



OHIO AUDITOR OF STATE  
KEITH FABER



**VILLAGE OF LYONS  
FULTON COUNTY**

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## INDEPENDENT AUDITOR'S REPORT

Village of Lyons  
Fulton County  
126 West Morenci Street  
P.O. Box 414  
Lyons, Ohio 43533-0414

To the Village Council:

### **Report on the Audit of the Financial Statements**

#### ***Unmodified and Adverse Opinions***

We have audited the financial statements of the Village of Lyons, Fulton County, Ohio (the Village), which comprises the cash balances, receipts and disbursements for each governmental and proprietary fund type as of and for the years ended December 31, 2023 and 2022, and the related notes to the financial statements.

#### ***Unmodified Opinion on Regulatory Basis of Accounting***

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for each governmental and proprietary fund type as of and for the years ended December 31, 2023 and 2022, and the related notes to the financial statements, in accordance with the financial reporting provisions which Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit, described in Note 2.

#### ***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* section of our report, the accompanying financial statements 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, 2023 and 2022, or the changes in financial position or, where applicable, cash flows thereof for the years then ended.

#### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Village, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

As described in Note 2 of the financial statements, the financial statements are prepared by the Village on the basis of the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 2 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 2024, 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. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village's 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.



Keith Faber  
Auditor of State  
Columbus, Ohio

December 18, 2024

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**VILLAGE OF LYONS  
FULTON COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2023**

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
<b>Cash Receipts:</b>				
Property and Other Local Taxes	\$60,857	\$9,358		\$70,215
Municipal Income Tax	153,735			153,735
Intergovernmental	43,524	41,732		85,256
Fines, Licenses and Permits	3,494			3,494
Earnings on Investments	2,018	283		2,301
Miscellaneous	16,860	3,818		20,678
<i>Total Cash Receipts</i>	<i>280,488</i>	<i>55,191</i>		<i>335,679</i>
<b>Cash Disbursements:</b>				
Current:				
Security of Persons and Property	12,578			12,578
Leisure Time Activities		8,994		8,994
Basic Utility Services	5,115			5,115
Transportation	18,614	51,318		69,932
General Government	326,856	44,574		371,430
<i>Total Cash Disbursements</i>	<i>363,163</i>	<i>104,886</i>		<i>468,049</i>
<i>Excess of Disbursements Over Receipts</i>	<i>(82,675)</i>	<i>(49,695)</i>		<i>(132,370)</i>
<i>Fund Cash Balances, January 1</i>	<i>385,693</i>	<i>114,676</i>	<i>\$6,661</i>	<i>507,030</i>
<i>Fund Cash Balances, December 31</i>	<i><u>\$303,018</u></i>	<i><u>\$64,981</u></i>	<i><u>\$6,661</u></i>	<i><u>\$374,660</u></i>

*See accompanying notes to the basic financial statements*

**VILLAGE OF LYONS  
FULTON COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)  
ALL PROPRIETARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2023**

	<u>Proprietary Fund Types</u>
	<u>Enterprise</u>
<b>Operating Cash Receipts:</b>	
Charges for Services	<u>\$306,920</u>
<b>Operating Cash Disbursements:</b>	
Personal Services	92,706
Fringe Benefits	12,672
Contractual Services	91,353
Supplies and Materials	13,130
Other	<u>2,718</u>
<i>Total Operating Cash Disbursements</i>	<u>212,579</u>
<b>Operating Income</b>	<u>94,341</u>
<b>Non-Operating Receipts (Disbursements):</b>	
Earnings on Investments	606
Principal Retirement	(36,477)
Interest and Other Fiscal Charges	<u>(42,586)</u>
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(78,457)</u>
<i>Income before Transfers</i>	15,884
Transfers In	67,100
Transfers Out	<u>(67,100)</u>
<i>Net Change in Fund Cash Balance</i>	15,884
<i>Fund Cash Balances, January 1</i>	<u>394,675</u>
<i>Fund Cash Balances, December 31</i>	<u>\$410,559</u>

*See accompanying notes to the basic financial statements*

**Village of Lyons**  
*Fulton County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2023*

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**Note 1 – Reporting Entity**

The Village of Lyons, Fulton County, Ohio (the Village) is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly-elected six-member Council directs the Village. The Village provides water and sewer utilities and park operations. The Village contract with the Fulton County Sheriff's department to provide security of persons and property.

