



**VILLAGE OF LISBON
COLUMBIANA COUNTY
Regular Audit
For the Years Ended December 31, 2019 and 2018**

313 Second St.
Marietta, OH 45750
740 373 0056

1907 Grand Central Ave.
Vienna, WV 26105
304 422 2203

150 W. Main St., #A
St. Clairsville, OH 43950
740 695 1569

1310 Market St., #300
Wheeling, WV 26003
304 232 1358

749 Wheeling Ave., #300
Cambridge, OH 43725
740 435 3417

www.perrycpas.com

OHIO AUDITOR OF STATE
KEITH FABER



88 East Broad Street
Columbus, Ohio 43215
IPAReport@ohioauditor.gov
(800) 282-0370

Village Council
Village of Lisbon
203 North Market Street
Lisbon, Ohio 44432

We have reviewed the *Independent Auditor's Report* of the Village of Lisbon, Columbiana County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period January 1, 2018 through December 31, 2019. 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.

A handwritten signature in black ink that reads "Keith Faber".

Keith Faber
Auditor of State
Columbus, Ohio

October 1, 2020

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VILLAGE OF LISBON
COLUMBIANA COUNTY

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313 Second St.
Marietta, OH 45750
740.373.0056

1907 Grand Central Ave.
Vienna, WV 26105
304.422.2203

150 West Main St.
St. Clairsville, OH 43950
740.695.1569

1310 Market Street, Suite 300
Wheeling, WV 26003
304.232.1358

749 Wheeling Ave., Suite 300
Cambridge, OH 43725
740.435.3417

INDEPENDENT AUDITOR'S REPORT

August 21, 2020

Village of Lisbon
Columbiana County
203 North Market Street
Lisbon, Oh 44432

To the Village Council:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of **Village of Lisbon**, Columbiana County, (the Village) as of and for the years ended December 31, 2019 and 2018.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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

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

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2019 and 2018, and the respective changes in financial position or cash flows thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements by fund type, and related notes of the Village of Lisbon, Columbiana County as of December 31, 2019 and 2018, for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 2.

Emphasis of Matter

As discussed in Note 11 for 2019 and 13 for 2018 to the financial statements, during 2019 and 2018, the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Village. We did not modify our opinion regarding this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 21, 2020, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.



Perry & Associates
Certified Public Accountants, A.C.
Marietta, Ohio

**VILLAGE OF LISBON
COLUMBIANA COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2019**

	General	Special Revenue	Debt Service	Capital Projects	Totals (Memorandum Only)
Cash Receipts					
Property and Other Local Taxes	\$ 101,239	\$ 70,883	\$ 112	\$ -	\$ 172,234
Municipal Income Tax	1,159,169	-	-	-	1,159,169
Intergovernmental	74,948	159,901	-	-	234,849
Charges for Services	87,275	92,136	-	-	179,411
Fines, Licenses and Permits	26,793	-	-	-	26,793
Earnings on Investments	-	2,758	-	-	2,758
Miscellaneous	3,620	3,000	-	-	6,620
<i>Total Cash Receipts</i>	<u>1,453,044</u>	<u>328,678</u>	<u>112</u>	<u>-</u>	<u>1,781,834</u>
Cash Disbursements					
Current:					
Security of Persons and Property	903,631	26,850	-	-	930,481
Public Health Services	-	129,153	-	-	129,153
Leisure Time Activities	17,768	-	-	-	17,768
Community Environment	25,541	-	-	-	25,541
Basic Utility Services	11,799	-	-	-	11,799
Transportation	2,551	254,318	-	-	256,869
General Government	295,071	126	-	-	295,197
Capital Outlay	-	-	-	34,809	34,809
Debt Service:					
Principal Retirement	75,507	13,533	38,798	-	127,838
Interest and Fiscal Charges	16,290	2,672	-	-	18,962
<i>Total Cash Disbursements</i>	<u>1,348,158</u>	<u>426,652</u>	<u>38,798</u>	<u>34,809</u>	<u>1,848,417</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>104,886</u>	<u>(97,974)</u>	<u>(38,686)</u>	<u>(34,809)</u>	<u>(66,583)</u>
Other Financing Receipts (Disbursements)					
Sale of Capital Assets	-	2,600	-	-	2,600
Transfers In	-	124,500	38,399	32,500	195,399
Transfers Out	(215,149)	-	-	-	(215,149)
Other Financing Sources	92,125	1,511	-	-	93,636
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(123,024)</u>	<u>128,611</u>	<u>38,399</u>	<u>32,500</u>	<u>76,486</u>
<i>Net Change in Fund Cash Balances</i>	<u>(18,138)</u>	<u>30,637</u>	<u>(287)</u>	<u>(2,309)</u>	<u>9,903</u>
<i>Fund Cash Balances, January 1</i>	<u>63,954</u>	<u>349,035</u>	<u>900</u>	<u>36,881</u>	<u>450,770</u>
Fund Cash Balances, December 31					
Restricted	-	379,672	-	17,857	397,529
Committed	-	-	-	16,715	16,715
Assigned	42,126	-	613	-	42,739
Unassigned (Deficit)	3,690	-	-	-	3,690
<i>Fund Cash Balances, December 31</i>	<u>\$ 45,816</u>	<u>\$ 379,672</u>	<u>\$ 613</u>	<u>\$ 34,572</u>	<u>\$ 460,673</u>

