



**VILLAGE OF LYONS  
FULTON COUNTY**

**REGULAR AUDIT**

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



**JIM PETRO  
AUDITOR OF STATE**

**STATE OF OHIO**



VILLAGE OF LYONS  
FULTON COUNTY

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## REPORT OF INDEPENDENT ACCOUNTANTS

Village of Lyons  
Fulton County  
126 West Morenci Street  
Lyons, Ohio 43533-9790

To the Village Council:

We have audited the accompanying financial statements of the Village of Lyons, Fulton 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 audits 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 audits 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 audits provide 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 and reserves for encumbrances of the Village 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 April 18, 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, 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

April 18, 2001

**VILLAGE OF LYONS  
FULTON 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>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>				
Property Tax and Other Local Taxes	\$23,580	\$1,209		\$24,789
Intergovernmental Receipts	48,779	26,946	\$58,972	134,697
Fines, Licenses, and Permits	1,126			1,126
Miscellaneous	12,136	6,772		18,908
<b>Total Cash Receipts</b>	<u>85,621</u>	<u>34,927</u>	<u>58,972</u>	<u>179,520</u>
<b>Cash Disbursements:</b>				
Current:				
Security of Persons and Property	11,785			11,785
Leisure Time Activities		4,476		4,476
Community Environment	4,210			4,210
Basic Utility Services	2,795			2,795
Transportation	34,786	5,228		40,014
General Government	28,865			28,865
Capital Outlay	1,799	3,600	58,972	64,371
<b>Total Cash Disbursements</b>	<u>84,240</u>	<u>13,304</u>	<u>58,972</u>	<u>156,516</u>
<b>Total Receipts Over Disbursements</b>	1,381	21,623		23,004
Fund Cash Balances, January 1	24,568	61,413		85,981
<b>Fund Cash Balances, December 31</b>	<u><u>\$25,949</u></u>	<u><u>\$83,036</u></u>		<u><u>\$108,985</u></u>
Reserves for Encumbrances, December 31				

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

**VILLAGE OF LYONS  
FULTON COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN CASH BALANCES - PROPRIETARY FUND TYPE  
FOR THE YEAR ENDED DECEMBER 31, 2000**

	<b>Proprietary Fund Type</b>
	<b>Enterprise</b>
<b>Operating Cash Receipts:</b>	
Charges for Services	\$183,104
Miscellaneous	<u>5,143</u>
Total Operating Cash Receipts	<u>188,247</u>
<b>Operating Cash Disbursements:</b>	
Personal Services	44,423
Fringe Benefits	1,218
Contractual Services	98,817
Supplies and Materials	12,585
Capital Outlay	<u>3,572</u>
Total Operating Cash Disbursements	<u>160,615</u>
Operating Income	<u>27,632</u>
<b>Non-Operating Cash Receipts:</b>	
Other Non-Operating Receipts	<u>1,200</u>
<b>Non-Operating Cash Disbursements:</b>	
Other Non-Operating Cash Disbursements	<u>735</u>
Excess of Receipts Over Disbursements Before Interfund Transfers	28,097
Transfers-In	31,320
Transfers-Out	<u>(31,320)</u>
Net Receipts Over Disbursements	28,097
Cash Balances, January 1	<u>146,698</u>
<b>Cash Balances, December 31</b>	<b><u><u>\$174,795</u></u></b>
Reserve for Encumbrances, December 31	<u><u>\$14,900</u></u>

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



**VILLAGE OF LYONS  
FULTON 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>			<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>				
Property Tax and Other Local Taxes	\$23,902	\$1,257		\$25,159
Intergovernmental Receipts	45,316	26,769	\$93,240	165,325
Fines, Licenses, and Permits	641			641
Miscellaneous	9,239	5,973		15,212
<b>Total Cash Receipts</b>	<u>79,098</u>	<u>33,999</u>	<u>93,240</u>	<u>206,337</u>
<b>Cash Disbursements:</b>				
Current:				
Security of Persons and Property	12,414			12,414
Leisure Time Activities		3,617		3,617
Community Environment	671			671
Basic Utility Services	44,790			44,790
Transportation	38,094	21,322		59,416
General Government	25,357			25,357
Capital Outlay	11,406		93,240	104,646
<b>Total Cash Disbursements</b>	<u>132,732</u>	<u>24,939</u>	<u>93,240</u>	<u>250,911</u>
Total Receipts Over/(Under) Disbursements	(53,634)	9,060		(44,574)
Fund Cash Balances, January 1	78,202	52,353		130,555
<b>Fund Cash Balances, December 31</b>	<u><u>\$24,568</u></u>	<u><u>\$61,413</u></u>		<u><u>\$85,981</u></u>
Reserves for Encumbrances, December 31				