***Joint Governed Organization and Public Entity Risk Pools***

The Village participates in a jointly governed organization and public entity risk pools. Notes 8, 12 and 15 to the financial statements provides additional information for these entities.

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

**Note 2 – Summary of Significant Accounting Policies**

***Basis of Presentation***

The Village's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types, and a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all proprietary fund types which are all organized on a fund type basis.

***Fund Accounting***

The Village uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Village are presented below:

**General Fund** The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Village for any purpose provided it is expended or transferred according to the general laws of Ohio.

**Special Revenue Funds** These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Village had the following significant Special Revenue Fund:

**Street Construction Maintenance and Repair** The street construction maintenance and repair fund accounts for and reports that portion of the State gasoline tax and motor vehicle license registration fees restricted for construction, maintenance, and repair of streets within the Village.

**Capital Project Funds** These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Village had the following significant Capital Project Fund:

**Other Capital Projects Fund** The other capital projects fund accounts for and reports monies for the maintenance of facilities, construction of capital improvements, and purchase of equipment.

**Village of Lyons**  
*Fulton County*  
**Notes to the Financial Statements**  
**For the Year Ended December 31, 2023**

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

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

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

#### ***Basis of Accounting***

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (C). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (C) permit.

#### ***Budgetary Process***

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

**Appropriations** Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund and 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.

**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.

**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 2023 budgetary activity appears in Note 4.

#### ***Capital Assets***

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

**Village of Lyons**  
*Fulton County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2023*

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### ***Accumulated Leave***

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

### ***Fund Balance***

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

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

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

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

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

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

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

For regulatory purposes, limited disclosure related to fund balance is included in Note 13.

### ***Note 3 – Compliance***

Contrary to Ohio law, revenues derived from general levy for current expenditures were not recorded in the General Fund. The Village also failed to comply with competitive bidding requirements for the purchase of a new dump truck.

**Village of Lyons**  
*Fulton County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2023*

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**Note 4 – Budgetary Activity**

Budgetary activity for the year ending December 31, 2023 follows:

2023 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$250,000	\$280,488	\$30,488
Special Revenue	49,500	55,191	5,691
Enterprise	368,650	374,626	5,976
Total	<u><u>\$668,150</u></u>	<u><u>\$710,305</u></u>	<u><u>\$42,155</u></u>

2023 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$631,887	\$363,163	\$268,724
Special Revenue	167,867	104,886	62,981
Capital Projects	6,776		6,776
Enterprise	763,325	358,742	404,583
Total	<u><u>\$1,569,855</u></u>	<u><u>\$826,791</u></u>	<u><u>\$743,064</u></u>

**Note 5 – Deposits**

To improve cash management, cash received by the Village is pooled. Monies for all funds are maintained in this pool. The Ohio Revised Code prescribes allowable deposits and investments. A summary of the Village's deposit accounts are as follows:

	2023
Demand Deposits	\$355,745
Other time deposits (savings and NOW accounts)	429,474
Total deposits	<u><u>\$785,219</u></u>

The Village does not use a separate payroll clearing account. The expenditures included in the accompanying financial statement reflect net payroll plus all remitted payroll withholdings. At December 31, 2023, the Village is holding \$5,207 in unremitted employee payroll withholding.

***Deposits***

Deposits are insured by the Federal Deposit Insurance Corporation or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

**Village of Lyons**  
*Fulton County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2023*

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**Note 6 – Taxes**

***Property Taxes***

Real property taxes become a lien on January 1 preceding the October 1 date for which the Council adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction 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.

