

***VILLAGE OF LISBON
COLUMBIANA COUNTY, OHIO***

AUDIT REPORT

FOR THE YEAR ENDED DECEMBER 31, 2005

Charles E. Harris and Associates, Inc.
Certified Public Accountants and Government Consultants



Mary Taylor, CPA
Auditor of State

Village Council
Village of Lisbon
24 Nelson Ave.
Lisbon, OH 44432

We have reviewed the *Report of Independent Accountants* of the Village of Lisbon, Columbiana County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2005 to December 31, 2005. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Village of Lisbon is responsible for compliance with these laws and regulations.

Mary Taylor

Mary Taylor, CPA
Auditor of State

March 30, 2007

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VILLAGE OF LISBON
COLUMBIANA COUNTY
AUDIT REPORT
For the year ended December 31, 2005

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Charles E. Harris & Associates, Inc.
Certified Public Accountants

Rockefeller Building
614 W Superior Ave Ste 1242
Cleveland OH 44113-1306
Office phone - (216) 575-1630
Fax - (216) 436-2411

REPORT OF INDEPENDENT ACCOUNTANTS

**Village of Lisbon
Columbiana County
203 North Market St.
Lisbon, Ohio 44432**

To the Village Council:

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the Village of Lisbon, Columbiana County, Ohio (the Village), as of and for the year ended December 31, 2005, which collectively comprise the Village's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

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

As discussed in Note 2, the accompanying financial statements and notes follow the cash accounting basis. This is a comprehensive accounting basis other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village as of December 31, 2005, and the respective changes in cash basis financial position and the respective budgetary comparison for the General, Street Construction Maintenance and Repair and Cemetery funds thereof for the year then ended in conformity with the basis of accounting Note 2 describes.

For the year ended December 31, 2005, the Village revised its financial presentation comparable to the requirements of Governmental Accounting Standard No. 34, *Basic Financial Statements—and Management’s Discussion and Analysis—for State and Local Governments*.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 30, 2006, 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. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Management’s discussion and analysis is not a required part of the basic financial statements but is supplementary information the Governmental Accounting Standards Board requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

Charles E. Harris & Associates, Inc.
August 30, 2006

Village of Lisbon
Columbiana County
Management's Discussion and Analysis
For the Year Ended December 31, 2005

The discussion and analysis of the Village of Lisbon's (the Village) financial performance provides an overall review of the Village's financial activities for the year ended December 31, 2005, within the limitations of the Village's cash basis of accounting. The intent of this discussion and analysis is to look at the Village's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the Village's financial performance.

Financial Highlights

Key financial highlights for 2005 are as follows:

Overall:

- For governmental activities, net assets decreased \$580,810, which represents a 36.19 percent decrease from 2004.
- General receipts accounted for \$1.41 million in revenue or 86.85 percent of all governmental receipts. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$212,761 or 13.15 percent of total governmental revenues of \$1.62 million.
- The Village had \$2.20 million in expenses related to governmental activities; only \$212,761 of these expenses were offset by program specific charges for services, grants or contributions. General receipts (primarily municipal taxes) of \$1.40 million were adequate to provide for these programs.
- Among major funds, the general fund had \$1.23 million in revenues and \$1.13 million in expenditures. The general fund's fund balance decreased to \$39,285 from \$430,526.
- For Business-Type activities, program revenues were \$1.07 million and general revenues were \$408,032. These offset expenses of \$1.50 million.

Using these Basic Financial Statements

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the Village as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

Village of Lisbon
Columbiana County
Management's Discussion and Analysis
For the Year Ended December 31, 2005

The *Statement of Net Assets* and *Statement of Activities* provides information about the activities of the whole Village, presenting an aggregate view of the Village finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed. The fund financial statements also look at the Village's most significant funds with all other non-major funds presented in total in one column. In the case of the Village of Lisbon, the General fund, Street Construction, Maintenance and Repair fund, Cemetery fund, Capital Improvement fund, Building fund, and Cemetery Endowment fund by far are the most significant governmental funds. The Water Operating fund, Sewer Operating fund and the Parking fund are Village's major business-type funds.

Reporting the Village as a Whole

Statement of Net Assets and the Statement of Activities

The statement of net assets and the statement of activities reflect how the Village did financially during 2005, within the limitations of the cash basis accounting. The statement of net assets presents the cash balances and investments of the governmental and business-type activities of the Village at year-end. The statement of activities compares cash disbursements with program receipts for each governmental program and business-type activities. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function or business-type activity draws from the Village's general receipts.

These two statements report the Village's *net assets* and changes in those assets. This change in net assets is important because it tells the reader that, for the Village as a whole, the *financial position* of the Village has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the Village's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions and other factors.

Village of Lisbon
Columbiana County
Management's Discussion and Analysis
For the Year Ended December 31, 2005

In the Statement of Net Assets and the Statement of Activities, the Village has two kinds of activity:

- **Governmental Activities** - Most of the Village's programs and services are reported here including, general government, security of persons and property, public health services, leisure time activities, community environment, basic utility services, and transportation.
- **Business-type activities** – The Village has a number of business-type activities which are financed by fees charged to the customers receiving the services.

Reporting the District's Most Significant Funds

Fund Financial Statements

The analysis of the Village's major funds begins on page 14. Fund financial reports provide detailed information about the Village's major funds. The Village uses many funds to account for a multitude of financial transactions. However, these financial statements focus on the Village's most significant funds. The Village's major governmental funds are the General fund, Street Construction and Maintenance fund, Cemetery fund, Capital Improvement fund, Building fund, and Cemetery Endowment fund.

Governmental Funds Most of the Village's activities are reported in governmental funds, which focus on how money flows into and out of those funds and balances left at year-end available for spending in future periods. These funds are reported using the cash basis of accounting. The governmental fund statements provide a detailed view of the Village's general governmental operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance programs. The relationship (or difference) between governmental *activities* (reported in the Statement of Net Assets and the Statement of Activities) and governmental *funds* is reconciled in the financial statements.

Proprietary Funds When the Village charges customers for the services it provides, these services are generally reported in proprietary funds. When the services are provided to the general public, the activity is reported as enterprise funds. The proprietary funds for the Village consist exclusively of enterprise funds.

Village of Lisbon
Columbiana County
Management's Discussion and Analysis
For the Year Ended December 31, 2005

Notes to the Basic Financial Statements The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

The Village as a Whole

Table 1 provides a summary of the Village's net assets for 2005 compared to 2004 on the cash basis.

Table 1

	Governmental Activities		Business-Type Activities		Total	
	2005	2004	2005	2004	2005	2004
Assets:						
Cash and Investments	\$ 1,024,298	\$ 1,605,108	\$ 593,132	\$ 595,581	\$ 1,617,430	\$ 2,200,689
<i>Total Assets</i>	<u>1,024,298</u>	<u>1,605,108</u>	<u>593,132</u>	<u>595,581</u>	<u>1,617,430</u>	<u>2,200,689</u>
Net Assets:						
Restricted	985,013	1,174,582	-	-	985,013	1,174,582
Unrestricted	39,285	430,526	593,132	595,581	632,417	1,026,107
<i>Total Net Assets</i>	<u>\$ 1,024,298</u>	<u>\$ 1,605,108</u>	<u>\$ 593,132</u>	<u>\$ 595,581</u>	<u>\$ 1,617,430</u>	<u>\$ 2,200,689</u>

Village of Lisbon
Columbiana County
Management's Discussion and Analysis
For the Year Ended December 31, 2005

A comparison of net change in assets between 2004 and 2005 is not possible since 2004 information is unavailable. The table below shows the net changes in net assets for year 2005.