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

**VILLAGE OF LISBON
COLUMBIANA COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
PROPRIETARY AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2019**

	Proprietary Fund Types	Fiduciary Fund Types	Totals
	Enterprise	Agency	(Memorandum Only)
Operating Cash Receipts			
Charges for Services	\$ 1,331,403	\$ -	\$ 1,331,403
Fines, Licenses and Permits	11,252	-	11,252
Miscellaneous	23,448	-	23,448
<i>Total Operating Cash Receipts</i>	<u>1,366,103</u>	<u>-</u>	<u>1,366,103</u>
Operating Cash Disbursements			
Personal Services	269,834	-	269,834
Employee Fringe Benefits	73,650	-	73,650
Contractual Services	667,256	-	667,256
Supplies and Materials	157,681	-	157,681
Other	205	-	205
<i>Total Operating Cash Disbursements</i>	<u>1,168,626</u>	<u>-</u>	<u>1,168,626</u>
<i>Operating Income (Loss)</i>	<u>197,477</u>	<u>-</u>	<u>197,477</u>
Non-Operating Receipts (Disbursements)			
Intergovernmental	8,250	-	8,250
Special Assessments	22,501	-	22,501
Miscellaneous Receipts	1,411	-	1,411
Capital Outlay	(24,737)	-	(24,737)
Principal Retirement	(185,702)	-	(185,702)
Interest and Other Fiscal Charges	(32,664)	-	(32,664)
Other Financing Sources	1,836	-	1,836
Other Financing Uses	-	(17,600)	(17,600)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(209,105)</u>	<u>(17,600)</u>	<u>(226,705)</u>
<i>Income (Loss) before Capital Contributions, Special Item, Extraordinary Item, Transfers and Advances</i>	<u>(11,628)</u>	<u>(17,600)</u>	<u>(29,228)</u>
Transfers In	19,750	-	19,750
<i>Net Change in Fund Cash Balances</i>	<u>8,122</u>	<u>(17,600)</u>	<u>(9,478)</u>
<i>Fund Cash Balances, January 1</i>	<u>314,344</u>	<u>17,600</u>	<u>331,944</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 322,466</u>	<u>\$ -</u>	<u>\$ 322,466</u>

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

Village of Lisbon, Ohio
Columbiana County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 1 – Reporting Entity

The Village of Lisbon (the Village), Columbiana County, 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 general government, water and sewer utilities, street repair and maintenance, park and cemetery operations, and police and fire services.

Public Entity Risk Pools

The Village participates in a public entity risk pool. Note 6 to the financial statements provide additional information for this entity. 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 and fiduciary fund types which are 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 Funds:

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.

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

Debt Service Funds These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. The Village had the following significant Debt Service Funds:

Debt Service Fund – This fund receives monies from transfers to make payments on outstanding debt of the Village.

Village of Lisbon, Ohio
Columbiana County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 2 – Summary of Significant Accounting Policies (Continued)

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 funds:

Capital Improvement Fund – This fund receives proceeds from the General Fund. The proceeds are used to construct numerous projects throughout the Village.

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 Operating Fund This fund receives charges for services from residents to cover water service costs.

Sewer Operating Fund This fund receives charges for services from residents to cover sewer service costs.

Sewer Capital Improvement Fund This fund receives charges for services from residents and OPWC and OWDA funds for sewer projects in the Village.

Parking Meter Fund This fund received charges for services from parking meter coin collections and court fines.

Fiduciary Funds Fiduciary funds include private purpose trust funds and agency/custodial funds. Trust funds account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Village's own programs.

Agency/Custodial funds are purely custodial in nature and are used to report fiduciary activity that is not required to be reported in a trust fund. The Village's agency/custodial fund accounts for security payments for the timely removal and/or repair of insecure, unsafe, or structurally deficient buildings or other structures damaged by fire.

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 (D). 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 (D) permit.

Village of Lisbon, Ohio
Columbiana County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 2 – Summary of Significant Accounting Policies (Continued)

Budgetary Process

The Ohio Revised Code requires that each fund (except certain agency/custodial funds) be budgeted annually.

Appropriations Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control and appropriations may not exceed estimated resources. The Village Council must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end.

Estimated Resources Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1. The County Budget Commission must 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 carried over, and need not be reappropriated.

A summary of 2019 budgetary activity appears in Note 3.

Deposits

The Village's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

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.

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.

Village of Lisbon, Ohio
Columbiana County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 2 – Summary of Significant Accounting Policies (Continued)

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 represent 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.

Note 3 – Budgetary Activity

Budgetary activity for the year ending December 31, 2019 follows:

2019 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 1,547,563	\$ 1,545,169	\$ (2,394)
Special Revenue	432,596	457,289	24,693
Debt Service	37,897	38,511	614
Capital Projects	28,693	32,500	3,807
Enterprise	1,368,787	1,419,851	51,064
Total	<u>\$ 3,415,536</u>	<u>\$ 3,493,320</u>	<u>\$ 77,784</u>

2019 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 1,637,399	\$ 1,584,665	\$ 52,734
Special Revenue	463,934	427,132	36,802
Debt Service	38,798	38,798	-
Capital Projects	48,859	34,809	14,050
Enterprise	1,556,396	1,425,347	131,049
Total	<u>\$ 3,745,386</u>	<u>\$ 3,510,751</u>	<u>\$ 234,635</u>

Village of Lisbon, Ohio
Columbiana County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 4 – Deposits and Investments

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

	2019
Demand deposits	\$ 494,289
Certificates of deposit	288,850
Total deposits	<u>\$ 783,139</u>

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.