***Income Taxes***

The Village levies a municipal income tax of one percent on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village.

Employers within the Village withhold income tax on employee compensation and remit the tax to the Village either monthly or quarterly, as required. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually.

**Note 7 – Interfund Balances**

During the year, the following transfers occurred:

<u>Fund type</u>	<u>Transfer In</u>	<u>Transfer Out</u>
Enterprise	<u>\$67,100</u>	<u>\$67,100</u>

Enterprise Fund transfers were made to meet the funding required for debt service.

**Note 8 – Risk Management**

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

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

**Village of Lyons**  
*Fulton County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2023*

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Effective November 1, 2016, the OPRM elected to participate in a property loss corridor deductible. The property corridor includes losses paid between 70% and 75%. In 2018, the casualty loss corridor was eliminated and the property corridor was adjusted to losses paid between 65% and 70%. Effective November 1, 2019, the property loss corridor was adjusted to losses between 60% and 67.5% and has remain unchanged. OPRM had 801 members as of December 31, 2023.

The Pool's audited financial statements conform with accounting principles generally accepted in the United States of America, with the exception of a qualified opinion related to recording premiums and membership fees earned in full as of December 31, 2023. Those premiums and fees should be earned pro-rata over the individual coverage and membership periods of each policy. The financial statements reported the following assets, liabilities and equity at December 31, 2023.

Assets	\$ 23,113,696
Liabilities	<u>( 16,078,587)</u>
Members' Equity	<u>\$ 7,035,109</u>

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

#### **Note 9 – Defined Benefit Pension Plan**

##### ***Ohio Public Employees Retirement System***

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

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the Village contributed an amount equaling 14 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2023.

#### **Note 10 – Postemployment Benefits**

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans. OPERS offers a health reimbursement arrangement (HRA) allowance to benefit recipients meeting certain age and service credit requirements. The HRA is an account funded by OPERS that provides tax-free reimbursement for qualified medical expenses such as monthly post-tax insurance premiums, deductibles, co-insurance, and co-pays incurred by eligible benefit recipients and their dependents. OP&F uses a stipend-based health care model. A stipend funded by OP&F is placed in individual Health Reimbursement Accounts that retirees use to be reimbursed for health care expenses. For calendar 2023, the portion of OPERS employer contributions allocated to health care was 0 percent for members in the traditional pension plan and 2 percent for members in the combined plan.. For 2023, the portion of employer contributions OPERS allocated to health care for members in the member directed plan was 4.0 percent; however, a portion of the health care rate was funded with reserves.

#### **Note 11 – Debt**

Debt outstanding at December 31, 2023, was as follows:

**Village of Lyons**  
*Fulton County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2023*

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	Principal	Interest Rate
Mortgage Revenue Bond	\$971,000	4.25%
Ohio Water Development Authority Loan	13,147	2.75%
Ohio Public Works Commission Loan	40,131	
<b>Total</b>	<b><u>\$1,024,278</u></b>	

The U.S. Department of Agriculture (USDA) Rural Development refinanced the Village's OWDA debt by way of bonds during 2002. The bonds were approved up to \$1,381,000 for the project. The bonds will be repaid in annual installments including interest at 4.25% over 40 years, maturing July 1, 2043. The bonds are collateralized by utility receipts. The Village has agreed to set utility rates sufficient to cover USDA debt service requirements. The activity of these bonds is being recorded in an enterprise fund. As required By the mortgage revenue bond covenant, the Village established and funded a debt service reserve fund. The balance in fund at December 31, 2023 was \$84,000.

