



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 of the cash balances, receipts and disbursements by fund type, and related notes of the Village of Lewisville, Monroe County, Ohio (the Village), as of and for the years ended December 31, 2014 and 2013.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

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

As described in Note 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 § 117.38 and Ohio Administrative Code § 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2014 and 2013, 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, 2014 and 2013, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D) permit, described in Note 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 4, 2016 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

May 4, 2016

**VILLAGE OF LEWISVILLE
MONROE COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS,
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2014**

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Property and Other Local Taxes	\$9,074	\$0	\$9,074
Intergovernmental	6,849	2,856	9,705
Miscellaneous	1,844	0	1,844
<i>Total Cash Receipts</i>	<u>17,767</u>	<u>2,856</u>	<u>20,623</u>
Cash Disbursements			
Current:			
Security of Persons and Property	3,413	0	3,413
Basic Utility Services	1,528	0	1,528
Transportation	2,800	16,376	19,176
General Government	7,185	6,025	13,210
<i>Total Cash Disbursements</i>	<u>14,926</u>	<u>22,401</u>	<u>37,327</u>
<i>Excess of Cash Receipts Over (Under) Cash Disbursements</i>	<u>2,841</u>	<u>(19,545)</u>	<u>(16,704)</u>
Other Financing Receipts			
Other Financing Sources	857	214	1,071
<i>Total Other Financing Receipts</i>	<u>857</u>	<u>214</u>	<u>1,071</u>
<i>Net Change in Fund Cash Balances</i>	3,698	(19,331)	(15,633)
<i>Fund Cash Balances, January 1</i>	<u>16,615</u>	<u>21,519</u>	<u>38,134</u>
Fund Cash Balances, December 31			
Restricted	0	2,188	2,188
Unassigned	20,313	0	20,313
<i>Fund Cash Balances, December 31</i>	<u>\$20,313</u>	<u>\$2,188</u>	<u>\$22,501</u>

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

**VILLAGE OF LEWISVILLE
MONROE COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS,
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2013**

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Property and Other Local Taxes	\$5,473	\$0	\$5,473
Intergovernmental	8,893	6,390	15,283
<i>Total Cash Receipts</i>	<u>14,366</u>	<u>6,390</u>	<u>20,756</u>
Cash Disbursements			
Current:			
Security of Persons and Property	14,560	0	14,560
Basic Utility Services	2,110	0	2,110
Transportation	355	1,350	1,705
General Government	10,635	0	10,635
<i>Total Cash Disbursements</i>	<u>27,660</u>	<u>1,350</u>	<u>29,010</u>
<i>Excess of Cash Receipts Over (Under) Cash Disbursements</i>	<u>(13,294)</u>	<u>5,040</u>	<u>(8,254)</u>
Other Financing Receipts			
Sale of Capital Assets	14,556	0	14,556
Other Financing Sources	115	0	115
<i>Total Other Financing Receipts</i>	<u>14,671</u>	<u>0</u>	<u>14,671</u>
<i>Net Change in Fund Cash Balances</i>	1,377	5,040	6,417
<i>Fund Cash Balances, January 1</i>	<u>15,238</u>	<u>16,479</u>	<u>31,717</u>
Fund Cash Balances, December 31			
Restricted	0	21,519	21,519
Unassigned	16,615	0	16,615
<i>Fund Cash Balances, December 31</i>	<u><u>\$16,615</u></u>	<u><u>\$21,519</u></u>	<u><u>\$38,134</u></u>

**VILLAGE OF LEWISVILLE
MONROE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013**

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

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 Funds:

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

**VILLAGE OF LEWISVILLE
MONROE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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. The Village Council must annually approve appropriation measures and subsequent amendments. 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 approve estimated resources.

3. Encumbrances

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year.

A summary of 2014 and 2013 budgetary activity appears in Note 3.

E. Fund Balance

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

1. 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.

2. Unassigned

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

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

**VILLAGE OF LEWISVILLE
MONROE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 at December 31 was as follows:

	2014	2013
Demand deposits	\$22,501	\$38,134

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

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2014 and 2013, follows:

2014 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$0	\$18,624	\$18,624
Special Revenue	0	3,070	3,070
Total	\$0	\$21,694	\$21,694

2014 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$0	\$14,926	(\$14,926)
Special Revenue	0	22,401	(22,401)
Total	\$0	\$37,327	(\$37,327)

2013 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$0	\$29,037	\$29,037
Special Revenue	0	6,390	6,390
Total	\$0	\$35,427	\$35,427

2013 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$0	\$27,660	(\$27,660)
Special Revenue	0	1,350	(1,350)
Total	\$0	\$29,010	(\$29,010)

**VILLAGE OF LEWISVILLE
MONROE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

Contrary to Ohio Rev. Code § 5705.38(A), the Village did not pass an annual appropriations measure for either 2014 or 2013 which resulted in all Village fund expenditures exceeding appropriations in 2014 and 2013, contrary to Ohio Rev. Code § 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.