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 1.5 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.

Village of Lisbon, Ohio
Columbiana County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 6 – Risk Management

The Village is a member of the Public Entities Pool of Ohio (The Pool). The Pool assumes the risk of loss up to the limits of the (local entity's) policy. The Pool covers the following risks:

- General liability and casualty
- Public official's liability
- Cyber
- Law enforcement liability
- Automobile liability
- Vehicles
- Property
- Equipment breakdown

The Pool reported the following summary of assets and actuarially-measured liabilities available to pay those liabilities as of December 31:

	<u>2019</u>
Cash and investments	\$ 38,432,610
Actuarial liabilities	\$14,705,917

Note 7 – Defined Benefit Pension Plans

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, 2019.

Ohio Police and Fire Retirement System

Village's certified Fire Fighters and full-time Police Officers belong to the Ohio Police and Fire Pension Fund (OP&F). OP&F 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. OP&F participants contributed 12.25 percent of full-time police members wages and 11.5 percent of full-time fire fighters' wages. The Village contributed to OP&F an amount equal to 19.5 percent of full-time police members' wages and 24 percent of full-time fire fighters' wages. The Village has paid all contributions required through December 31, 2019.

Village of Lisbon, Ohio
Columbiana County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 8 – Postemployment Benefits

Both OPERS and OP&F offer 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 2019. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2019. OP&F contributes 0.5 percent to fund these benefits.

Beginning January 1, 2019, OP&F changed its retiree health care model to a stipend-based health care model. A stipend funded by OP&F was placed in individual Health Reimbursement Accounts that retirees use to be reimbursed for health care expenses.

Note 9 – Debt

Debt outstanding at December 31, 2019, was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Village Hall Loan	\$ 284,042	4.95%
OPWC CN14J	6,246	0.00%
OPWC CN32B	47,537	0.00%
OPWC CN17P	55,760	0.00%
OWDA #4574	913,987	2.00%
OWDA #5525	102,428	1.00%
OWDA #5353	12,623	1.00%
OWDA #6212	303,695	1.00%
OWDA #6883	752,132	1.00%
2018 Ford Lease Purchase Agreement	9,197	6.00%
2012 Dump Truck Lease Purchase Agreement	17,736	3.50%
2018 National Co-op Leasing Excavator	16,828	8.54%
Total	<u>\$ 2,522,211</u>	

The Village Hall Loan relates to a loan from First National Community Bank to construct the new Village Hall. The loan is paid in monthly installments of \$7,650 including interest at a rate of 4.95% over 15 years. The loan was refinanced during the audit period to reduce the interest rate from 6.00% to 4.95%.

The OPWC Loan CN14J relates to the East Lincoln Way Roadway Rehab Project. OPWC approved up to \$31,231 in loans to the Village for this project in 2011. The loan will be repaid in semiannual installments of \$1,562 at an interest rate of 0% over 10 years.

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Village of Lisbon, Ohio
Columbiana County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 9 – Debt (Continued)

The OWDA Loan #4574 relates to the Membrane Filtration Project. The OWDA approved by to \$2,029,316 in loans to the Village for this project in 2008. The loan will be repaid in semiannual installments of \$62,100 including interest at a rate of 2.0% 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 OWDA Loan #5525 relates to the Lincoln Avenue/North Market Street Combined Sewer Separation Project. The OWDA approved up to \$178,264 in loans to the Village for this project in 2011. The loan will be repaid in semiannual installments including interest at a rate of 1% over 20 years.

The OWDA Loan #5353 relates to the Storm Sewer Project. The OWDA approved up to \$21,969 in loans to the Village for this project in 2010. The loan will be repaid in semiannual installments including interest at a rate of 1% over 20 years

The OWDA Loan #6212 relates to the Combined Sewer Separation Mini-Systems Project. The OWDA approved up to \$452,904 in loans to the Village for this project in 2012. The loan will be repaid in semiannual installments including interest at a rate of 1% over 20 years.

The OWDA Loan #6883 relates to the East Chestnut Street Combined Sewer Separation Project. The OWDA approved up to \$966,160 in loans to the Village for this project in 2015. The loan will be repaid in semiannual installments including interest at rate of 1% over 20 years.

The Village entered into a lease purchase agreement in 2018 for a 2018 Ford Interceptor. The agreement is for 36,824 to be repaid in annual installments including interest at a rate of 6.0% over 3 years.

The Consumers Bank Loan #10015 relates to a 2012 Chevy Dump Truck. The agreement is for \$25,245. The loan is repaid in monthly installments of \$564.93 including interest at a rate of 3.5% over 5 years.

The National Cooperative Lease relates to a 2018 Bobcat Excavator. The lease purchase agreement is for \$46,240.80. The lease is paid in yearly installments of \$9,425.81 including interest over 4 years. The lease is paid from proceeds in the John Clarke Fund.