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

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

***Amortization***

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

Year Ending December 31:	Mortgage		
	Revenue Bond	OWDA Loan	OPWC Loan
2024	\$73,268	\$5,478	\$2,112
2025	72,908	5,478	2,112
2026	72,505	2,739	2,112
2027	73,060		2,112
2028	73,530		2,112
2029-2033	364,320		10,561
2034-2038	366,148		10,561
2039-2043	365,330		8,449
<b>Total</b>	<b><u>\$1,461,069</u></b>	<b><u>\$13,695</u></b>	<b><u>\$40,131</u></b>

**Village of Lyons**  
*Fulton County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2023*

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**Note 12 – Public Entity Risk Pool**

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

**Note 13 – Fund Balances**

The fund balance of special revenue funds is either restricted or committed. The fund balance of the capital projects fund is restricted, committed or assigned.

**Note 14 – Contingent Liabilities**

Amounts grantor agencies pay to the Village are subject to audit and adjustment by the grantor, principally the federal government. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

**Note 15 – Jointly Governed Organization Regional Income Tax Agency**

The Regional Income Tax Agency (RITA) is a regional council of governments formed to establish a central collection facility for the purpose of administering the income tax laws of the members and for the purpose of collecting income taxes on behalf of each member. RITA currently has approximately 350 members in the council of governments. Each member has one representative to the council of governments and is entitled to one vote on items under consideration. RITA is administered by a nine-member board of trustees elected by the members of the council of governments. The board exercises total control over RITA's operation including budgeting, appropriating, contracting and designating management. Each participant's degree of control is limited to its representation on the council. For 2023, the Village paid RITA \$7,457 for income tax collection services.

**VILLAGE OF LYONS  
FULTON COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2022**

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
<b>Cash Receipts:</b>				
Property and Other Local Taxes	\$60,109	\$11,025		\$71,134
Municipal Income Tax	126,976			126,976
Intergovernmental	84,515	69,504		154,019
Fines, Licenses and Permits	3,450			3,450
Earnings on Investments	247	28		275
Miscellaneous	5,802	3,025		8,827
<i>Total Cash Receipts</i>	<i>281,099</i>	<i>83,582</i>		<i>364,681</i>
<b>Cash Disbursements:</b>				
Current:				
Security of Persons and Property	15,482			15,482
Leisure Time Activities		8,030		8,030
Basic Utility Services	4,352			4,352
Transportation	14,011	47,138		61,149
General Government	118,820	11,016		129,836
<i>Total Cash Disbursements</i>	<i>152,665</i>	<i>66,184</i>		<i>218,849</i>
<i>Excess of Receipts Over Disbursements</i>	<i>128,434</i>	<i>17,398</i>		<i>145,832</i>
<b>Other Financing Receipts:</b>				
Sale of Capital Assets			\$1,500	1,500
<i>Net Change in Fund Cash Balances</i>	<i>128,434</i>	<i>17,398</i>	1,500	147,332
<i>Fund Cash Balances, January 1</i>	<i>257,259</i>	<i>97,278</i>	<i>5,161</i>	<i>359,698</i>
<i>Fund Cash Balances, December 31</i>	<i><u>\$385,693</u></i>	<i><u>\$114,676</u></i>	<i><u>\$6,661</u></i>	<i><u>\$507,030</u></i>

*See accompanying notes to the basic financial statements*

**VILLAGE OF LYONS  
FULTON COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)  
ALL PROPRIETARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2022**

	<u>Proprietary Fund Types</u>
	<u>Enterprise</u>
<b>Operating Cash Receipts:</b>	
Charges for Services	<u>\$307,928</u>
<b>Operating Cash Disbursements:</b>	
Personal Services	96,459
Fringe Benefits	13,145
Contractual Services	89,430
Supplies and Materials	12,786
Other	<u>16,690</u>
<i>Total Operating Cash Disbursements</i>	<u>228,510</u>
<b>Operating Income</b>	<u>79,418</u>
<b>Non-Operating Receipts (Disbursements):</b>	
Earnings on Investments	69
Principal Retirement	(34,478)
Interest and Other Fiscal Charges	<u>(43,818)</u>
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(78,227)</u>
<i>Income before Transfers</i>	1,191
Transfers In	73,200
Transfers Out	<u>(73,200)</u>
<i>Net Change in Fund Cash Balance</i>	1,191
<i>Fund Cash Balances, January 1</i>	<u>393,484</u>
<i>Fund Cash Balances, December 31</i>	<u>\$394,675</u>

