

428 Second St.
Marietta, OH 45750
740.373.0056

1035 Murdoch Ave.
Parkersburg, WV 26101
304.422.2203

104 South Sugar St.
St. Clairsville, OH 43950
740.695.1569



Certified Public Accountants, A.C.

**VILLAGE OF LISBON
COLUMBIANA COUNTY
Regular Audit**

For the Years Ended December 31, 2015 and 2014

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Tax – Accounting – Audit – Review – Compilation – Agreed Upon Procedure – Consultation – Bookkeeping – Payroll
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- Association of Certified Anti - Money Laundering Specialists •



Dave Yost • Auditor of State

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, 2014 through December 31, 2015. 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 "Dave Yost".

Dave Yost
Auditor of State

July 28, 2016

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VILLAGE OF LISBON
COLUMBIANA COUNTY

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INDEPENDENT AUDITOR'S REPORT

June 24, 2016

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 the **Village of Lisbon**, Columbiana County, (the Village) as of and for the years ended December 31, 2015 and 2014.

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 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 1B 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, 2015 and 2014, or 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 combined cash balances of the Village of Lisbon, Columbiana County, as of December 31, 2015 and 2014, and its combined cash receipts and disbursements 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 1B.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 24, 2016, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.



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

**VILLAGE OF LISBON
COLUMBIANA COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS AND
CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2015**

| | <u>General</u> | <u>Special Revenue</u> | <u>Debt Service</u> | <u>Capital Projects</u> | <u>Totals (Memorandum Only)</u> |
|---|-------------------|----------------------------|-------------------------|-----------------------------|---|
| Cash Receipts | | | | | |
| Property and Other Local Taxes | \$ 102,002 | \$ 67,118 | \$ - | \$ - | \$ 169,120 |
| Municipal Income Tax | 1,097,801 | - | - | - | 1,097,801 |
| Intergovernmental | 56,691 | 152,026 | - | - | 208,717 |
| Special Assessments | - | - | 5,021 | - | 5,021 |
| Charges for Services | 44,821 | 110,569 | - | - | 155,390 |
| Fines, Licenses and Permits | 21,667 | - | - | - | 21,667 |
| Earnings on Investments | 14 | 1,071 | - | 48 | 1,133 |
| Miscellaneous | 215 | - | - | - | 215 |
| <i>Total Cash Receipts</i> | <u>1,323,211</u> | <u>330,784</u> | <u>5,021</u> | <u>48</u> | <u>1,659,064</u> |
| Cash Disbursements | | | | | |
| Current: | | | | | |
| Security of Persons and Property | 823,779 | 26,293 | - | - | 850,072 |
| Public Health Services | - | 146,070 | - | - | 146,070 |
| Leisure Time Activities | 10,062 | - | - | - | 10,062 |
| Community Environment | 24,562 | - | - | - | 24,562 |
| Transportation | 2,242 | 249,575 | - | - | 251,817 |
| General Government | 282,425 | 2,667 | - | - | 285,092 |
| Capital Outlay | - | - | - | 57,933 | 57,933 |
| Debt Service: | | | | | |
| Principal Retirement | 56,273 | - | 37,235 | - | 93,508 |
| Interest and Fiscal Charges | 35,524 | - | - | - | 35,524 |
| <i>Total Cash Disbursements</i> | <u>1,234,867</u> | <u>424,605</u> | <u>37,235</u> | <u>57,933</u> | <u>1,754,640</u> |
| <i>Excess of Receipts Over (Under) Disbursements</i> | <u>88,344</u> | <u>(93,821)</u> | <u>(32,214)</u> | <u>(57,885)</u> | <u>(95,576)</u> |
| Other Financing Receipts (Disbursements) | | | | | |
| Transfers In | - | 40,182 | 43,505 | 89,000 | 172,687 |
| Transfers Out | (195,187) | - | - | - | (195,187) |
| Advances In | - | 7,500 | - | - | 7,500 |
| Advances Out | - | (7,500) | - | - | (7,500) |
| Other Financing Sources | 39,227 | 7,161 | - | - | 46,388 |
| <i>Total Other Financing Receipts (Disbursements)</i> | <u>(155,960)</u> | <u>47,343</u> | <u>43,505</u> | <u>89,000</u> | <u>23,888</u> |
| Extraordinary Item | 327,795 | 163,898 | - | - | 491,693 |
| <i>Net Change in Fund Cash Balances</i> | 260,179 | 117,420 | 11,291 | 31,115 | 420,005 |
| <i>Fund Cash Balances, January 1</i> | <u>22,480</u> | <u>261,017</u> | <u>2,951</u> | <u>8,392</u> | <u>294,840</u> |
| Fund Cash Balances, December 31 | | | | | |
| Restricted | - | 378,437 | - | - | 378,437 |
| Assigned | - | - | 14,242 | 39,507 | 53,749 |
| Unassigned | 282,659 | - | - | - | 282,659 |
| <i>Fund Cash Balances, December 31</i> | <u>\$ 282,659</u> | <u>\$ 378,437</u> | <u>\$ 14,242</u> | <u>\$ 39,507</u> | <u>\$ 714,845</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 (CASH BASIS)
PROPRIETARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2015**