Amortization

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

Year ending December 31:	Village Hall	OPWC		OWDA #4574	
	Loan	CN14J	OPWC CN32B		OPWC CN17P
2020	91,797	3,123	31,691	3,983	124,201
2021	91,797	3,123	15,846	3,983	124,201
2022	91,797	-	-	3,983	124,201
2023	34,649	-	-	3,983	124,201
2024	-	-	-	3,983	124,201
2025-2029	-	-	-	19,914	372,603
2030-2034	-	-	-	15,931	-
Total	<u>\$ 310,040</u>	<u>\$ 6,246</u>	<u>\$ 47,537</u>	<u>\$ 55,760</u>	<u>\$ 993,608</u>

Village of Lisbon, Ohio
Columbiana County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 9 – Debt (Continued)

Year ending December 31:	OWDA #5525	OWDA #5353	OWDA #6212	OWDA #6883	2018 Ford Interceptor	2012 Dump Truck	2018 Excavator
2020	9,856	1,215	22,691	50,986	9,748	6,779	9,426
2021	9,856	1,215	22,691	50,986	-	6,779	9,426
2022	9,856	1,215	22,691	50,986	-	5,084	-
2023	9,856	1,215	22,691	50,986	-	-	-
2024	9,856	1,215	22,691	50,986	-	-	-
2025-2029	49,282	6,074	113,457	254,932	-	-	-
2030-2034	9,856	1,215	79,420	254,932	-	-	-
2035-2039	-	-	-	50,986	-	-	-
Total	<u>\$ 108,418</u>	<u>\$ 13,364</u>	<u>\$ 306,332</u>	<u>\$ 815,780</u>	<u>\$ 9,748</u>	<u>\$ 18,642</u>	<u>\$ 18,852</u>

Note 10 – Contingent Liabilities

Amounts grantor agencies pay to the Village are subject to audit and adjustment by the grantor. 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 11 – Subsequent Events

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Village. The impact on the Village's future operating costs, revenues, any recovery from emergency funding, either federal or state, cannot be estimated.

**VILLAGE OF LISBON
COLUMBIANA COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2018**

	General	Special Revenue	Debt Service	Capital Projects	Totals (Memorandum Only)
Cash Receipts					
Property and Other Local Taxes	\$ 97,026	\$ 68,977	\$ -	\$ -	\$ 166,003
Municipal Income Tax	1,138,934	-	-	-	1,138,934
Intergovernmental	51,829	141,347	-	-	193,176
Charges for Services	60,942	89,043	-	-	149,985
Fines, Licenses and Permits	21,550	-	-	-	21,550
Earnings on Investments	-	2,031	-	-	2,031
Miscellaneous	1,425	3,208	-	23,740	28,373
<i>Total Cash Receipts</i>	<u>1,371,706</u>	<u>304,606</u>	<u>-</u>	<u>23,740</u>	<u>1,700,052</u>
Cash Disbursements					
Current:					
Security of Persons and Property	840,145	27,084	-	-	867,229
Public Health Services	998	121,552	-	-	122,550
Leisure Time Activities	18,652	-	-	-	18,652
Community Environment	20,121	-	-	-	20,121
Basic Utility Services	11,743	-	-	-	11,743
Transportation	2,314	231,890	-	-	234,204
General Government	317,598	271	-	-	317,869
Capital Outlay	25,245	46,241	-	14,641	86,127
Debt Service:					
Principal Retirement	70,845	23,388	38,798	-	133,031
Interest and Fiscal Charges	20,952	219	-	-	21,171
<i>Total Cash Disbursements</i>	<u>1,328,613</u>	<u>450,645</u>	<u>38,798</u>	<u>14,641</u>	<u>1,832,697</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>43,093</u>	<u>(146,039)</u>	<u>(38,798)</u>	<u>9,099</u>	<u>(132,645)</u>
Other Financing Receipts (Disbursements)					
Loans Issued	25,245	-	-	-	25,245
Other Debt Proceeds	-	46,241	-	-	46,241
Sale of Capital Assets	-	6,850	-	-	6,850
Transfers In	-	102,130	39,399	3,000	144,529
Transfers Out	(176,529)	-	-	-	(176,529)
Other Financing Sources	53,837	555	-	-	54,392
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(97,447)</u>	<u>155,776</u>	<u>39,399</u>	<u>3,000</u>	<u>100,728</u>
Special Item	-	20	-	-	20
<i>Net Change in Fund Cash Balances</i>	<u>(54,354)</u>	<u>9,757</u>	<u>601</u>	<u>12,099</u>	<u>(31,897)</u>
<i>Fund Cash Balances, January 1 (Restated, See note 12)</i>	<u>118,308</u>	<u>339,278</u>	<u>299</u>	<u>24,782</u>	<u>482,667</u>
Fund Cash Balances, December 31					
Restricted	-	349,035	-	20,166	369,201
Committed	-	-	-	16,715	16,715
Assigned	83,954	-	900	-	84,854
Unassigned (Deficit)	(20,000)	-	-	-	(20,000)
<i>Fund Cash Balances, December 31</i>	<u>\$ 63,954</u>	<u>\$ 349,035</u>	<u>\$ 900</u>	<u>\$ 36,881</u>	<u>\$ 450,770</u>

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

**VILLAGE OF LISBON
COLUMBIANA COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
PROPRIETARY AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2018**