*See accompanying notes to the basic financial statements*

**Village of Lyons**  
*Fulton County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*

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**Note 1 – Reporting Entity**

The Village of Lyons, Fulton County, Ohio (the Village) is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly-elected six-member Council directs the Village. The Village provides water and sewer utilities and park operations. The Village contract with the Fulton County Sheriff's department to provide security of persons and property.

***Joint Governed Organization and Public Entity Risk Pools***

The Village participates in a jointly governed organization and public entity risk pools. Notes 7, 11 and 14 to the financial statements provides additional information for these entities.

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

**Note 2 – Summary of Significant Accounting Policies**

***Basis of Presentation***

The Village's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types, and a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all proprietary fund types which are all organized on a fund type basis.

***Fund Accounting***

The Village uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Village are presented below:

**General Fund** The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Village for any purpose provided it is expended or transferred according to the general laws of Ohio.

**Special Revenue Funds** These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Village had the following significant Special Revenue Fund:

**Street Construction Maintenance and Repair** The street construction maintenance and repair fund accounts for and reports that portion of the State gasoline tax and motor vehicle license registration fees restricted for construction, maintenance, and repair of streets within the Village.

**Capital Project Funds** These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Village had the following significant Capital Project Fund:

**Other Capital Projects Fund** The other capital projects fund accounts for and reports monies for the maintenance of facilities, construction of capital improvements, and purchase of equipment.

**Village of Lyons**  
*Fulton County*  
**Notes to the Financial Statements**  
**For the Year Ended December 31, 2022**

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

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

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

#### ***Basis of Accounting***

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (C). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (C) permit.

#### ***Budgetary Process***

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

**Appropriations** Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund and 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.

**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.

**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 2022 budgetary activity appears in Note 3.

#### ***Capital Assets***

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

**Village of Lyons**  
*Fulton County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*

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### ***Accumulated Leave***

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

### ***Fund Balance***

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

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

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

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

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

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

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

For regulatory purposes, limited disclosure related to fund balance is included in Note 12.

**Village of Lyons**  
*Fulton County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*

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**Note 3 – Budgetary Activity**

Budgetary activity for the year ending December 31, 2022 follows:

2022 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$240,000	\$281,099	\$41,099
Special Revenue	46,300	83,582	37,282
Capital Projects		1,500	1,500
Enterprise	368,500	381,197	12,697
<b>Total</b>	<b>\$654,800</b>	<b>\$747,378</b>	<b>\$92,578</b>

2022 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$498,225	\$152,665	\$345,560
Special Revenue	145,811	66,184	79,627
Capital Projects	5,161		5,161
Enterprise	763,484	380,006	383,478
<b>Total</b>	<b>\$1,412,681</b>	<b>\$598,855</b>	<b>\$813,826</b>

**Note 4 – Deposits**

To improve cash management, cash received by the Village is pooled. Monies for all funds are maintained in this pool. The Ohio Revised Code prescribes allowable deposits and investments. A summary of the Village's deposit accounts are as follows:

	2022
Demand Deposits	\$475,090
Other time deposits (savings and NOW accounts)	426,615
<b>Total deposits</b>	<b>\$901,705</b>

The Village does not use a separate payroll clearing account. The expenditures included in the accompanying financial statement reflect net payroll plus all remitted payroll withholdings. At December 31, 2022, the Village is holding \$10,366 in unremitted employee payroll withholding

**Deposits**

Deposits are insured by the Federal Deposit Insurance Corporation or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

**Village of Lyons**  
*Fulton County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*

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## **Note 5 – Taxes**

### ***Property Taxes***

Real property taxes become a lien on January 1 preceding the October 1 date for which the Council adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction 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.