Table 2

	Governmental Activities <u>2005</u>	Business-Type Activities <u>2005</u>	<u>Total</u> <u>2005</u>
Receipts:			
Program Receipts:			
Charges for Services and Sales	\$ 99,411	\$ 1,062,876	\$ 1,162,287
Operating Grants and Contributions	113,350	-	113,350
Capital Grants and Contributions	-	32,822	32,822
General Receipts:			
Property Taxes	181,490	-	181,490
Municipal Income Taxes	988,900	-	988,900
Other Local Taxes	46,614	-	46,614
Grants and Entitlements	221,799	-	221,799
Fines, Licenses and Permits	19,477	-	19,477
Interest	12,786	-	12,786
Miscellaneous	109,367	23,433	132,800
Proceeds of Loans	-	209,633	209,633
Transfers	(124,966)	124,966	-
Advances	(50,000)	50,000	-
Total Receipts	1,618,228	1,503,730	3,121,958
Disbursements:			
Current:			
General Government	379,274	-	379,274
Security of Persons and Property	709,975	-	709,975
Public Health Services	134,181	-	134,181
Leisure Time Activities	13,808	-	13,808
Community Environment	33,461	-	33,461
Transportation	546,727	-	546,727
Miscellaneous	2,593	-	2,593
Capital Outlay	344,610	-	344,610
Debt Service:			
Principal Retirement	33,997	-	33,997
Interest	412	-	412
Water	-	707,186	707,186
Sewer	-	549,585	549,585
Parking	-	25,229	25,229
Other	-	224,179	224,179
Total Disbursements	2,199,038	1,506,179	3,705,217
Changes in Net Assets	\$ (580,810)	\$ (2,449)	\$ (583,259)

Village of Lisbon
Columbiana County
Management's Discussion and Analysis
For the Year Ended December 31, 2005

Governmental Activities

The Village's net assets of governmental activities decreased by \$580,810. The governmental expenses of \$2.20 million were primarily offset by program revenues of \$212,761, general revenues of \$1.41 million and the prior year cash balance. Program revenues supported 9.68 percent of the total governmental activities.

The primary sources of revenue for governmental activities are derived from property taxes, and income taxes. These two revenue sources represent 72.33 percent of total governmental revenue.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows, for governmental activities, the total cost of services and the net cost of services for 2005. That is, it identifies the cost of these services supported by tax revenue and unrestricted state entitlement. Information for 2004 was not available for comparison purposes, in future years this information will be available.

Table 3

Total and Cost of Program Services

	<u>Governmental Activities</u>		<u>Business Type Activities</u>	
	2005		2005	
	Total Cost of Service	Net Cost of Service	Total Cost of Service	Net Cost of Service
General Government	\$ 379,274	\$ (376,519)	-	-
Security of Persons and Property	709,975	(680,429)	-	-
Public Health Services	134,181	(70,694)	-	-
Leisure Time Activities	13,808	(13,808)	-	-
Community Environment	33,461	(33,461)	-	-
Basic Utility Services	-	5,671	-	-
Transportation	546,727	(435,425)	-	-
Capital Outlay	344,610	(344,610)	-	-
Principal	33,997	(33,997)	-	-
Interest and Fiscal Charges	412	(412)	-	-
Other	2,593	(2,593)	-	-
Water	-	-	\$ 707,186	\$ (263,211)
Sewer	-	-	549,585	(54,021)
Parking	-	-	25,229	42,279
Other Enterprise Funds	-	-	224,179	(135,528)
Total Expenses	<u>\$ 2,199,038</u>	<u>\$ (1,986,277)</u>	<u>\$ 1,506,179</u>	<u>\$ (410,481)</u>

Village of Lisbon
Columbiana County
Management's Discussion and Analysis
For the Year Ended December 31, 2005

Less than one percent of general government activities are supported through charges for services revenues. For all governmental activities, general revenue and prior year cash balance support most of the expenses as shown in the above table. The community, as a whole, is by far the primary support for the Village of Lisbon.

Business-type Activities

The dependence upon program revenues is apparent as 72.75 percent of Business-Type activities are supported through these receipts for 2005. The infrastructure is beginning to age but the Village has ongoing maintenance projects to upgrade the infrastructure.

The Village's Funds

Information about the Village's major funds starts on page 14. These funds are accounted for using the cash basis of accounting. All governmental funds had total revenues of \$1.70 million and expenditures of \$2.20 million. The net change in fund balance for the year was most significant in the General fund and Building fund, where the General fund's net assets decreased by \$391,241 and the Building fund's net assets decreased by \$188,929 for 2005.

General Fund Budgeting Highlights

The Village's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The most significant budgeted fund is the General Fund.

During the course of 2005 the Village amended its General Fund budget several times.

The General fund's actual revenues were \$141,170 less than the final estimated revenues in a large part because of reduced local government revenues from the state. The General fund's actual expenditures were \$167,918 less than the final appropriations, which was attributed to keeping spending in line with actual receipts.

Village of Lisbon
Columbiana County
Management's Discussion and Analysis
For the Year Ended December 31, 2005

Capital Assets and Debt Administration

Capital Assets

The Village does not currently report its capital assets and infrastructure. Capital assets include long lived, costly items such as buildings, land, vehicles and equipment. The Village schedules the useful life of capital assets and saves for replacements over their useful lives. Buildings are on routine maintenance schedules. Infrastructure represents immovable, common capital assets such as roads, bridges, tennis courts, and streetlights. These assets are also covered by maintenance schedules designed to avoid decline or decay, and the subsequent need for early replacement.

Debt

At December 31, 2005, the Village had an Ohio Public Works loan outstanding of \$475,369, Ohio Water Development loans outstanding of \$446,019, Water Improvement bonds of \$226,008, and other loans totaling \$24,382. See Note 12 for additional information.

Current Issues

The Village's financial situation is currently stable, but there are challenges facing the Village. Property taxes and local funding from the state are subject to changes in laws and regulations that may have an affect an adverse affect on the Village's finances. The Village is in the process of updating the water and sewer systems that will increase efficiency in operations and capacity to service future development within the Village.

Contacting the District's Financial Management

This financial report is designed to provide our citizen's, taxpayers, investors and creditors with a general overview of the Village's finances and to show the Village's accountability for the money it receives. If you have questions about this report or need additional financial information contact Tracey Wonner, Clerk/Treasurer at 203 North Market St., Lisbon, Ohio 44432.