	Proprietary Fund Types	Fiduciary Fund Types	Totals
	Enterprise	Agency	(Memorandum Only)
Operating Cash Receipts			
Charges for Services	\$ 1,265,496	\$ -	\$ 1,265,496
Fines, Licenses and Permits	8,191	-	8,191
Miscellaneous	3,336	-	3,336
<i>Total Operating Cash Receipts</i>	<u>1,277,023</u>	<u>-</u>	<u>1,277,023</u>
Operating Cash Disbursements			
Personal Services	231,330	-	231,330
Employee Fringe Benefits	61,412	-	61,412
Contractual Services	647,707	-	647,707
Supplies and Materials	126,462	-	126,462
<i>Total Operating Cash Disbursements</i>	<u>1,066,911</u>	<u>-</u>	<u>1,066,911</u>
<i>Operating Income (Loss)</i>	<u>210,112</u>	<u>-</u>	<u>210,112</u>
Non-Operating Receipts (Disbursements)			
Intergovernmental	25,082	-	25,082
Special Assessments	21,696	-	21,696
Other Debt Proceeds	35,200	-	35,200
Miscellaneous Receipts	1,471	-	1,471
Capital Outlay	(55,907)	-	(55,907)
Principal Retirement	(206,802)	-	(206,802)
Interest and Other Fiscal Charges	(35,229)	-	(35,229)
Other Financing Sources	5,939	17,600	23,539
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(208,550)</u>	<u>17,600</u>	<u>(190,950)</u>
<i>Income (Loss) before Capital Contributions, Special Item, Extraordinary Item, Transfers and Advances</i>	1,562	17,600	19,162
Transfers In	32,000	-	32,000
<i>Net Change in Fund Cash Balances</i>	33,562	17,600	51,162
<i>Fund Cash Balances, January 1</i>	<u>280,782</u>	<u>-</u>	<u>280,782</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 314,344</u>	<u>\$ 17,600</u>	<u>\$ 331,944</u>

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

Village of Lisbon, Ohio
Columbiana County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 1 – Reporting Entity

The Village of Lisbon (the Village), Columbiana County, 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 general government, water and sewer utilities, street repair and maintenance, park and cemetery operations, and police and fire services.

Public Entity Risk Pools

The Village participates in a public entity risk pool. Note 7 to the financial statements provide additional information for this entity. 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 and fiduciary fund types which are 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 Funds:

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.

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

Debt Service Funds These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. The Village had the following significant Debt Service Funds:

Debt Service Fund – This fund receives monies from transfers to make payments on outstanding debt of the Village.

Village of Lisbon, Ohio
Columbiana County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 2 – Summary of Significant Accounting Policies (Continued)

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 funds:

Capital Improvement Fund – This fund receives proceeds from the General Fund. The proceeds are used to construct numerous projects throughout the Village.

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 Operating Fund This fund receives charges for services from residents to cover water service costs.

Sewer Operating Fund This fund receives charges for services from residents to cover sewer service costs.

Sewer Capital Improvement Fund This fund receives charges for services from residents and OPWC and OWDA funds for sewer projects in the Village.

Fiduciary Funds Fiduciary funds include private purpose trust funds and agency/custodial funds. Trust funds account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Village's own programs.

Agency/Custodial funds are purely custodial in nature and are used to report fiduciary activity that is not required to be reported in a trust fund. The Village's agency/custodial fund accounts for security payments for the timely removal and/or repair of insecure, unsafe, or structurally deficient buildings or other structures damaged by fire.

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 (D). 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 (D) permit.

Budgetary Process

The Ohio Revised Code requires that each fund (except certain agency/custodial funds) be budgeted annually.

Appropriations Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control and appropriations may not exceed estimated resources. The Village Council must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end.

Village of Lisbon, Ohio
Columbiana County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 2 – Summary of Significant Accounting Policies (Continued)

Estimated Resources Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1. The County Budget Commission must 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 carried over, and need not be reappropriated.

A summary of 2018 budgetary activity appears in Note 4.

Deposits

The Village's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

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.

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 represent intended uses established by Village Council or a Village official delegated that authority by resolution, or by State Statute.

Village of Lisbon, Ohio
Columbiana County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 2 – Summary of Significant Accounting Policies (Continued)

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.

Note 3 – Compliance

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the General, Police Disability and Pension, John H Clarke, Debt Service – OPWC CN32B-DWNT, Water Extension & Replacement and Swimming Pool Fund by \$97,000, \$19,977, \$50,153, \$6,298, \$12,562, and \$30,699 for the year ended December 31, 2018. Also contrary to Ohio law, appropriations exceeded estimated resources in the DARE Grants and Swimming Pool fund by \$7,716 and \$6,733.

Note 4 – Budgetary Activity

Budgetary activity for the year ending December 31, 2018 follows:

2018 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 1,413,256	\$ 1,470,788	\$ 57,532
Special Revenue	402,656	460,382	57,726
Debt Service	33,098	39,399	6,301
Capital Projects	57,000	26,740	(30,260)
Enterprise	1,336,845	1,368,035	31,190
Total	\$ 3,242,855	\$ 3,365,344	\$ 122,489

2018 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 1,413,592	\$ 1,510,592	\$ (97,000)
Special Revenue	426,061	474,437	(48,376)
Debt Service	32,500	38,798	(6,298)
Capital Projects	45,000	14,641	30,359
Enterprise	1,448,911	1,386,776	62,135
Total	\$ 3,366,064	\$ 3,425,244	\$ (59,180)

Village of Lisbon, Ohio
Columbiana County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 5 – Deposits and Investments

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

	2018
Demand deposits	\$ 493,858
Certificates of deposit	288,856
Total deposits	<u>\$ 782,714</u>

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.

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 1.5 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.