| | Enterprise |
|--|---------------------------------|
| Operating Cash Receipts: | |
| Charges for Services | \$ 1,245,186 |
| Fines, Licenses and Permits | 9,300 |
| Miscellaneous | 5,491 |
| | <u>1,259,977</u> |
| <i>Total Operating Cash Receipts</i> | <u>1,259,977</u> |
| Operating Cash Disbursements: | |
| Personal Services | 262,947 |
| Employee Fringe Benefits | 82,073 |
| Contractual Services | 744,792 |
| Supplies and Materials | 176,179 |
| | <u>1,265,991</u> |
| <i>Total Operating Cash Disbursements</i> | <u>1,265,991</u> |
| <i>Operating (Loss)</i> | <u>(6,014)</u> |
| Non-Operating Cash Receipts (Disbursements): | |
| Intergovernmental | 157,678 |
| Special Assessments | 1,773 |
| Earnings on Investments | 1,366 |
| Miscellaneous Receipts | 16,357 |
| Debt Proceeds | 922,144 |
| Capital Outlay | (922,144) |
| Principal Retirement | (153,670) |
| Interest and Other Fiscal Charges | (37,352) |
| Other Financing Sources | 4,503 |
| | <u>4,503</u> |
| <i>Total Non-Operating Cash Receipts (Disbursements)</i> | <u>(9,345)</u> |
| <i>Income before Extraordinary Item and Transfers</i> | <u>(15,359)</u> |
| Extraordinary Item | 138,682 |
| Transfers In | 22,500 |
| | <u>161,182</u> |
| <i>Net Change in Fund Cash Balances</i> | <u>145,823</u> |
| <i>Fund Cash Balances, January 1</i> | <u>268,384</u> |
| <i>Fund Cash Balances, December 31</i> | <u><u>\$ 414,207</u></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 (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2014**

| | <u>General</u> | <u>Special Revenue</u> | <u>Debt Service</u> | <u>Capital Projects</u> | <u>Totals (Memorandum Only)</u> |
|---|------------------|----------------------------|-------------------------|-----------------------------|---|
| Cash Receipts | | | | | |
| Property and Other Local Taxes | \$ 109,852 | \$ 66,926 | \$ - | \$ - | \$ 176,778 |
| Municipal Income Tax | 1,116,687 | - | - | - | 1,116,687 |
| Intergovernmental | 63,284 | 138,602 | - | - | 201,886 |
| Special Assessments | - | - | 5,532 | - | 5,532 |
| Charges for Services | 47,174 | 65,366 | - | - | 112,540 |
| Fines, Licenses and Permits | 26,939 | - | - | - | 26,939 |
| Earnings on Investments | 6 | 1,338 | - | 108 | 1,452 |
| Miscellaneous | 310 | 22,843 | - | - | 23,153 |
| <i>Total Cash Receipts</i> | <u>1,364,252</u> | <u>295,075</u> | <u>5,532</u> | <u>108</u> | <u>1,664,967</u> |
| Cash Disbursements | | | | | |
| Current: | | | | | |
| Security of Persons and Property | 781,002 | 40,391 | - | - | 821,393 |
| Public Health Services | - | 183,263 | - | - | 183,263 |
| Leisure Time Activities | 7,716 | 65 | - | - | 7,781 |
| Community Environment | 26,286 | - | - | - | 26,286 |
| Transportation | 2,043 | 284,193 | - | - | 286,236 |
| General Government | 318,692 | 4,017 | - | - | 322,709 |
| Capital Outlay | - | - | - | 20,152 | 20,152 |
| Debt Service: | | | | | |
| Principal Retirement | 52,947 | - | 31,692 | - | 84,639 |
| Interest and Fiscal Charges | 38,850 | - | - | - | 38,850 |
| <i>Total Cash Disbursements</i> | <u>1,227,536</u> | <u>511,929</u> | <u>31,692</u> | <u>20,152</u> | <u>1,791,309</u> |
| <i>Excess of Receipts Over (Under) Disbursements</i> | <u>136,716</u> | <u>(216,854)</u> | <u>(26,160)</u> | <u>(20,044)</u> | <u>(126,342)</u> |
| Other Financing Receipts (Disbursements) | | | | | |
| Transfers In | 22,648 | 143,679 | 26,225 | 9,000 | 201,552 |
| Transfers Out | (206,004) | (22,648) | - | - | (228,652) |
| Advances In | - | 52,000 | - | - | 52,000 |
| Advances Out | - | (52,000) | - | - | (52,000) |
| Other Financing Sources | 50,081 | 18,456 | - | - | 68,537 |
| <i>Total Other Financing Receipts (Disbursements)</i> | <u>(133,275)</u> | <u>139,487</u> | <u>26,225</u> | <u>9,000</u> | <u>41,437</u> |
| <i>Net Change in Fund Cash Balances</i> | 3,441 | (77,367) | 65 | (11,044) | (84,905) |
| <i>Fund Cash Balances, January 1</i> | <u>19,039</u> | <u>338,384</u> | <u>2,886</u> | <u>19,436</u> | <u>379,745</u> |
| Fund Cash Balances, December 31 | | | | | |
| Restricted | - | 261,017 | - | - | 261,017 |
| Assigned | - | - | 2,951 | 8,392 | 11,343 |
| Unassigned | 22,480 | - | - | - | 22,480 |
| <i>Fund Cash Balances, December 31</i> | <u>\$ 22,480</u> | <u>\$ 261,017</u> | <u>\$ 2,951</u> | <u>\$ 8,392</u> | <u>\$ 294,840</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 (CASH BASIS)
PROPRIETARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2014**