VILLAGE OF LISBON
Statement of Net Assets - Cash Basis
 December 31, 2005

	Governmental Activities	Business-Type Activities	Total
Assets			
Equity in Pooled Cash and Cash Equivalents	\$ 1,024,298	\$ 593,132	\$ 1,617,430
<i>Total Assets</i>	1,024,298	593,132	1,617,430
Net Assets			
Restricted for:			
Capital Projects	360,990	-	360,990
Debt Service	53,105	-	53,105
Permanent Fund			
Nonexpendable	226,745	-	226,745
Expendable	95,368	-	95,368
Other Purposes	248,805	-	248,805
Unrestricted (Deficit)	39,285	593,132	632,417
<i>Total Net Assets</i>	\$ 1,024,298	\$ 593,132	\$ 1,617,430

See accompanying notes to the basic financial statements

Village of Lisbon
Statement of Activities - Cash Basis
For the Year Ended December 31, 2005

	Program Cash Receipts			
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
Security of Persons and Property	\$ 709,975	\$ 29,546	\$ -	\$ -
Public Health Services	134,181	63,487	-	-
Leisure Time Activities	13,808	-	-	-
Community Environment	33,461	-	-	-
Basic Utility Services	-	5,671	-	-
Transportation	546,727	-	111,302	-
General Government	379,274	707	2,048	-
Capital Outlay	344,610	-	-	-
Miscellaneous	2,593	-	-	-
Debt Service:				
Principal	33,997	-	-	-
Interest	412	-	-	-
Total Governmental Activities	2,199,038	99,411	113,350	-
Business-Type Activities:				
Water	707,186	411,153	-	32,822
Sewer	549,585	495,564	-	-
Parking	25,229	67,508	-	-
Other Business-Type	224,179	88,651	-	-
Total Business-Type Activities	1,506,179	1,062,876	-	32,822
Totals	\$ 3,705,217	\$ 1,162,287	\$ 113,350	32,822

General Receipts

Property Taxes Levied for:
 General Purposes
 Other Purposes
Municipal Income Tax
Other Taxes
Grants and Entitlements not Restricted to Specific Programs
Fines, Licenses and Permits
Investment Earnings
Miscellaneous
Proceeds of Loans
Transfers
Advances

Total General Receipts

Changes in Net Assets

Net Assets Beginning of Year - As Restated, See Note 3

Net Assets End of Year

See accompany notes to the basic financial statements

Net (Disbursements) Receipts
and Changes in Net Assets

Governmental Activities	Business-Type Activities	Total
\$ (680,429)	\$ -	\$ (680,429)
(70,694)	-	(70,694)
(13,808)	-	(13,808)
(33,461)	-	(33,461)
5,671	-	5,671
(435,425)	-	(435,425)
(376,519)	-	(376,519)
(344,610)	-	(344,610)
(2,593)	-	(2,593)
(33,997)	-	(33,997)
(412)	-	(412)
<u>(1,986,277)</u>	<u>-</u>	<u>(1,986,277)</u>
-	(263,211)	(263,211)
-	(54,021)	(54,021)
-	42,279	42,279
-	(135,528)	(135,528)
-	(410,481)	(410,481)
<u>\$ (1,986,277)</u>	<u>\$ (410,481)</u>	<u>\$ (2,396,758)</u>

\$ 59,461	\$ -	\$ 59,461
122,029	-	122,029
988,900	-	988,900
46,614	-	46,614
221,799	-	221,799
19,477	-	19,477
12,786	-	12,786
109,367	23,433	132,800
-	209,633	209,633
(124,966)	124,966	-
(50,000)	50,000	-
<u>1,405,467</u>	<u>408,032</u>	<u>1,813,499</u>
(580,810)	(2,449)	(583,259)
<u>1,605,108</u>	<u>595,581</u>	<u>2,200,689</u>
<u>\$ 1,024,298</u>	<u>\$ 593,132</u>	<u>\$ 1,617,430</u>

VILLAGE OF LISBON
Statement of Cash Basis Assets and Fund Balances
Governmental Funds
December 31, 2005

	General	Street Construction, Maintenance and Repair	Cemetery	Capital Improvement	Building	Cemetery Endowment	Other Governmental Funds	Total Governmental Funds
Assets								
Equity in Pooled Cash and Cash Equivalen	\$ 39,285	\$ 44,270	\$ 75,440	\$ 275,398	\$ 85,592	\$ 322,113	\$ 182,200	\$ 1,024,298
Total Assets	\$ 39,285	\$ 44,270	\$ 75,440	\$ 275,398	\$ 85,592	\$ 322,113	\$ 182,200	\$ 1,024,298
Fund Balances								
Reserved for Encumbrances	716	-	-	-	10,923	-	-	11,639
Unreserved:								
Undesignated, Reported in:								
General Fund	38,569	-	-	-	-	-	-	38,569
Special Revenue Funds	-	44,270	75,440	-	-	-	129,095	248,805
Debt Service Funds	-	-	-	-	-	-	53,105	53,105
Capital Projects Funds	-	-	-	275,398	74,669	-	-	350,067
Permanent Fund	-	-	-	-	-	322,113	-	322,113
Total Fund Balances	\$ 39,285	\$ 44,270	\$ 75,440	\$ 275,398	\$ 85,592	\$ 322,113	\$ 182,200	\$ 1,024,298

See accompanying notes to the basic financial statements

VILLAGE OF LISBON
Statement of Receipts, Disbursements and Changes in Cash Basis Fund Balances
Governmental Funds
For the Year Ended December 31, 2005

	General	Street Construction, Maintenance and Repair	Cemetery	Capital Improvement	Building	Cemetery Endowment	Other Governmental Funds	Total Governmental Funds
Receipts:								
Property and Local Taxes	\$ 106,076	\$ 42,554	\$ 65,671	-	-	-	\$ 13,803	\$ 228,104
Municipal Income Tax	988,900	-	-	-	-	-	-	988,900
Intergovernmental	85,531	101,167	1,860	-	-	-	146,591	335,149
Charges For Services	30,253	-	49,927	-	-	10,460	8,771	99,411
Fines, Licenses and Permits	19,477	-	-	-	-	-	-	19,477
Earnings on Investments	-	-	306	7,027	-	-	100	12,786
Miscellaneous	943	-	-	-	19,896	-	-	20,839
Total Receipts	1,231,180	143,721	117,764	7,027	19,896	15,813	169,265	1,704,666
Disbursements:								
Current:								
Security of Persons & Property	700,472	-	-	-	-	-	9,503	709,975
Public Health Services	-	-	126,190	-	-	434	7,557	134,181
Leisure Time Activities	13,808	-	-	-	-	-	-	13,808
Community Environment	33,461	-	-	-	-	-	-	33,461
Transportation	1,302	537,821	-	-	-	-	7,604	546,727
General Government	379,274	-	-	108,787	234,823	-	-	379,274
Capital Outlay	-	-	-	-	-	-	-	344,610
Debt Service:								
Principal Payment	-	2,308	-	-	-	-	31,691	33,997
Interest and Fiscal Charges	-	412	-	-	-	-	-	412
Total Disbursements	1,128,317	540,539	126,190	109,787	234,823	434	56,355	2,196,445
Excess of Receipts Over/ (Under) Disbursements	102,863	(396,818)	(8,426)	(102,760)	(214,927)	15,379	112,910	(491,779)
Other Financing Sources (Uses)								
Transfers In	-	385,168	-	89,792	25,998	-	59,182	560,140
Advances In	16,316	-	-	-	-	-	-	16,316
Other Financing Sources	77,994	3,835	1,569	-	-	-	5,130	88,528
Transfers Out	(535,821)	(23,471)	-	-	-	-	(125,814)	(685,106)
Advances Out	(50,000)	-	-	-	-	-	(16,316)	(66,316)
Other Financing Uses	(2,593)	-	-	-	-	-	-	(2,593)
Total Other Financing Sources (Uses)	(494,104)	365,532	1,569	89,792	25,998	-	(77,818)	(89,031)
Net Change in Fund Balances	(391,241)	(31,286)	(6,857)	(12,968)	(188,929)	15,379	35,092	(580,810)
Fund Balances Beginning of Year	430,526	75,556	82,297	288,366	274,521	306,734	147,108	1,605,108
Fund Balances End of Year	\$ 39,285	\$ 44,270	\$ 75,440	\$ 275,398	\$ 85,592	\$ 322,113	\$ 182,200	\$ 1,024,298

See accompanying notes to the basic financial statements

VILLAGE OF LISBON
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget (Non-GAAP) and Actual
General Fund
For the Year Ended December 31, 2005