Village of Lisbon, Ohio
Columbiana County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 7 – Risk Management

The Village is a member of the Public Entities Pool of Ohio (The Pool). The Pool assumes the risk of loss up to the limits of the (local entity's) policy. The Pool covers the following risks:

- General liability and casualty
- Public official's liability
- Cyber
- Law enforcement liability
- Automobile liability
- Vehicles
- Property
- Equipment breakdown

The Pool reported the following summary of assets and actuarially-measured liabilities available to pay those liabilities as of December 31:

	<u>2018</u>
Cash and investments	\$ 35,381,789
Actuarial liabilities	\$12,965,015

Note 8 – Defined Benefit Pension Plans

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, 2018.

Ohio Police and Fire Retirement System

Village's certified Fire Fighters and full-time Police Officers belong to the Ohio Police and Fire Pension Fund (OP&F). OP&F 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. OP&F participants contributed 12.25 percent of full-time police members wages and 11.5 percent of full-time fire fighters' wages. The Village contributed to OP&F an amount equal to 19.5 percent of full-time police members' wages and 24 percent of full-time fire fighters' wages. The Village has paid all contributions required through December 31, 2018.

Village of Lisbon, Ohio
Columbiana County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 9 – Postemployment Benefits

Both OPERS and OP&F offer 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 2018. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2018. OP&F contributes 0.5 percent to fund these benefits.

Note 10 – Debt

Debt outstanding at December 31, 2018, was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Village Hall Loan	\$ 359,549	4.95%
OPWC CN14J	9,369	0.00%
OPWC CN32B	79,228	0.00%
OPWC CN17P	59,742	0.00%
OWDA #4574	1,018,340	2.00%
OWDA #5525	111,194	1.00%
OWDA #5353	13,704	1.00%
OWDA #6212	323,380	1.00%
OWDA #6883	795,273	1.00%
2018 Ford Lease Purchase Agreement	17,873	6.00%
2012 Dump Truck Lease Purchase Agreement	23,769	3.50%
2018 National Co-op Leasing Excavator	24,328	8.54%
Total	<u>\$ 2,835,749</u>	

The Village Hall Loan relates to a loan from First National Community Bank to construct the new Village Hall. The loan is paid in monthly installments of \$7,650 including interest at a rate of 4.95% over 15 years. The loan was refinanced during the audit period to reduce the interest rate from 6.00% to 4.95%.

The OPWC Loan CN14J relates to the East Lincoln Way Roadway Rehab Project. OPWC approved up to \$31,231 in loans to the Village for this project in 2011. The loan will be repaid in semiannual installments of \$1,562 at an interest rate of 0% over 10 years.

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Village of Lisbon, Ohio
Columbiana County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 10 – Debt (Continued)

The OWDA Loan #5525 relates to the Lincoln Avenue/North Market Street Combined Sewer Separation Project. The OWDA approved up to \$178,264 in loans to the Village for this project in 2011. The loan will be repaid in semiannual installments including interest at a rate of 1% over 20 years.

The OWDA Loan #5353 relates to the Storm Sewer Project. The OWDA approved up to \$21,969 in loans to the Village for this project in 2010. The loan will be repaid in semiannual installments including interest at a rate of 1% over 20 years

The OWDA Loan #6212 relates to the Combined Sewer Separation Mini-Systems Project. The OWDA approved up to \$452,904 in loans to the Village for this project in 2012. The loan will be repaid in semiannual installments including interest at a rate of 1% over 20 years.

The OWDA Loan #6883 relates to the East Chestnut Street Combined Sewer Separation Project. The OWDA approved up to \$966,160 in loans to the Village for this project in 2015. The loan will be repaid in semiannual installments including interest at rate of 1% over 20 years.

The Village entered into a lease purchase agreement in 2018 for a 2018 Ford Interceptor. The agreement is for \$36,824 to be repaid in annual installments including interest at a rate of 6.0% over 3 years.

The Consumers Bank Loan #10015 relates to a 2012 Chevy Dump Truck. The agreement is for \$25,245. The loan is repaid in monthly installments of \$564.93 including interest at a rate of 3.5% over 5 years.

The National Cooperative Lease relates to a 2018 Bobcat Excavator. The lease purchase agreement is for \$46,240.80. The lease is paid in yearly installments of \$9,425.81 including interest over 4 years. The lease is paid from proceeds in the John Clarke Fund.

The Village entered into a lease purchase agreement in 2016 for a 2016 Ford Interceptor. The debt was not included in the prior audit and had an outstanding principal balance of \$6,978.97 at January 1, 2018. This amount was paid from principal during the audit period and the lease purchase agreement is no longer outstanding.

The Village entered into a lease purchase agreement in 2016 for a 2016 Ford Interceptor. The debt was not included in the prior audit and had an outstanding principal balance of \$8,247.69 at January 1, 2018. This amount was paid from principal during the audit period and the lease purchase agreement is no longer outstanding.