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

5. 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 cash balances, receipts, and disbursements by fund type of the Village of Lewisville, Monroe County, Ohio (the Village), as of and for the years ended December 31, 2014 and 2013, and the related notes to the financial statements and have issued our report thereon dated May 4, 2016, wherein we noted the Village followed financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03 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 material weaknesses and a significant deficiency.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A material weakness is a deficiency, or a combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Entity's financial statements. We consider Findings 2014-002 through 2014-006 described in the accompanying Schedule of Findings to be material weaknesses.

A significant deficiency is a deficiency, or a combination of internal control deficiencies less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider Finding 2014-007 described in the accompanying Schedule of Findings to be a significant deficiency.

Compliance and Other Matters

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying Schedule of Findings as items 2014-001 through 2014-003.

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 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

May 4, 2016

**VILLAGE OF LEWISVILLE
MONROE COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2014 AND 2013**

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

FINDING NUMBER 2014-001

Noncompliance

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

For 2014 and 2013, there was no indication that Village Council adopted an appropriation measure.

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

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

At December 31, 2014, the Village's expenditures exceeded appropriations by fund in the following amounts:

Fund	Appropriations	Expenditures	Variances
General	\$0	\$14,926	(\$14,926)
Street Construction	0	20,372	(20,372)
State Highway	0	2,029	(2,029)

At December 31, 2013, the Village's expenditures exceeded appropriations by fund in the following amounts:

Fund	Appropriations	Expenditures	Variances
General	\$0	\$27,660	(\$27,660)
Street Construction	0	1,350	(1,350)

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

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

Officials' Response: Had not closed out 2014 year on UAN to do appropriations.

**VILLAGE OF LEWISVILLE
MONROE COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2014 AND 2013
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2014-002

Noncompliance and Material Weakness

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

In 2014, auto registration fees in the amount of \$78 were posted to the State Highway Fund instead of the Street Construction Maintenance and Repair Fund.

In 2013, local government revenues in the amount of \$691 and \$297 were posted to the Street Construction Maintenance and Repair Fund and the State Highway Fund, respectively, instead of the General Fund.

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

The Village Clerk should allocate auto registration fees at 92.5% to the Street Construction Maintenance and Repair Fund and 7.5% to the State Highway Fund. Also, all local government monies received from the County Auditor should be posted to the General Fund.

Officials' Response: In the future, I (the Clerk) will be sure to consult the Village Officer's Handbook for guidance in posting receipts to the correct fund.

FINDING NUMBER 2014-003

Noncompliance and Material Weakness

Ohio Rev. Code § 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 No. 2014-006). We also determined that based on the receipt dates, receipts were not being posted timely.

In addition, the Village Clerk only posts receipts two to three times per year to the Village accounting records.

**VILLAGE OF LEWISVILLE
MONROE COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2014 AND 2013
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2014-003 (Continued)

Noncompliance and Material Weakness - Ohio Rev. Code § 9.38 (Continued)

The Village did not have internal controls in place to ensure monies were deposited in a timely manner and subsequently posted to the accounting records.

To help prevent cash flow problems and the risk of receipts becoming lost, the Clerk should make deposits 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. The Clerk should also post receipts more timely and in the proper period.

Officials' Response: I (the Clerk) work in another county, making it hard to get to the bank or post office during operating hours. I now have county and state checks set up to direct deposit.

FINDING NUMBER 2014-004

Material Weakness

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

The Village Officer's Handbook (revised March 2015) provides suggested account classifications. These accounts classify receipts by fund and source (taxes or charges for services, for example) and classify disbursements by fund, program (general government, for example) or object (personal services, for example). Using these classifications and the aforementioned accounting records will provide the Village with information required to monitor compliance with the budget, and prepare annual reports in the format required by the Auditor of State.

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

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

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

We noted the following posting errors in 2014:

**VILLAGE OF LEWISVILLE
MONROE COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2014 AND 2013
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2014-004 (Continued)

Material Weakness (Continued)

- \$1,844 of gas and oil royalties was posted to General Fund Property Taxes instead of General Fund Miscellaneous Revenue.
- \$187 of intergovernmental receipts were posted to Property Taxes instead of Intergovernmental Revenue within the Street Construction Maintenance and Repair Fund.
- \$2,813 General Government, \$2,800 Transportation and \$399 Basic Utilities expenditures were posted to various other line items within the General Fund.
- \$4,675 of General Government expenditures were posted to the Transportation line item within the Street Construction Maintenance and Repair Fund.
- \$978 of General Government expenditures were posted to the Transportation line item within the State Highway Fund.
- \$20,313 of General Fund Balance was classified as Assigned instead of Unassigned, as proper.
- \$1,849 of Street Construction Maintenance and Repair Fund Balance was classified as Assigned instead of Restricted, as proper.
- \$339 of State Highway Fund Balance was classified as Assigned instead of Restricted, as proper.