	Budgeted Amounts		Actual	Variance with Final Budget Positive/(Negative)
	Original	Final		
Receipts				
Property and Local Taxes	\$ 1,054,000	\$ 1,054,000	\$ 1,094,976	40,976
Intergovernmental	255,250	255,250	85,531	(169,719)
Charges For Services	31,100	31,100	30,253	(847)
Fines, Licenses and Permits	25,500	25,500	19,477	(6,023)
Miscellaneous	6,500	6,500	943	(5,557)
<i>Total Receipts</i>				
<i>Expendable</i>	<u>1,372,350</u>	<u>1,372,350</u>	<u>1,231,180</u>	<u>(141,170)</u>
Disbursements:				
Current:				
Security of Persons & Property	743,317	770,071	700,997	69,074
Leisure Time Activities	17,900	22,900	13,808	9,092
Community Environment	45,475	45,850	33,461	12,389
Transportation	2,000	2,000	1,302	698
General Government	424,943	456,130	379,465	76,665
<i>Total Disbursements</i>	<u>1,233,635</u>	<u>1,296,951</u>	<u>1,129,033</u>	<u>167,918</u>
<i>Excess of Receipts Over/(Under) Disbursements</i>	138,715	75,399	102,147	26,748
Other Financing Sources (Uses)				
Transfers In	900,000	900,000	-	(900,000)
Advances In	-	-	16,316	16,316
Other Financing Sources	60,000	60,000	77,994	17,994
Transfers Out	(5,000)	(700,000)	(535,821)	164,179
Advances Out	-	-	(50,000)	(50,000)
Other Financing Uses	(25,000)	(25,000)	(2,593)	22,407
<i>Total Other Financing Sources (Uses)</i>	<u>930,000</u>	<u>235,000</u>	<u>(494,104)</u>	<u>(729,104)</u>
<i>Net Change in Fund Balances</i>	1,068,715	310,399	(391,957)	(702,356)
<i>Fund Balances Beginning of Year</i>	<u>430,526</u>	<u>430,526</u>	<u>430,526</u>	<u>-</u>
<i>Fund Balances End of Year</i>	<u>\$ 1,499,241</u>	<u>\$ 740,925</u>	<u>\$ 38,569</u>	<u>\$ (702,356)</u>

See accompanying notes to the basic financial statements

VILLAGE OF LISBON
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget (Non-GAAP) and Actual
Street Construction, Maintenance and Repair Fund
For the Year Ended December 31, 2005

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive/(Negative)</u>
	<u>Original</u>	<u>Final</u>		
Receipts				
Property and Local Taxes	\$ 52,000	\$ 52,000	\$ 42,554	(9,446)
Intergovernmental	98,000	98,000	101,167	3,167
<i>Total Receipts</i>	<u>150,000</u>	<u>150,000</u>	<u>143,721</u>	<u>(6,279)</u>
Disbursements:				
Current:				
Transportation	450,051	683,151	537,821	145,330
Debt Service:				
Principal Retirement	2,306	2,306	2,306	-
Interest and Fiscal Charges	412	412	412	-
<i>Total Disbursements</i>	<u>452,769</u>	<u>685,869</u>	<u>540,539</u>	<u>145,330</u>
<i>Excess of Receipts Over/(Under) Disbursements</i>	(302,769)	(535,869)	(396,818)	139,051
Other Financing Sources (Uses)				
Transfers In	300,000	300,000	385,168	85,168
Other Financing Sources	5,000	5,000	3,835	(1,165)
Transfers Out	-	(23,471)	(23,471)	-
<i>Total Other Financing Sources (Uses)</i>	<u>305,000</u>	<u>281,529</u>	<u>365,532</u>	<u>84,003</u>
<i>Net Change in Fund Balances</i>	2,231	(254,340)	(31,286)	223,054
<i>Fund Balances Beginning of Year</i>	<u>75,556</u>	<u>75,556</u>	<u>75,556</u>	<u>-</u>
<i>Fund Balances End of Year</i>	<u>\$ 77,787</u>	<u>\$ (178,784)</u>	<u>\$ 44,270</u>	<u>\$ 223,054</u>

See accompanying notes to the basic financial statements

VILLAGE OF LISBON
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget (Non-GAAP) and Actual
Cemetery Fund
For the Year Ended December 31, 2005

	Budgeted Amounts		Actual	Variance with Final Budget Positive/(Negative)
	Original	Final		
Receipts				
Property and Local Taxes	\$ 8,200	\$ 8,200	\$ 65,671	57,471
Intergovernmental	60,000	60,000	1,860	(58,140)
Charges For Services	43,000	43,000	49,927	6,927
Interest	125	125	306	181
<i>Total Receipts</i>	<u>111,325</u>	<u>111,325</u>	<u>117,764</u>	<u>6,439</u>
Expendable				
Disbursements:				
Current:				
Public Health Services	144,944	167,961	126,190	41,771
<i>Total Disbursements</i>	<u>144,944</u>	<u>167,961</u>	<u>126,190</u>	<u>41,771</u>
<i>Excess of Receipts Over/(Under) Disbursements</i>	(33,619)	(56,636)	(8,426)	48,210
Other Financing Sources (Uses)				
Transfers In	2,000	2,000	-	(2,000)
Other Financing Sources	-	-	1,569	1,569
<i>Total Other Financing Sources (Uses)</i>	<u>2,000</u>	<u>2,000</u>	<u>1,569</u>	<u>(431)</u>
<i>Net Change in Fund Balances</i>	(31,619)	(54,636)	(6,857)	47,779
<i>Fund Balances Beginning of Year</i>	<u>82,297</u>	<u>82,297</u>	<u>82,297</u>	<u>-</u>
<i>Fund Balances End of Year</i>	<u>\$ 50,678</u>	<u>\$ 27,661</u>	<u>\$ 75,440</u>	<u>\$ 47,779</u>

See accompanying notes to the basic financial statements

VILLAGE OF LISBON
Statement of Fund Net Assets - Cash Basis
Proprietary Funds
December 31, 2005

Business-Type Activities - Enterprise Funds

	<u>Water Operating</u>	<u>Sewer Operating</u>	<u>Parking</u>	<u>Other Enterprise Funds</u>	<u>Total Proprietary Funds</u>
Assets					
Equity in Pooled Cash and Cash Equivalents	\$ 236,516	\$ 45,750	\$ 158,512	\$ 152,354	\$ 593,132
<i>Total Assets</i>	<u>\$ 236,516</u>	<u>\$ 45,750</u>	<u>\$ 158,512</u>	<u>\$ 152,354</u>	<u>\$ 593,132</u>
Net Assets					
Unrestricted	<u>\$ 236,516</u>	<u>\$ 45,750</u>	<u>\$ 158,512</u>	<u>\$ 152,354</u>	<u>\$ 593,132</u>

See accompanying notes to the basic financial statements

Village of Lisbon
Statement of Receipts, Disbursements and Changes in Cash Basis Net Assets
Proprietary Funds
For the Year Ended December 31, 2005