Village of Lisbon, Ohio
Columbiana County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 10 – Debt (Continued)

Amortization

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

Year ending December 31:	Village Hall Loan	OPWC CN14J	OPWC CN32B	OPWC CN17P	OWDA #4574
2019	91,797	3,123	31,691	3,983	124,201
2020	91,797	3,123	31,691	3,983	124,201
2021	91,797	3,123	15,846	3,983	124,201
2022	91,797	-	-	3,983	124,201
2023	34,649	-	-	3,983	124,201
2024-2028	-	-	-	19,914	621,005
2029-2033	-	-	-	19,913	-
Total	<u>\$ 401,837</u>	<u>\$ 9,369</u>	<u>\$ 79,228</u>	<u>\$ 59,742</u>	<u>\$ 1,242,010</u>

Year ending December 31:	OWDA #5525	OWDA #5353	OWDA #6212	OWDA #6883	2018 Ford Interceptor	2012 Dump Truck	2018 Excavator
2019	9,856	1,215	22,691	50,986	9,748	6,779	\$ 9,426
2020	9,856	1,215	22,691	50,986	9,748	6,779	9,426
2021	9,856	1,215	22,691	50,986	-	6,779	9,426
2022	9,856	1,215	22,691	50,986	-	5,084	-
2023	9,856	1,215	22,691	50,986	-	-	-
2024-2028	49,282	6,074	113,457	254,932	-	-	-
2029-2033	19,713	2,429	102,111	254,932	-	-	-
2034-2038	-	-	-	101,973	-	-	-
Total	<u>\$ 118,275</u>	<u>\$ 14,578</u>	<u>\$ 329,023</u>	<u>\$ 866,767</u>	<u>\$ 19,496</u>	<u>\$ 25,421</u>	<u>\$ 28,278</u>

Note 11 – Contingent Liabilities

Amounts grantor agencies pay to the Village are subject to audit and adjustment by the grantor. 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 12 – Prior Period Restatement

The following adjustment is reflected in the January 1, 2018 fund balances:

	Special Revenue Funds
December 31, 2017 audited balances	\$ 340,223
Variance in CD amount not properly recorded in prior audit	(945)
January 1, 2018 balances	<u>\$ 339,278</u>

Village of Lisbon, Ohio
Columbiana County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 13 – Subsequent Events

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Village. The impact on the Village's future operating costs, revenues, any recovery from emergency funding, either federal or state, cannot be estimated.

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313 Second St.
Marietta, OH 45750
740.373.0056

1907 Grand Central Ave.
Vienna, WV 26105
304.422.2203

150 West Main St.
St. Clairsville, OH 43950
740.695.1569

1310 Market Street, Suite 300
Wheeling, WV 26003
304.232.1358

749 Wheeling Ave., Suite 300
Cambridge, OH 43725
740.435.3417

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

August 21, 2020

Village of Lisbon
Columbiana County
203 North Market Street
Lisbon, Oh 44432

To the Village Council:

We have audited in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts and disbursements by fund type of the **Village of Lisbon**, Columbiana County, (the Village) as of and for the years ended December 31, 2019 and 2018, and the related notes to the financial statements and have issued our report thereon dated August 21, 2020, wherein we noted the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit and we noted the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Village.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Village's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Village's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Village's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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 internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify certain deficiencies in internal control, described in the accompanying schedule of audit findings that we consider material weaknesses. We consider findings 2019-001 and 2019-002 to be material weaknesses.

Tax - Accounting - Audit - Review - Compilation - Agreed Upon Procedure - Consultation - Bookkeeping - Payroll - Litigation Support - Financial Investigations
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Compliance and Other Matters

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying schedule of audit findings as item 2019-002.

Village's Response to Findings

The Village's responses to the findings identified in our audit are described in the accompanying schedule of audit findings. We did not subject the Village's responses to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Village's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Village's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Perry and Associates
Certified Public Accountants, A.C.
Marietta, Ohio

**VILLAGE OF LISBON
COLUMBIANA COUNTY**

**SCHEDULE OF AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018**

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

FINDING NUMBER 2019-001

Material Weakness

Posting Receipts, Disbursements and Classification of Fund Balances

The Village is responsible for establishing procedures and controls to help prevent and detect errors in financial reporting. Fund balances should be classified based on Governmental Accounting Standards Board Statement No. 54 – Fund Balance Reporting and Governmental Fund Type Definitions.

During 2019 and 2018, receipts, disbursements and fund balances were not always posted or classified correctly. The following errors were noted:

- Debt proceeds and the corresponding disbursement for the purchase of a 2012 dump truck were not properly recorded as Debt Proceeds and Capital Outlay in the General Fund in 2018;
- State rollbacks were recorded completely in the General Fund instead of the General, Cemetery, and Police Disability and Pension Funds in 2019 and 2018;
- Agency Fund Other Financing Sources receipt was recorded as Extraordinary in the General Fund in 2018;
- Agency Fund Other Financing Uses expenditure was recorded as General Government in the General Fund in 2019;
- Miscellaneous receipts were recorded as Extraordinary in the General Fund in 2019;
- Advances were erroneously posted in 2018;
- Debt proceeds and the corresponding disbursement for the purchase of a Bobcat excavator were not properly recorded as Debt Proceeds and Capital Outlay in the John H Clarke Fund in 2018.
- Bobcat excavator loan payments were recorded as Capital Outlay and not properly allocated between Principal Retirement and Interest and Fiscal Charges in the John H Clarke Fund in 2019;
- Motor Vehicle License Tax receipts were recorded in the Permissive Motor Vehicle License Tax Fund instead of in the Street Construction Maintenance and Repair and State Highway Fund in 2019.
- Permissive Motor Vehicle License Tax receipts were recorded in the Street Construction Maintenance and Repair and State Highway Fund instead of the Permissive Motor Vehicle License Tax Fund in 2018;
- Transfers were erroneously posted in 2018;
- Special assessments were recorded in the Street Construction Maintenance and Repair Fund instead of in the Water Fund in 2018;
- Miscellaneous receipts were recorded as Extraordinary in the Capital Improvement Fund in 2018;
- OWDA loan payments were recorded as Capital Outlay instead of Principal Retirement and Interest and Fiscal Charges in the Sewer Extension & Replacement Fund in 2019 and 2018;
- Lease-purchase agreement payments were not properly allocated between Principal Retirement and Interest and Fiscal Charges in the Water Operating Fund in 2018;
- Debt proceeds and the corresponding disbursement for a Lease-Purchase of a 2018 Ford Interceptor were not properly recorded as Debt Proceeds and Capital Outlay in the Parking Fund in 2018;
- Lease-purchase agreement payments were recorded as Capital Outlay and not properly allocated between Principal Retirement and Interest and Fiscal Charges in the Parking Fund in 2019 and 2018;
- Charges for Services revenue was recorded as Special Item in the Swimming Pool Fund in 2019;