### ***Income Taxes***

The Village levies a municipal income tax of one percent on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village.

Employers within the Village withhold income tax on employee compensation and remit the tax to the Village either monthly or quarterly, as required. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually.

## **Note 6 – Interfund Balances**

During the year, the following transfers occurred:

Fund Type	Transfer In	Transfer Out
Enterprise	<u><u>\$73,200</u></u>	<u><u>\$73,200</u></u>

Enterprise Fund transfers were made to meet the funding required for debt service.

## **Note 7 – Risk Management**

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

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

**Village of Lyons**  
*Fulton County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*

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Effective November 1, 2016, the OPRM elected to participate in a property loss corridor deductible. The property corridor includes losses paid between 70% and 75%. In 2018, the casualty loss corridor was eliminated and the property corridor was adjusted to losses paid between 65% and 70%. Effective November 1, 2019, the property loss corridor was adjusted to losses between 60% and 67.5% and has remain unchanged. OPRM had 773 members as of December 31, 2022.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2022.

Assets	\$ 21,662,291
Liabilities	<u>(18,158,351)</u>
Members' Equity	<u>\$ 3,503,940</u>

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

#### **Note 8 – Defined Benefit Pension Plan**

##### ***Ohio Public Employees Retirement System***

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

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the Village contributed an amount equaling 14 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2022.

#### **Note 9 – Postemployment Benefits**

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2022. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2022.

#### **Note 10 – Debt**

Debt outstanding at December 31, 2022, was as follows:

**Village of Lyons**  
*Fulton County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*

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	Principal	Interest Rate
Mortgage Revenue Bond	\$1,002,000	4.25%
Ohio Water Development Authority Loan	18,160	2.75%
Ohio Public Works Commission Loan	42,243	
<b>Total</b>	<b><u>\$1,062,403</u></b>	

The U.S. Department of Agriculture (USDA) Rural Development refinanced the Village's OWDA debt by way of bonds during 2002. The bonds were approved up to \$1,381,000 for the project. The bonds will be repaid in annual installments including interest at 4.25% over 40 years, maturing July 1, 2043. The bonds are collateralized by utility receipts. The Village has agreed to set utility rates sufficient to cover USDA debt service requirements. The activity of these bonds is being recorded in an enterprise fund. As required By the mortgage revenue bond covenant, the Village established and funded a debt service reserve fund. The balance in fund at December 31, 2022 was \$84,000.

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

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

***Amortization***

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

Year Ending December 31:	Mortgage Revenue Bond	OWDA Loan	OPWC Loan
2023	\$73,585	\$5,478	\$2,112
2024	73,268	5,478	2,112
2025	72,908	5,478	2,112
2026	72,505	2,739	2,112
2027	73,060		2,112
2028-2032	364,991		10,561
2033-2037	365,858		10,561
2038-2042	365,503		10,561
2043	72,975		
<b>Total</b>	<b><u>\$1,534,653</u></b>	<b><u>\$19,173</u></b>	<b><u>\$42,243</u></b>

**Village of Lyons**  
*Fulton County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*

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**Note 11 – Public Entity Risk Pool**

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

**Note 12 – Fund Balances**

The fund balance of special revenue funds is either restricted or committed. The fund balance of capital projects fund is restricted, committed or assigned.

