accounts classify receipts by fund and source (taxes or charges for 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.

During 2012 and 2011, Village's receipts were not always posted to the accurate receipt classifications, based upon the source of receipt.

**VILLAGE OF LEWISVILLE
MONROE COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2012 AND 2011
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2012-07 (Continued)

Material Weakness (Continued)

The following misclassifications were noted for 2012:

- \$9,948 Fire Department Grant, \$5,249 Local Government, \$1,168 Homestead & Rollback, and \$220 Liquor Permit receipts were posted to General Fund Taxes instead of General Fund Intergovernmental.
- A miscellaneous reimbursement in the amount of \$180 was posted to General Fund Taxes instead of Miscellaneous Receipts.

The following misclassifications were noted for 2011:

- \$5,461 Local Government, \$2,339 Homestead & Rollback, \$4,720 Estate Tax, and \$220 Liquor Permit receipts were posted to General Fund Taxes instead of General Fund Intergovernmental.

Material adjustments with which the Village officials' agree are reflected in the accompanying financial statements.

We recommend the Village utilize available authoritative resources to appropriately classify receipt transactions.

Officials' Response: The Clerk will make sure that funds are put into the right accounts by looking at the hand book.

FINDING NUMBER 2012-08

Material Weakness

State of Ohio warrants for 2012 and 2011, in the amounts \$2,190 and \$398, respectively, as confirmed by the State of Ohio on the Distribution Transaction List, could not be accounted for on the Village's accounting records nor were the monies subsequently deposited in the Village's bank account. The State Treasurer's website does not show the warrants as being redeemed.

We recommend the Village Clerk complete a "Claim for Reissuance of Voided Warrant due to Age" form for the warrants noted above and submit to the specific agency that paid the warrant so these warrants can be reissued to the Village. A separate form will need completed for each warrant. If these amounts are not collected by the next audit a finding for recovery may be issued against the Village Clerk for "public money due but not collected" and/or "public money collected but not accounted for" in the amount of \$2,588.

Officials' Response: The Clerk is in the process of getting these checks re-issued.

**VILLAGE OF LEWISVILLE
MONROE COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2012 AND 2011**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2010-01	Ohio Rev. Code Section 5705.36 for not certifying available revenue to the County.	No	Not Corrected; Reissued in management letter.
2010-02	Ohio Rev. Code Section 5705.38 for not approving annual appropriations.	No	Not Corrected; Reissued as Finding No. 2012-02.
2010-03	Ohio Rev. Code Section 5705.41(B) for expenditures exceeding appropriations.	No	Not Corrected Reissued as Finding No. 2012-02.
2010-04	Ohio Rev. Code Section 5705.41(D) for not certifying availability of funds prior to incurring obligations.	No	Not Corrected; Reissued in Finding No. 2012-01.

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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
DECEMBER 26, 2013**