**VILLAGE OF LISBON
COLUMBIANA COUNTY**

**SCHEDULE OF AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2019-001 (Continued)

Material Weakness (Continued)

Posting Receipts, Disbursements and Classification of Fund Balances (Continued)

- Miscellaneous revenue was recorded as Special Item in the Swimming Pool Fund in 2019;
- General fund balance in 2019 and 2018 was classified as Unassigned instead of Assigned;
- A transfer from the Police Disability and Pension Fund to the General Fund was not properly approved in 2018.

Not posting receipts and disbursements or classifying fund balances accurately resulted in the financial statements requiring adjustments and reclassifications. The Village has made all adjustments to its accounting system. The financial statements reflect all adjustments and reclassifications. Additional errors noted in immaterial amounts, both individually and in the aggregate by fund type, were included on the summary of unadjusted differences.

To help ensure accuracy and reliability in the financial reporting process, we recommend that management perform a detailed review of its draft financial statements. Such review should include procedures to ensure that all sources of revenues are properly identified and classified on the financial statements.

We also recommend the Fiscal Officer refer to the Ohio Village Handbook for guidance to determine the proper establishment of receipt and disbursement accounts and posting of receipts and disbursements. The Fiscal Officer should refer to Auditor of State Bulletin 2011-004 for assistance in properly classifying fund balances.

Officials' Response – In regards to the posting errors mentioned, I will implement additional line items in funds.

FINDING NUMBER 2019-002

Material Weakness/Noncompliance

Budgetary Controls

The budget is an instrument of public policy: A governing board expresses its desires for using a government's limited resources through its appropriations. Ohio Rev. Code Section 5705 deals with a variety of budgetary requirements that all subdivisions must comply with in order to ensure fiscal responsibility.

In performing the audit we noted several violations of budgetary law which, although they do not in and of themselves, result in errors in financial reporting, may lead to the Village making financial decisions based on incorrect or incomplete information. We noted the following:

- Violations of 5705.41(B) stating no subdivision is to expend money unless it has been appropriated (expenditures exceeded appropriations);
- Violations of 5705.39 indicating appropriations cannot exceed estimated resources;

VILLAGE OF LISBON
COLUMBIANA COUNTY

SCHEDULE OF AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

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

FINDING NUMBER 2019-003 (Continued)

Material Weakness/Noncompliance (Continued)

Budgetary Controls (Continued)

In addition, The Village did not have a control procedure in place to ensure that appropriations and estimated receipts, as authorized by the Village Council and approved by the County Budget Commission, were reconciled to the appropriations and estimated receipts posted to the accounting system. Adjustments were made to Note 4 (2018) and Note 3 (2019) of the Financial Statements to properly reflect budgetary activity.

This resulted in incorrect amounts posted to the accounting system and information available to Village officials to monitor year-to-date total comparison of budgeted amounts versus actual amounts was not accurate. We recommend the Village implement procedures to ensure appropriations and estimated receipts are accurately posted to the accounting system and reconciled to the amounts approved by the budget commission after each amendment.

The Council should review the requirements of ORC section 5705 to be familiar with these laws and to make sure the Village is complying with applicable sections. We recommend the Village establish a procedure that ensures budgetary forms are submitted to the County accurately and timely. This could include a checklist of forms and due dates. If the Council does not consider this necessary steps should be taken to make sure amounts are encumbered (purchase orders are used and assigned to each purchase prior to ordering), certifications of available funds are done by the Fiscal Officer prior to purchasing and unencumbered balances are tracked for each line item.

Management's Response – As mentioned above, I will implement better procedures to monitor budgetary items. The Village in 2020 moved to Purchase Orders being issued for purchases instead of open blankets. The use of blankets has been reduced to ensure a better picture of budget items.

**VILLAGE OF LISBON
COLUMBIANA COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018**

Finding Number	Finding Summary	Status	Additional Information
2017-001	Posting Receipts, Disbursements and Fund Balances	Not Corrected	Repeated as Finding 2019-001
2017-002	Advances	Partially Corrected	Partially repeated as Finding 2019-001
2017-003	Ohio Rev. Code Section 5705.09	Fully Corrected	N/A
2017-004	Ohio Rev. Code Section 5705.41(B)	Not Corrected	Repeated as Finding 2019-002

OHIO AUDITOR OF STATE KEITH FABER



**VILLAGE OF LISBON
COLUMBIANA 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 10/13/2020

88 East Broad Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at
www.ohioauditor.gov