| | <u>Enterprise</u> |
|--|---------------------------------|
| Operating Cash Receipts: | |
| Charges for Services | \$ 1,247,298 |
| <i>Total Operating Cash Receipts</i> | <u>1,247,298</u> |
| Operating Cash Disbursements: | |
| Personal Services | 253,739 |
| Employee Fringe Benefits | 79,816 |
| Contractual Services | 542,751 |
| Supplies and Materials | <u>188,977</u> |
| <i>Total Operating Cash Disbursements</i> | <u>1,065,283</u> |
| <i>Operating Income</i> | <u>182,015</u> |
| Non-Operating Cash Receipts (Disbursements): | |
| Intergovernmental | 82,480 |
| Special Assessments | 10,486 |
| Earnings on Investments | 30 |
| Miscellaneous Receipts | 1,600 |
| Debt Proceeds | 30,820 |
| Capital Outlay | (113,300) |
| Principal Retirement | (135,306) |
| Interest and Other Fiscal Charges | (22,633) |
| Other Financing Sources | <u>10,816</u> |
| <i>Total Non-Operating Cash Receipts (Disbursements)</i> | <u>(135,007)</u> |
| <i>Income before Transfers</i> | 47,008 |
| Transfers In | <u>27,100</u> |
| <i>Net Change in Fund Cash Balances</i> | 74,108 |
| <i>Fund Cash Balances, January 1</i> | <u>194,276</u> |
| <i>Fund Cash Balances, December 31</i> | <u><u>\$ 268,384</u></u> |

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

**VILLAGE OF LISBON
COLUMBIANA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of Lisbon, Columbiana County, (the Village) as a body corporate and politic. 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.

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

B. Accounting Basis

These financial statements follow the accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The Village recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the Auditor of State prescribes or permits.

C. Deposits and Investments

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.

The Village values certificates of deposit at cost.

D. Fund Accounting

The Village uses fund accounting to segregate cash and investments that are restricted as to use. The Village classifies its funds into the following types:

1. General Fund

The General Fund accounts for and reports all financial resources not accounted for and reported in another fund.

2. Special Revenue Funds

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

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

**VILLAGE OF LISBON
COLUMBIANA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

2. Special Revenue Funds (Continued)

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

3. 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 Fund:

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

4. Capital Projects 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 Projects Fund:

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

5. 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.

E. Budgetary Process

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

**VILLAGE OF LISBON
COLUMBIANA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

1. Appropriations

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

2. Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1. The County Budget Commission must also approve estimated resources.

3. Encumbrances

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over and need not be reappropriated. The Village did not encumber all commitments required by Ohio law.

A summary of 2015 and 2014 budgetary activity appears in Note 3.

F. 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:

1. Nonspendable

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

2. 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 it is imposed by law through constitutional provisions.

3. 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.

**VILLAGE OF LISBON
COLUMBIANA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Fund Balance (Continued)

4. 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.

5. 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.