<u>Business-Type Activities - Enterprise Fund</u>					
	<u>Water Operating</u>	<u>Sewer Operating</u>	<u>Parking</u>	<u>Other Enterprise Funds</u>	<u>Total Proprietary Funds</u>
Operating Receipts:					
Charges for Services	\$ 411,153	\$ 495,564	\$ 67,508	\$ 88,651	\$ 1,062,876
<i>Total Operating Receipts</i>	411,153	495,564	67,508	88,651	1,062,876
Operating Disbursements:					
Personal Services	130,695	34,133	14,675	17,147	196,650
Fringe Benefits	51,451	17,899	2,256	2,474	74,080
Contractual Services	196,233	466,483	-	41,926	704,642
Supplies and Materials	172,389	31,070	8,298	57,160	268,917
Capital Outlay	50,000	-	-	2,176	52,176
<i>Total Operating Disbursements</i>	600,768	549,585	25,229	120,883	1,296,465
<i>Operating Income (Loss)</i>	(189,615)	(54,021)	42,279	(32,232)	(233,589)
Non-Operating Receipts (Disbursements):					
Special Assessments	14,126	-	-	18,696	32,822
Other Non-operating Receipts	22,232	1,201	-	-	23,433
Proceeds of Loans	209,633	-	-	-	209,633
Principal Payments	(63,628)	-	-	(75,629)	(139,257)
Interest and Fiscal Charges	(42,790)	-	-	(27,667)	(70,457)
Transfers In	51,335	186	-	73,445	124,966
Advances In	-	54,000	-	1,000	55,000
Advances Out	(1,000)	(1,000)	-	(3,000)	(5,000)
<i>Total Non-Operating Receipts/(Disbursements)</i>	189,908	54,387	-	(13,155)	231,140
<i>Change in Net Assets</i>	293	366	42,279	(45,387)	(2,449)
<i>Net Assets Beginning of Year</i>	236,223	45,384	116,233	197,741	595,581
<i>Net Assets End of Year</i>	<u>\$ 236,516</u>	<u>\$ 45,750</u>	<u>\$ 158,512</u>	<u>\$ 152,354</u>	<u>\$ 593,132</u>

See accompanying notes to the basic financial statements

Village of Lisbon
Columbiana County, Ohio
Notes to the Financial Statements
For the Year Ended December 31, 2005

Note 1 – Reporting Entity

The Village of Lisbon, Columbiana 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. The Village is directed by a six-member Council.

The Village's management believes these financial statements included in this report represent all of the funds of the Village over which the Village has the ability to exercise direct operating control.

A. Primary Government

The primary government consists of all funds, departments, boards and agencies that are not legally separate from the Village. The Village provides general government services, water and sewer utilities, maintenance of Village roads and bridges, park operations, and police and fire services.

B. Component Units

Component units are legally separate organizations for which the Village is financially accountable. The Village is financially accountable for an organization if the Village appoints a voting majority of the organization's governing board and (1) the Village is able to significantly influence the programs or services performed or provided by the organization; or (2) the Village is legally entitled to or can otherwise access the organization's resources; the Village is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide support to, the organization; or the Village is obligated for the debt of the organization. The Village is also financially accountable for any organizations that are fiscally dependent on the Village in that the Village approves their budget, the issuance of their debt or the levying of their taxes. Component units also include legally separate, tax-exempt entities whose resources are for the direct benefit of the Village, are accessible to the Village and are significant in amount to the Village. The Village does not have component units as defined.

Note 2 – Summary of Significant Accounting Policies

As discussed further in Note 2.C, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. In the government-wide financial statements and the fund financial statements for the proprietary funds, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. The Village does not apply FASB statements issued after November 30, 1989, to its business-type activities and to its enterprise funds. Following are the more significant of the Village's accounting policies.

A. Basis of Presentation

The Village's basic financial statements consist of government-wide financial statements, including a statement of net assets and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

Village of Lisbon
Columbiana County, Ohio
Notes to the Financial Statements
For the Year Ended December 31, 2005

Note 2 – Summary of Significant Accounting Policies (continued)

Government-Wide Financial Statements

The statement of net assets and the statement of activities display information about the Village as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the Village that are governmental and those that are considered business-type. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

The statement of net assets presents the cash balance of the governmental and business-type activities of the Village at year-end. The statement of activities compares disbursements with program receipts for each of the Village's governmental and business-type activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Village is responsible. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function or business-type activity is self-financing on a cash basis or draws from the Village's general receipts.

Fund Financial Statements

During the year, the Village segregates transactions related to certain Village functions or activities in separate funds to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Village at this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column.

Proprietary fund statements distinguish operating transactions from nonoperating transactions. Operating receipts generally result from exchange transactions such as charges for services directly relating to the funds' principal services. Operating disbursements include costs of sales and services and administrative costs. The fund statements report all other receipts and disbursements as nonoperating.

B. Fund Accounting

The Village uses fund accounting 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. Funds are used to segregate resources that are restricted as to use. The funds of the Village are divided into two categories, governmental and proprietary.

Village of Lisbon
Columbiana County, Ohio
Notes to the Financial Statements
For the Year Ended December 31, 2005

Note 2 – Summary of Significant Accounting Policies (continued)

B. Fund Accounting (continued)

Governmental Funds

The Village classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other nonexchange transactions as governmental funds. The Village's major governmental funds are as follows:

General Fund: The general operating fund of the Village. It is used to account for all financial resources except those required by law or contract to be accounted for 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.

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

Cemetery Fund – This fund receives charges for services from customers for the purchase of cemetery plots and burials.

Capital Improvement Fund - This fund receives proceeds from the General fund. The proceeds are being used to construct numerous projects throughout the Village, the largest of which was the Northwest Sewer Separation project.

Building Fund - This fund accounts for receipts and disbursements designated for the construction of the new Village hall.

Cemetery Endowment Fund - This fund receives monies from interest on investments and thirty percent of the sale of lots for the future care of the cemetery.

Proprietary Funds

The Village classifies funds financed primarily from user charges for goods or services as proprietary. Proprietary funds are classified as enterprise funds. Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The Village's major enterprise funds are as follows:

Water Fund - The water fund accounts for the provision of water 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.

Parking Fund – The parking fund accounts for the receipts from the various parking meters throughout the Village.

Village of Lisbon
Columbiana County, Ohio
Notes to the Financial Statements
For the Year Ended December 31, 2005

Note 2 – Summary of Significant Accounting Policies (continued)

C. Basis of Accounting

The Village's financial statements are prepared using the cash basis of accounting. Except for modifications having substantial support, receipts are recorded in the Village's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred. Any such modifications made by the Village are described in the appropriate section in this note.

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

D. Budgetary Process

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation ordinance, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the Village Council may appropriate.

The appropriation ordinance is the Village Council's authorization to spend resources and sets limits on cash disbursements plus encumbrances at the level of control selected by the Village Council. The legal level of control has been established at the fund level.

The certificate of estimated resources may be amended during the year if projected increases or decreases in receipts are identified by the Village Clerk. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificated of estimated resources in effect at the time final appropriations were passed by the Village Council.

The appropriation ordinance is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation ordinance for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Village Council during the year.

E. Cash and Investments

To improve cash management, cash received by the Village is pooled and invested. Individual fund integrity is maintained through Village records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents".

Village of Lisbon
Columbiana County, Ohio
Notes to the Financial Statements
For the Year Ended December 31, 2005

Note 2 – Summary of Significant Accounting Policies (continued)

E. Cash and Investments (continued)

Investments of the cash management pool and investments with an original maturity of three months or less at the time of purchase are presented on the financial statements as cash equivalents.

During 2005, the Village invested in nonnegotiable certificates of deposit which are reported at cost.

F. Restricted Assets

Cash, cash equivalents and investments are reported as restricted when limitations on their use change the nature or normal understanding of their use. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments, or imposed by law through constitutional provisions or enabling legislation.

G. Inventory and Prepaid Items

The Village reports disbursements for inventories and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

H. Capital Assets

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

I. Interfund Receivables/Payables

The Village reports advances-in and advances-out for interfund loans. These items are not reflected as assets and liabilities in the accompanying financial statements.