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

**VILLAGE OF LYONS  
FULTON COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN CASH BALANCES - PROPRIETARY FUND TYPE  
FOR THE YEAR ENDED DECEMBER 31, 1999**

	<b>Proprietary Fund Type</b>
	<b>Enterprise</b>
<b>Operating Cash Receipts:</b>	
Charges for Services	\$187,417
Miscellaneous	<u>131</u>
Total Operating Cash Receipts	<u>187,548</u>
<b>Operating Cash Disbursements:</b>	
Personal Services	35,209
Fringe Benefits	1,111
Contractual Services	86,214
Supplies and Materials	18,370
Capital Outlay	<u>11,081</u>
Total Operating Cash Disbursements	<u>151,985</u>
Operating Income	<u>35,563</u>
<b>Non-Operating Cash Receipts:</b>	
Other Non-Operating Receipts	<u>700</u>
<b>Non-Operating Cash Disbursements:</b>	
Other Non-Operating Cash Disbursements	<u>290</u>
Excess of Receipts Over Disbursements Before Interfund Transfers	35,973
Transfers-In	17,230
Transfers-Out	<u>(17,230)</u>
Net Receipts Over Disbursements	35,973
Cash Balances, January 1	<u>110,725</u>
<b>Cash Balances, December 31</b>	<b><u><u>\$146,698</u></u></b>
Reserve for Encumbrances, December 31	<u><u>                    </u></u>

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

**VILLAGE OF LYONS  
FULTON 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 Lyons, Fulton 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, including water utilities, and park operations (leisure time activities). The Village contracts with the Fulton 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. 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 prescribed or permitted by the Auditor of State.

**C. Cash and Investments**

The Village utilizes a checking account and an interest bearing money market fund (savings account).

**D. Fund Accounting**

The Village uses fund accounting to segregate cash and investments that are 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 Fund**

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 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 LYONS  
FULTON COUNTY**

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

*Parks and Recreation Fund* - Receives real estate and property tax revenues, donations, and rental receipts to fund the Villages Park programs and maintenance.

*Motor Vehicle License* - Some of the balance of this fund was used to help pay for tree service.

**3. Capital Project Funds**

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through enterprise or trust funds). The Village had the following significant capital project funds:

*Issue II Fund* - This fund receives proceeds from the Ohio Public Works Commission. The proceeds are used to pay for the design of the Wastewater Treatment Plant.

**4. Enterprise Funds**

These funds account for operations that are similar to private business enterprises where management intends that the significant costs of providing certain goods or services will be recovered through user charges. The Village had the following significant Enterprise Funds:

*Water Fund* - This fund receives charges for services from residents to cover the cost of providing this utility.

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

**2. Estimated Resources**

Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1. The County Budget Commission must 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 carried over, and need not be reappropriated. The Village did not encumber all commitments required by Ohio law. No material unrecorded encumbrances were outstanding at December 31.

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

**VILLAGE OF LYONS  
FULTON COUNTY**

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

**F. 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.

**G. Unpaid Vacation and Sick Leave**

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the cash basis of accounting used by the Village.

**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	<u>\$283,780</u>	<u>\$232,679</u>

Deposits are either (1) insured by the Federal Depository Insurance Corporation, (2) collateralized by the financial institution's public entity deposit pool.

**3. BUDGETARY ACTIVITY**

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

2000 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$79,138	\$85,621	\$6,483
Special Revenue	34,585	34,927	342
Capital Projects	186,760	58,972	(127,788)
Enterprise	181,063	220,767	39,704
Total	<u>\$481,546</u>	<u>\$400,287</u>	<u>(\$81,259)</u>

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$103,706	\$84,240	\$19,466
Special Revenue	95,998	13,304	82,694
Capital Projects	186,760	58,972	127,788
Enterprise	327,761	207,570	120,191
Total	<u>\$714,225</u>	<u>\$364,086</u>	<u>\$350,139</u>

**VILLAGE OF LYONS  
FULTON COUNTY**

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

1999 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$80,893	\$79,098	(\$1,795)
Special Revenue	35,364	33,999	(1,365)
Capital Projects	100,621	93,240	(7,381)
Enterprise	210,251	205,478	(4,773)
Total	<u>\$427,129</u>	<u>\$411,815</u>	<u>(\$15,314)</u>

1999 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$150,000	\$132,732	\$17,268
Special Revenue	78,500	24,939	53,561
Capital Projects	100,621	93,240	7,381
Enterprise	258,700	169,505	89,195
Total	<u>\$587,821</u>	<u>\$420,416</u>	<u>\$167,405</u>

Contrary to the Ohio Administrative Code and the Ohio Revised Code, the Village did not always issue purchase orders or certify funds when required. Encumbrances were not posted to the accounting system.

**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.

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.