**Note 13 – Contingent Liabilities**

Amounts grantor agencies pay to the Village are subject to audit and adjustment by the grantor, principally the federal government. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

**Note 14 – Jointly Governed Organization Regional Income Tax Agency**

The Regional Income Tax Agency (RITA) is a regional council of governments formed to establish a central collection facility for the purpose of administering the income tax laws of the members and for the purpose of collecting income taxes on behalf of each member. RITA currently has approximately 350 members in the council of governments. Each member has one representative to the council of governments and is entitled to one vote on items under consideration. RITA is administered by a nine-member board of trustees elected by the members of the council of governments. The board exercises total control over RITA's operation including budgeting, appropriating, contracting and designating management. Each participant's degree of control is limited to its representation on the council. For 2022, the Village paid RITA \$8,057 for income tax collection services.

**Note 15 – Compliance**

Contrary to Ohio law, revenues derived from general levy for current expenditures were not recorded in the General Fund.



65 East State Street  
Columbus, Ohio 43215  
[ContactUs@ohioauditor.gov](mailto:ContactUs@ohioauditor.gov)  
800-282-0370

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Village of Lyons  
Fulton County  
126 West Morenci Street  
P.O. Box 414  
Lyons, Ohio 43533-0414

To the Village Council:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements for each governmental and proprietary fund type as of and for the years ended December 31, 2023 and 2022, and the related notes to the financial statements of the Village of Lyons, Fulton County, Ohio, (the Village) , and have issued our report thereon dated December 18, 2024, where in we noted the Village followed financial reporting provisions Ohio Rev. Code § 117.38 and Ohio Admin. Code 117-2-03(C) permit..

***Report on Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statements, we considered the Village's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Village's financial statements will not be prevented, or detected and corrected, on a timely basis. 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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings as items 2023-001 and 2023-002 that we consider to be material weaknesses.

Village of Lyons  
Fulton County  
Independent Auditor's Report on Internal Control Over  
Financial Reporting and on Compliance and Other Matters  
Required by *Government Auditing Standards*  
Page 2

***Report on Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the Village's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings as item 2023-002 and 2023-003.

***Purpose of This Report***

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Keith Faber  
Auditor of State  
Columbus, Ohio

December 18, 2024

**VILLAGE OF LYONS  
FULTON COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2023 AND 2022**

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

**FINDING NUMBER 2023-001**

**Material Weakness – Financial Reporting**

In our audit engagement letter, as required by AU-C Section 210, Terms of Engagement, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error as discussed in AU-C Section 210 paragraphs .A14 & .A16.

The following errors were identified for the year ended December 31, 2023:

- Motor vehicle license receipts in the amounts of \$5,665 and \$459 were improperly reported as property and other local taxes instead of intergovernmental receipts in the Street Construction, Maintenance and Repair and State Highway funds, respectively.
- Village levied permissive motor vehicle license receipts in the amount of \$5,820 were improperly reported as intergovernmental receipts instead of property and other local taxes in the Permissive Motor Vehicle License Tax fund.
- Interest payments on debt in the amount of \$28,808 were improperly reported as principal retirement instead of interest and other fiscal charges in the Enterprise Debt Service fund.

The following errors were identified for the year ended December 31, 2022:

- Motor vehicle license receipts in the amounts of \$5,936 and \$481 were improperly reported as property and other local taxes instead of intergovernmental receipts in the Street Construction, Maintenance and Repair and State Highway funds, respectively;
- Village levied permissive motor vehicle license receipts in the amount of \$5,887 were improperly reported as intergovernmental receipts instead of property and other local taxes in the Permissive Motor Vehicle License Tax fund;
- State and Local Fiscal Recovery Fund receipts in the amount of \$28,816 were improperly reported as miscellaneous receipts instead of intergovernmental receipts in the Other Special Revenue fund.
- Natureworks and Ohio Department of Natural Resources Capital Project grant receipts in the amounts of \$20,739 and \$19,600, respectively, were improperly reported as miscellaneous receipts instead of intergovernmental receipts in the General fund .
- Homestead and rollback receipts received for current expense levies and general fund in the amount of \$5,431 were incorrectly recorded as property tax revenues instead of intergovernmental receipts in the General fund.