We noted the following posting errors in 2013:

- \$7,532 of Local Government and Homestead and Rollback receipts was posted to General Fund Property Taxes instead of General Fund Intergovernmental Revenue.
- \$14,556 of proceeds from a sale of property was posted to General Fund Property Taxes instead of General Fund Sale of Capital Assets.
- \$2,848 General Government and \$74 Basic Utilities expenditures were posted to various other line items within the General Fund.
- \$2,740 General Government expenditures were posted to Security of Persons and Property and Transportation line items within the General Fund in the amounts of \$2,126 and \$614, respectively.
- A council member's salary in the amount of \$480 was posted entirely to the Street Construction Maintenance and Repair Fund instead of the General Fund, as proper.
- \$16,615 of General Fund Balance was classified as Assigned instead of Unassigned, as proper.
- \$19,656 of Street Construction Maintenance and Repair Fund Balance was classified as Assigned instead of Restricted, as proper.
- \$1,863 of State Highway Fund Balance was classified as Assigned instead of Restricted, as proper.

The adjustments with which the Village officials' agree are reflected within the accompanying financial statements and posted to the accounting records. The Village should utilize available authoritative resources to appropriately classify and record all receipts, expenditures, and fund balances.

Officials' Response: Again, posting receipts in a timely manner was hard not working in the same county. Appropriations would not allow me to pay out of general fund, but would let me out of the other 2 funds. In the future I will try to allocate my appropriations in the beginning of the year to be able to pull from correct funds.

**VILLAGE OF LEWISVILLE
MONROE COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2014 AND 2013
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2014-005

Material Weakness

The bank reconciliation as of December 31, 2013 included an unexplained reconciling variance of \$1,823, which resulted in fund balances exceeding actual available cash by this amount. The Village Clerk was able to determine transactions representing this amount at the end of 2014 and an adjustment was made to the Village's ledgers on February 11, 2016. The Clerk had not been able to reconcile since January 2013. Each month the unexplained reconciling amount was inconsistent and ranged from \$373 to \$1,506. The Clerk only performed one monthly reconciliation in 2014 and seven (June through December) in 2013.

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.

The Village Clerk should 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.

Officials' Response: I will perform monthly bank reconciliations at the end of each month after receiving the bank statement.

FINDING NUMBER 2014-006

Material Weakness

State of Ohio warrants for 2014 and 2013, in the aggregate amounts of \$9,361 and \$2,242, 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. We did note all of these warrants were listed on the Office of Budget and Management voided check report.

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.

The Village Clerk should 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 \$14,191.

**VILLAGE OF LEWISVILLE
MONROE COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2014 AND 2013
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2014-006 (Continued)

Material Weakness (Continued)

Officials' Response: I will complete and submit the proper form to the Office of Budget and Management to get the checks reissued to the village.

FINDING NUMBER 2014-007

Significant Deficiency

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

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

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

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

Officials' Response: Reporting in the minutes the bank statement balances and approval by Council will be noted.

**VILLAGE OF LEWISVILLE
MONROE COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2014 AND 2013**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2012-01	Ohio Rev. Code § 5705.41(D) for not certifying availability of funds prior to incurring obligations.	No	See Finding No. 2014-001.
2012-02	Ohio Rev. Code § 5705.38 for not approving annual appropriations and Ohio Rev. Code § 5705.41(B) for expenditures exceeding appropriations.	No	Not Corrected; Reissued as Finding No. 2014-001.
2012-03	Ohio Rev. Code § 5705.10(C) for misposting of receipts between funds.	No	Not Corrected; Reissued as Finding No. 2014-002.
2012-04	Ohio Rev. Code § 9.38 for not depositing revenues in a timely manner.	No	Not Corrected; Reissued as Finding No. 2014-003.
2012-05	Material Weakness regarding unexplained reconciling items on the bank reconciliation.	No	Not Corrected; Reissued as Finding No. 2014-005.
2012-06	Material Weakness regarding untimely posting of receipts to the accounting system.	No	Not Corrected; Reissued and combined as Finding No. 2014-003.
2012-07	Material Weakness regarding not properly posting receipts to the correct account.	No	Not Corrected; Reissued as Finding No. 2014-004.
2012-08	Material Weakness regarding outstanding state warrants that had not been cashed.	No	Not Corrected; Reissued as Finding No. 2014-006.

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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
MAY 19, 2016**