J. Accumulated Leave

In certain circumstances, such as upon leaving employment or retirement, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Village's cash basis of accounting.

K. Employer Contributions to Cost-Sharing Pension Plans

The Village recognizes the disbursement for their employer contributions to cost-sharing pension plans when they are paid. As described in Notes 10 and 11, the employer contributions include portions for pension benefits and for postretirement health care benefits.

L. Long-Term Obligations

The Village's cash basis financial statements do not report liabilities for bonds or other long-term obligations. Proceeds of debt are reported when the cash is received and principal and interest payments are reported when paid. Since recording a capital asset when entering into a capital lease is not the result of a cash transaction, neither an other financing source nor a capital outlay expenditure are reported at inception. Lease payments are reported when paid.

Village of Lisbon
Columbiana County, Ohio
Notes to the Financial Statements
For the Year Ended December 31, 2005

Note 2 – Summary of Significant Accounting Policies (continued)

M. Net Assets

Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

The Village's policy is to first apply restricted resources when an obligation is incurred for purposes for which both restricted and unrestricted net assets are available.

N. Fund Balance Reserves

The Village reserves any portion of fund balances which is not available for appropriation or which is legally segregated for a specific future use. Unreserved fund balance indicates that portion of fund balance which is available for appropriation in future periods. Fund balance reserves have been established for encumbrances.

O. Interfund Transactions

Transfers between governmental and business-type activities on the government-wide financial statements are reported in the same manner as general receipts.

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Subsidies from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating receipts/disbursements in proprietary funds. Repayments from funds responsible for particular disbursements to the funds that initially paid for them are not presented in the financial statements.

Note 3 – Change in Basis of Accounting and Restatement of Net Assets/Fund Balance

Last year the Village reported fund financial statements by fund type using the regulatory basis of accounting as prescribed by the State Auditor's Office. This year the Village has implemented the cash basis of accounting described in Note 2. The fund financial statements now present each major fund in a separate column with nonmajor funds aggregated and presented in a single column, rather than a column for each fund type.

The transition from the regulatory basis of accounting to the cash basis of accounting generated the following changes to net asset/fund balance as previously reported at December 31, 2004.

Village of Lisbon
Columbiana County, Ohio
Notes to the Financial Statements
For the Year Ended December 31, 2005

Note 3 – Change in Basis of Accounting and Restatement of Net Assets/Fund Balance (continued)

	General Fund	Street Const. Fund	Cemetery Fund	Capital Improvement Fund
Fund Balances at December 31, 2004	\$ 430,526	\$ 75,556	\$ 82,297	\$ 288,366
	Building Fund	Cemetery Endowment Fund	Other Governmental Funds	Total Governmental Activities
Fund Balances at December 31, 2004	\$ 274,521	\$ 306,734	\$ 147,108	\$ 1,605,108
Governmental Activities Net Assets at December 31, 2004				\$ 1,605,108

The restatement of the business-type activities is as follows:

	Water Operating Fund	Sewer Operating Fund	Parking Fund	Other	Total Business-Type Activities
Fund Balances at December 31, 2004	\$ 236,223	\$ 45,384	\$ 116,233	\$ 197,741	\$ 595,581
Business-Type Activities Net Assets at December 31, 2004					\$ 595,581

Note 5 – Budgetary Basis of Accounting

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the general, street construction and cemetery funds are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The differences between the budgetary basis and the cash basis are outstanding year-end encumbrances are treated as cash disbursements (budgetary basis) rather than as a reservation of fund balance (cash basis). The encumbrances outstanding at year-end (budgetary basis) amounted to \$716 for the general fund. The street construction and cemetery funds did not have any outstanding year-end encumbrances.

Village of Lisbon
Columbiana County, Ohio
Notes to the Financial Statements
For the Year Ended December 31, 2005

Note 6 – Deposits and Investments

Monies held by the Village are classified by State statute into three categories.

Active monies are public monies determined to be necessary to meet current demands upon the Village treasury. Active monies must be maintained either as cash in the Village treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that Council has identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts, including passbook accounts.

Interim monies held by the Village can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio).

Village of Lisbon
Columbiana County, Ohio
Notes to the Financial Statements
For the Year Ended December 31, 2005

Note 6 - Deposits and Investments (continued)

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the Village, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions.

Deposits

Custodial credit risk is the risk that in the event of bank failure, the Village will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, \$1,234,641 of the Village's bank balance of \$1,781,811 was exposed to custodial credit risk because those deposits were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Village's name.

The Village has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the Village or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

The Village has no investments at year-end.

Note 7 – Income Taxes

The Village levies a 1 1/2 percent income tax whose proceeds are placed into the General Fund. The Village levies and collects the tax on all income earned within the Village as well as on incomes of residents earned outside the Village. Employers within the Village are required to withhold income tax on employee earnings and remit the tax to the Village at least quarterly. Corporations and other individual taxpayers are also required to pay their estimated tax at least quarterly and file a final return annually.

Note 8 – Property Taxes

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 rate 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 County by December 31. If the property owner elects to make semiannual payments, the first half is due December 31. The second half payment is due the following June 20.

Public utilities are also taxed on personal and real property located within the Village. Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

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

Village of Lisbon
Columbiana County, Ohio
Notes to the Financial Statements
For the Year Ended December 31, 2005

Note 9 – Risk Management

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Public officials' liability
- Vehicles
- Errors and omissions
- Commercial inland marine
- Employer's liability
- Employee benefits liability
- Crime

There were no significant reductions in coverage from prior years and claims have not exceeded insurance coverage in any of the past three years. The Village pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is based on accident history and administrative costs.

Note 10 – Defined Benefit Pension Plans

A. Ohio Public Employees Retirement System

The Village participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the member directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings.

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the traditional plan. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642 or by calling (614) 222-6705 or (800) 222-7377.

For the year ended December 31, 2005, members were required to contribute 8.5 percent of their annual covered salaries and the Village's contribution rate for 2005 was 13.55 percent. The Ohio Revised Code provides statutory authority for member and employer contributions.

The Village's required contributions for pension obligations to the traditional plan for the years ended December 31, 2005, 2004, and 2003 were \$99,340, \$97,032, and \$114,595 respectively. The full amount has been contributed for 2005, 2004 and 2003.

Village of Lisbon
Columbiana County, Ohio
Notes to the Financial Statements
For the Year Ended December 31, 2005

Note 10 – Defined Benefit Pension Plans (continued)

B. Ohio Police and Fire Pension Fund

The Village's law enforcement officers belong to the Ohio Police and Fire Pension Fund (OP&F), a cost-sharing multiple-employer defined benefit pension plan. OP&F provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. OP&F issues a publicly available financial report that includes financial information and required supplementary information for the plan. That report may be obtained by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

Plan members are required to contribute 10 percent of their annual covered salary, while the Village is required to contribute 19.5 percent for police. Contributions are authorized by State statute. The Village's contributions to the Fund for police for the years ended December 31, 2005, 2004, and 2003 were \$37,572, \$36,561, and \$35,645 respectively. The full amount has been contributed for 2005, 2004 and 2003.

Effective July 1, 1991, volunteer firefighters not otherwise covered by the Public Employees Retirement System or the Ohio Police and Fire Pension Fund are covered by Social Security. For the period January 1, 2005 through December 31, 2005, the Village's volunteer firefighters who are covered by Social Security contributed 6.2% of their gross salary with the Village contributing an equal amount of 6.2% of the gross salaries. The Village has paid Social Security for all contributions required through December 31, 2005.