These errors were not identified and corrected prior to the Village preparing its financial statements and notes to the financial statements due to deficiencies in the Village's internal controls over financial statement monitoring. The accompanying financial statements have been adjusted to correct these errors. Failure to complete accurate financial statements and notes to the financial statements could lead to the Council making misinformed decisions. In addition to the adjustments noted above, we also identified additional misstatements ranging from \$465 to \$3,168 that we have brought to the Village's attention.

The Village should adopt policies and procedures over financial reporting, including a final review of the financial statements and notes to the financial statements by the Fiscal Officer and Village Council, to help identify and correct errors and omissions.

#### **FINDING NUMBER 2023-002**

##### **Noncompliance and Material Weakness**

**Ohio Rev. Code § 5705.10(A)** provides in part all revenues derived from the general levy for current expense within the ten-mill limitation, from any general levy for current expense authorized by vote in excess of the ten-mill limitation, and from sources other than the general property tax, unless its use for a particular purpose is prescribed by law, shall be paid into the general fund.

The Village inappropriately recorded homestead and rollback monies from the general levy for current expense in the Street Construction, Maintenance and Repair fund during 2023 and 2022 in the amounts \$12,529 and \$3,806, respectively. Given the source of the revenues, this should have been recorded in the General fund. Audit adjustments are reflected in the financial statements and in the accounting records correcting the misstatement.

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

#### **FINDING NUMBER 2023-003**

##### **Noncompliance**

**Ohio Rev. Code § 731.14** states, all contracts made by the legislative authority of a village shall be executed in the name of the village and signed on its behalf by the mayor and clerk. Except where the contract is for equipment, services, materials, or supplies to be purchased under division (D) of section 713.23 or section 125.04 or 5513.01 of the Revised Code, available from a qualified nonprofit agency pursuant to sections 4115.31 to 4115.35 of the Revised Code, or required to be purchased from a qualified nonprofit agency under sections 125.60 to 125.6012 of the Revised Code, or, during the period of emergency declared by Executive Order 2020-01D, issued on March 9, 2020, when the purchase is for personal protective equipment necessary to respond to that emergency, when any expenditure, other than the compensation of persons employed in the village, exceeds fifty thousand dollars, such contracts shall be in writing and made with the lowest and best bidder after advertising once a week for not less than two consecutive weeks in a newspaper of general circulation within the village.

Due to a lack of controls over disbursements, the Village did not complete the competitive bidding process for the purchase of a 2022 Chevrolet Silverado MD 6500 4WD Reg Cab Dump Truck in 2023. The vehicle purchase totaled \$132,785 paid from the General Fund, which is greater than the Ohio Rev. Code requirement of \$75,000.

Failure to comply with the competitive bidding process could result in the Village paying more for services and potentially not receiving the lowest or best purchase price.

The Village should ensure they are completing the bidding process properly to help ensure they are receiving the lowest and best purchase price.

##### **Officials' Response:**

We did not receive a response from Officials to the findings reported above.



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P.O. BOX 414  
LYONS, OH 43533  
PHONE: 419-923-2001 FAX: 419-923-3729  
NELSON BARNHISER, MAYOR TANYA LUMBREZER, ADMINISTRATOR

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2023 AND 2022**

Finding Number	Finding Summary	Status	Additional Information
2021-001	Finding first reported in 2017. Material weakness due to financial statement reporting errors.	Not corrected and reissued as Finding 2023-001 in this report.	Additional errors occurred which were not detected by management. Management is aware and understands the importance of the information presented on the financial statements and will ensure these errors will be accurately identified and reported.
2021-002	Finding first reported in 2021. Noncompliance with Ohio Rev. Code § 5705.41(B) for expenditures exceeding appropriations.	Fully corrected.	

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# OHIO AUDITOR OF STATE KEITH FABER



VILLAGE OF LYONS

FULTON COUNTY

## AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 12/31/2024

65 East State Street, Columbus, Ohio 43215  
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