**5. DEBT**

Debt outstanding at December 31, 2000 was as follows:

**VILLAGE OF LYONS  
FULTON COUNTY**

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

	<u>Principal</u>	<u>Interest Rate</u>
Ohio Water Development Authority Loan	<u>\$152,212</u>	5.54%

The Ohio Water Development Authority (OWDA) loan relates to the design of a wastewater treatment system, a project that was mandated by the Ohio EPA. The OWDA has approved up to \$280,000 in loans to the Village for this phase of the project. As of December 31, 2000, this phase of the project is ongoing. The final amount of debt and amortization on the retirement of this debt will be determined upon completion of the project.

**6. RETIREMENT SYSTEMS**

The Village's full-time employees 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% for 1999 and 10.84% for 2000, of participants' gross salaries. The Village has paid all contributions required through December 31, 2000.

**7. RISK MANAGEMENT**

The Village has obtained commercial insurance for the following risks:

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

The Village also provides health insurance to full-time employees through a private carrier.

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

Village of Lyons  
Fulton County  
126 West Morenci Street  
Lyons, Ohio 43533-9790

To the Village Council:

We have audited the accompanying financial statements of the Village of Lyons, Fulton County, Ohio, (the Village) as of and for the years ended December 31, 2000 and 1999, and have issued our report thereon dated April 18, 2001. We conducted our audits 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 audits 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 is described in the accompanying schedule of findings as item 2000-30126-001 and 2000-30126-002. We have also noted certain immaterial instances of noncompliance that we have reported to management of the Village in a separate letter dated April 18, 2001.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered 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 April 18, 2001.

Village of Lyons  
Fulton 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 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

April 18, 2001

VILLAGE OF LYONS  
FULTON 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 2000-30126-001

**Noncompliance Citation**

Ohio Administrative Code § 117-5-11 (C) requires posting purchase orders against appropriations. This procedure is to be initiated by an executed purchase order. The name of the vendor or payee as it appears on the purchase order is entered in the "Debit" column and also subtracted from the unencumbered balance. When the invoice is received from the vendor or payee and a check/warrant written to meet the obligation, the name of the vendor or payee is again entered and the amount of the check/warrant is entered in the "Amount of Check/Warrant" column.

The Village did not issue purchase orders for 87 percent of the transactions tested throughout the audit period and encumbrances were not posted to the accounting system.

We recommend the Village, upon making a purchase commitment, initiate a purchase order and post the encumbrance to the accounting system at the time the commitment is made.

FINDING NUMBER 2000-30126-002

**Noncompliance Citation**

Ohio Revised Code § 5705.41(D) states that no subdivision shall make any contract or order any expenditure of money unless the certificate of the fiscal officer is attached. The fiscal officer must certify that the amount required to meet such a commitment has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrance. Every contract made without such a certificate shall be void, and no warrant shall be issued in payment of any amount due thereon.

Should this requirement not be met, the section provides two exceptions which could prevent the contract from being void, which are called "then and now" certifications:

- A. Concerning contracts where the amount in question is \$1,000 or greater, the fiscal officer should present to the taxing authority of the subdivision or taxing unit a certificate stating that, at both the time the contract was made and at the time of the issuance of said certificate, a sufficient sum had been appropriated and was in the treasury or in the process of being collected and that money was free from any encumbrances. Within thirty days from the receipt of the certificate, the legislative authority may authorize a warrant for the payment of the amount due.
- B. Concerning amounts less than \$1,000, the fiscal officer must issue a certificate stating the same as in the first exception. However, the fiscal officer does not need to seek the approval of the legislative authority in order to authorize the payment of the contract.

Also, this code section states that fiscal officers may prepare so-called "regular blanket" certificates not exceeding \$5,000 against any specific line item account over a period not exceeding three months or running beyond the current fiscal year. The regular blanket certificates may, but need not, be limited to a specific vendor. Only one regular blanket certificate may be outstanding at one particular time for any one particular line item appropriation.

In addition to regular blanket certificates, a subdivision's fiscal officer may also issue so-called "super blanket" certificates for amounts over \$5,000 for expenditures and contracts from a specific line-item appropriation account in a specified fund 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 fiscal year. More than one super blanket certificate may be outstanding at one particular time for a particular line-item appropriation account.

The Clerk-Treasurer did not make the proper certification of funds for 93 percent of the transactions tested during the audit period. We recommend that the Treasurer certify all expenditures at the point when the contract is entered into or orders for goods or services are placed by Village officials. The certification can also be made through the use of "a regular blanket," "then and now" or "super blanket" certificates.



STATE OF OHIO  
OFFICE OF THE AUDITOR  

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JIM PETRO, AUDITOR OF STATE

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**VILLAGE OF LYONS**

**FULTON COUNTY**

**CLERK'S CERTIFICATION**

**This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.**

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
MAY 8, 2001**