Note 11 - Postemployment Benefits

A. Ohio Public Employees Retirement System

The Ohio Public Employees Retirement System (OPERS) provides post-retirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with the traditional plan. Health care coverage for disability recipients and primary survivor recipients is available. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit as described in *GASB Statement No. 12*. A portion of each employer's contribution to the traditional plan is set aside for the funding of postretirement health care based on authority granted by State statute. The 2005 local government employer contribution rate was 13.55 percent of covered payroll; 4.00 percent of covered payroll was the portion that was used to fund health care.

Benefits are advance-funded using the entry age normal actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2004, include a rate of return on investments of 8.00 percent, an annual increase in active employee total payroll of 4.00 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .50 percent and 6.3 percent based on additional annual pay increases. Health care premiums were assumed to increase between 1.00 and 6.00 percent annually for the next eight years and 4.00 percent annually after eight years.

All investments are carried at market. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investment assets annually.

Village of Lisbon
Columbiana County, Ohio
Notes to the Financial Statements
For the Year Ended December 31, 2005

Note 11 - Postemployment Benefits (continued)

A. Ohio Public Employees Retirement System (continued)

The number of active contributing participants in the traditional and combined plans was 376,109. Actual employer contributions for 2005 which were used to fund health care were \$29,325. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2004, (the latest information available) were \$10.5 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$26.9 billion and \$16.4 billion, respectively.

On September 9, 2004, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. The HCPP restructures OPERS' health care coverage to improve the financial solvency of the fund in response to increasing health care costs.

B. Ohio Police and Fire Pension Fund

The Ohio Police and Fire Pension Fund (OP&F) provides postretirement health care coverage to any person who receives or is eligible to receive a monthly service, disability or survivor benefit check or is a spouse or eligible dependent child of such person. An eligible dependent child is any child under the age of 18 whether or not the child is attending school, or under the age of 22 if attending school full-time or on a 2/3 basis.

The health care coverage provided by the retirement system is considered an Other Postemployment Benefit (OPEB) as described in *GASB Statement No. 12*. The Ohio Revised Code provides the authority allowing the Ohio Police and Fire Pension Fund's board of trustees to provide health care coverage and states that health care costs paid from the funds of OP&F shall be included in the employer's contribution rate. Health care funding and accounting is on a pay-as-you-go basis.

The total police contribution rate is 19.5 percent of covered payroll, of which 7.75 percent of covered payroll was applied to the post-employment health care program during 2005. In addition, since July 1, 1992, most retirees and survivors have been required to contribute a portion of the cost of their health care coverage through a deduction from their monthly benefit payment. Beginning in 2001, all retirees and survivors have monthly health care contributions.

Village of Lisbon
Columbiana County, Ohio
Notes to the Financial Statements
For the Year Ended December 31, 2005

Note 12 – Debt

Debt outstanding at December 31, 2005 is as follows:

Description	Balance 1/1/05	Additions	Reductions	Balance 12/31/05	Due Within One Year
OPWC Issue II Loan-0%	\$ 507,060	\$ -	\$ (31,691)	\$ 475,369	\$ 31,691
Waterworks System Improv. Bonds-6.88%	50,000	-	(10,000)	40,000	10,000
OPWC Loan-0%	2,425	-	(2,425)	-	-
OWDA Water Extension-10.98%	98,732	-	(37,023)	61,709	38,018
OWDA Loan-4.18%	243,061	-	(28,604)	214,457	20,079
Water System Improv. Bonds-5.50%	226,611	-	(40,603)	186,008	42,837
Ford Credit 2004 F-150-19.49%	7,510	-	(2,306)	5,204	2,583
1st National Bank (Dumptruck)-5%	-	23,110	(3,932)	19,178	4,231
OWDA Loan # 4198-2%	-	99,959	(16,670)	83,289	-
OWDA Loan # 4289-2%	-	86,564	-	86,564	-
Totals	<u>\$ 1,135,399</u>	<u>\$ 209,633</u>	<u>\$ (173,254)</u>	<u>\$ 1,171,778</u>	<u>\$ 149,439</u>

The OPWC Issue II Loan relates to the repair and/or replacement of US Route 30, State Route 45 and State Route 164. OPWC approved up to \$648,300 in loans to the Village for this project in 1998. The loan will be repaid in semiannual installments of \$15,846, at an interest rate of 0%, over 20 years. The loan is collateralized by local government receipts.

The Waterworks System Improvement Bonds were issued in 1979 in the amount totaling \$292,000. They were issued to pay the cost of improving the municipal waterworks system by constructing additional water treatment and distribution facilities. The loan is collateralized by water and sewer receipts.

The Ohio Water Development Authority (OWDA) Water Extension loan relates to a water and sewer plant expansion project that was taken on to expand and repair current water and sewer services. The expansion to the sewer plant consists of a second filter at the Water Treatment Plant to double the treatment capacity. The OWDA approved up to \$650,000 in loans to the Village for this project in 1984. The loan will be repaid in semiannual installments of \$12,342 of principal, plus accumulated interest at a rate of 10.98%, over 25 years (will be paid off in 2008). The scheduled payment has been adjusted to reflect the final amount actually borrowed. The loan is collateralized by water and sewer receipts. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

Village of Lisbon
Columbiana County, Ohio
Notes to the Financial Statements
For the Year Ended December 31, 2005

Note 12 – Debt (continued)

The OWDA Loan relates to major improvements to the water and sewer plant as required by the Environmental Protection Agency (EPA). The OWDA approved up to \$393,600 in loans to the Village for this project in 1994. The loan will be repaid in semiannual installments of \$14,418, including interest, at a rate of 4.18%, over 20 years. The loan is collateralized by water and sewer receipts. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

The Water System Improvement Bonds were taken out for the purpose of acquiring and constructing water line improvements. A local bank approved up to \$400,000 in bonds to the Village for this project in 1999. The loan will be repaid in semiannual payments of interest and annual payment of principal that are calculated based on the 5.50% interest rate, over a period of 10 years. The bonds are collateralized by water and sewer receipts. The Village has agreed to set utility rates sufficient to cover the bond debt service requirements.

The Ford Motor Credit Co. Loan relates to the 2004 purchase of a Ford F-150 for general government use. The loan will be repaid in monthly installments of \$226, including interest, at a rate of 19.49% over four years.

The 1st National Community Bank. Loan relates to the 2005 purchase of a Dumptruck for general government use. The loan will be repaid in monthly installments of \$437, including interest, at a rate of 5.00% over five years.

The OWDA Loan #4198 relates to a water treatment plant pilot study. The OWDA approved up to \$653,289 in loans to the Village for this project in 2004. The loan will be repaid in semiannual installments, including interest, at a rate of 2.00%, over 5 years. As of the date of this report, the Village has not withdrawn the total amounts approved therefore no amortization schedule is available. The loan is collateralized by water receipts. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

The OWDA Loan #4289 relates to a water plant design. The OWDA approved up to \$197,671 in loans to the Village for this project in 2005. The loan will be repaid in semiannual installments, including interest, at a rate of 2.00%, over 5 years. As of the date of this report, the Village has not withdrawn the total amounts approved therefore no amortization schedule is available. The loan is collateralized by water receipts. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

Village of Lisbon
Columbiana County, Ohio
Notes to the Financial Statements
For the Year Ended December 31, 2005

Note 12 – Debt (continued)

Principal and interest requirements for debt outstanding at December 31, 2005 is as follows:

Year Ended:	OPWC Issue II Loan	Waterworks System Improvement Bonds	OWDA Water Extension	OWDA Loan
2006	\$ 31,691	\$ 12,750	\$ 31,458	\$ 28,836
2007	31,691	12,072	28,749	28,836
2008	31,691	11,365	13,697	28,836
2009	31,691	10,688	-	28,836
2010	31,691	-	-	28,836
2011-2015	158,455	-	-	115,344
2016-2020	158,458	-	-	-
Total	<u>\$ 475,368</u>	<u>\$ 46,875</u>	<u>\$ 73,904</u>	<u>\$ 259,524</u>

Year Ended:	Water System Improvement Bonds	Ford Credit 2004 Ford F150	1st National Community Bank	Total Payment Requirements
2006	\$ 53,067	\$ 2,718	\$ 5,243	\$ 165,763
2007	53,067	2,718	5,243	162,376
2008	53,067	2,265	5,243	146,164
2009	44,912	-	5,243	121,370
2010	-	-	1,311	61,838
2011-2015	-	-	-	273,799
2016-2020	-	-	-	158,458
Total	<u>\$ 204,113</u>	<u>\$ 7,701</u>	<u>\$ 22,283</u>	<u>\$ 1,089,768</u>

Note 13 – Contingent Liabilities

Management believes there are no pending claims or lawsuits.

Note 14 – Legal Compliance

Pursuant to Section 117.11(A) of the Revised Code, we performed tests of compliance with provisions of local, state, and /or federal laws, as applicable. The auditor’s report on the Village’s compliance with the Ohio Revised Code and internal control structure comments are included in this report under a separate part of this presentation.

Charles E. Harris & Associates, Inc.
Certified Public Accountants

Rockefeller Building
614 W Superior Ave Ste 1242
Cleveland, OH 44113-1306
Office phone - (216) 575-1630
Fax - (216) 436-2411

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Village of Lisbon
Columbiana County
203 North Market St
Lisbon, Ohio 44432

To the Village Council:

We have audited the financial statements of the Village of Lisbon, Columbiana County, Ohio (the Village), as of and for the year ended December 31, 2005, and have issued our report thereon dated August 30, 2006, wherein we noted the Village followed the cash basis of accounting rather than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Controls Over Financial Reporting

In planning and performing our audit, we considered the Village's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Village's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying Schedule of Findings as items 2005-001 through 2005-003.

A material weakness is a reportable 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 caused by error or fraud 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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered material weaknesses. However, we consider the reportable conditions described above to be material weaknesses.

We also noted other matters involving internal controls over financial reporting that we have reported to management in a separate letter dated August 30, 2006.

Compliance and Other Matters

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, grant agreements and other matters, noncompliance with which could have a direct and material affect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed several instances of noncompliance that are required to be reported under *Government Auditing Standards*, which are described in the accompanying Schedule of Findings as items 2005-001 through 2005-003.

We also noted other immaterial matters of noncompliance that we have reported to management of the Village in a separate letter dated August 30, 2006.

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

Charles E. Harris and Associates, Inc.
August 30, 2006

**VILLAGE OF LISBON
COLUMBIANA COUNTY, OHIO
Schedule of Findings
For the Year Ending December 31, 2005**

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

Finding Number 2005-001

Noncompliance Citation and Material Weakness

Ohio Revised Code Section 5705.14 indicates that before an interfund transfer can be made from the General Fund, a resolution of the taxing authority of the political subdivision shall be passed by a majority of the council. See also 1989 Ohio Attorney General Opinion No. 89-075 (Ohio Revised Code Section 5705.14(E) has been interpreted to require a resolution passed by a simple majority when transferring funds from the general revenue fund to specific funds.)

The Village processed 70% of the transfers throughout the year without specific resolutions being passed by Council authorizing such transactions.

Individual transfers should be approved by ordinance or resolution of Council to ensure compliance with this Ohio Revised Code section.

Management is reviewing the transfer approval process to ensure future compliance.

Finding Number 2005-002

Noncompliance Citation and Material Weakness

Ohio Revised Code Section 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. The amount so certified shall be recorded against the applicable appropriation account.

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

- 1. Then and Now Certificate-** If no certificate is furnished as required, upon receipt of the fiscal officer's certificate that a sufficient sum was, both at the time of the contract or order and at the time of the certificate, appropriated and free of any previous encumbrances, the Village may authorize the issuance of a warrant in payment of the amount due upon such contract or order by ordinance or resolution within 30 days from the receipt of such certificate.

**VILLAGE OF LISBON
COLUMBIANA COUNTY, OHIO
Schedule of Findings – (Continued)
For the Year Ending December 31, 2005**

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

Finding Number 2005-002 – (Continued)

Amounts of less than \$3,000 may be paid by the fiscal officer without a resolution or ordinance upon completion of the “then and now” certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the Village.

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

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

The Village did not always certify funds when placing orders or making contracts in 2005. This occurred in 30% of the expenditures tested for 2005. This lack of control over expenditures also undermines the Village’s budget because purchases are made without knowledge of cash balances left in particular line items or funds.

The Village should utilize purchase orders to monitor appropriations on a consistent basis. In addition, we also recommend the Village Clerk review and amend appropriations when it is determined that expenditures will exceed appropriations. The Clerk should be informed of any and all purchases before they are made. This will ensure that purchase orders are completed prior to a purchase being made, as well as assuring that there are sufficient funds to cover the proposed purchase.

Management is currently correcting this issue by developing a process to control the purchase order process.

**VILLAGE OF LISBON
COLUMBIANA COUNTY, OHIO
Schedule of Findings – (Continued)
For the Year Ending December 31, 2005**

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

Finding Number 2005-003

Noncompliance Citation and Material Weakness

Ohio Revised Code Section 5705.39 provides, in part, that total appropriations from each fund shall not exceed the total of the estimated revenue available for expenditure there from, as certified by the county budget commission. No appropriation measure shall become effective until the county auditor files a certificate that the total appropriations from each fund, taken together with all other outstanding appropriations, do not exceed such official estimate or amended official estimate.

Total appropriations exceeded total estimated resources in the following funds:

Fund	Total Appropriations	Total Estimated Resources	Variance
Street Construction and Maint.	\$ 709,340	\$ 530,556	\$ (178,784)
Federal Grants	147,657	-	(147,657)
Pool	44,996	38,784	(6,212)
Sewer New Equipment	93,000	-	(93,000)
GO Bond-Water Improvement	14,125	-	(14,125)
Const. Imp. to Water Plant	47,024	-	(47,024)
Wastewater Improvement	43,604	-	(43,604)

We recommend that Village Council and the Clerk/Treasurer monitor their budgetary cycle throughout the year to ensure that appropriations do not exceed the amounts on the certificate of estimated resources and any amendments thereto and actual revenue received. We also recommend that the Village file its appropriations with the county budget commission so as to obtain the certificate that the total appropriations from each fund, taken together with all other outstanding appropriations, do not exceed such official estimate or amended official estimate.

Management is aware of budgetary problems and is reviewing possible alternatives to avoiding future concerns.

**VILLAGE OF LISBON
COLUMBIANA COUNTY, OHIO
For the Year Ending December 31, 2005**

SCHEDULE OF PRIOR AUDIT FINDINGS

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2004-001	Improper interfund transfers without Council authorization.	No	Not corrected. Reissued as finding 2005-001.
2004-002	Lack of certifying funds when placing orders. Purchase orders dated after invoices.	No	Not corrected. Reissued as finding 2005-002.
2004-003	Total appropriations exceeding total estimated resources.	No	Not corrected. Reissued as finding 2005-003.



Mary Taylor, CPA
Auditor of State

VILLAGE OF LISBON
COLUMBIANA 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
APRIL 12, 2007