G. Property, Plant and Equipment

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

H. 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.

2. EQUITY IN POOLED DEPOSITS

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

| | 2015 | 2014 |
|-------------------------|--------------|------------|
| Demand deposits | \$ 840,162 | \$ 275,084 |
| Certificates of deposit | 288,890 | 288,140 |
| Total deposits | \$ 1,129,052 | \$ 563,224 |

Deposits: Deposits are insured by the Federal Depository Insurance Corporation; or collateralized by the financial institution's public entity deposit pool.

**VILLAGE OF LISBON
COLUMBIANA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(Continued)**

3. BUDGETARY ACTIVITY

Budgetary activity for the years ended December 31, 2015 and 2014 follows:

| 2015 Budgeted vs. Actual Receipts | | | |
|-----------------------------------|----------------------|--------------------|------------|
| Fund Type | Budgeted Receipts | Actual Receipts | Variance |
| General | \$ 1,470,497 | \$ 1,690,233 | \$ 219,736 |
| Special Revenue | 515,093 | 542,025 | 26,932 |
| Debt Service | 54,988 | 48,526 | (6,462) |
| Capital Projects | 118,200 | 89,048 | (29,152) |
| Enterprise | 2,705,263 | 2,524,980 | (180,283) |
| Total | \$ 4,864,041 | \$ 4,894,812 | \$ 30,771 |

| 2015 Budgeted vs. Actual Budgetary Basis Expenditures | | | |
|---|----------------------------|---------------------------|------------|
| Fund Type | Appropriation Authority | Budgetary Expenditures | Variance |
| General | \$ 1,485,516 | \$ 1,430,609 | \$ 54,907 |
| Special Revenue | 507,855 | 424,605 | 83,250 |
| Debt Service | 54,988 | 37,235 | 17,753 |
| Capital Projects | 118,200 | 57,933 | 60,267 |
| Enterprise | 2,714,084 | 2,396,870 | 317,214 |
| Total | \$ 4,880,643 | \$ 4,347,252 | \$ 533,391 |

| 2014 Budgeted vs. Actual Receipts | | | |
|-----------------------------------|----------------------|--------------------|--------------|
| Fund Type | Budgeted Receipts | Actual Receipts | Variance |
| General | \$ 1,453,903 | \$ 1,436,981 | \$ (16,922) |
| Special Revenue | 516,407 | 457,210 | (59,197) |
| Debt Service | 32,985 | 31,757 | (1,228) |
| Capital Projects | 18,564 | 9,108 | (9,456) |
| Enterprise | 1,471,806 | 1,410,630 | (61,176) |
| Total | \$ 3,493,665 | \$ 3,345,686 | \$ (147,979) |

| 2014 Budgeted vs. Actual Budgetary Basis Expenditures | | | |
|---|----------------------------|---------------------------|------------|
| Fund Type | Appropriation Authority | Budgetary Expenditures | Variance |
| General | \$ 1,440,699 | \$ 1,439,912 | \$ 787 |
| Special Revenue | 816,741 | 534,868 | 281,873 |
| Debt Service | 35,870 | 31,692 | 4,178 |
| Capital Projects | 38,000 | 20,152 | 17,848 |
| Enterprise | 1,650,721 | 1,356,247 | 294,474 |
| Total | \$ 3,982,031 | \$ 3,382,871 | \$ 599,160 |

**VILLAGE OF LISBON
COLUMBIANA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(Continued)**

4. DEBT

Debt outstanding at December 31, 2015 was as follows:

| | Principal | Interest Rate |
|------------------------------------|--------------|---------------|
| Village Hall Loan | \$ 553,478 | 6.0% |
| Water System Improvement Loan | 35,246 | 5.5% |
| OPWC CN14J | 18,738 | 0.0% |
| OPWC CN32B | 174,302 | 0.0% |
| OPWC CN17P | 71,690 | 0.0% |
| OWDA #4574 | 1,319,224 | 2.0% |
| OWDA #5525 | 136,975 | 1.0% |
| OWDA #5353 | 16,881 | 1.0% |
| OWDA #6212 | 314,717 | 1.0% |
| OWDA #6883 | 922,144 | 1.0% |
| 2015 Ford Lease Purchase Agreement | 9,785 | 6.3% |
| Total | \$ 3,573,180 | |

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 6.00% over 15 years.

The Water System Improvement Loan relates to a loan from First National Community Bank to construct water line improvements. The loan is paid in monthly installments of \$1,560 including interest at a rate of 5.5% over 10 years.

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.

The OPWC Loan CN32B relates to the Downtown Street Repair/Replacement Project. OPWC approved up to \$633,826 in loans to the Village for this project in 2001. The loan will be repaid in semiannual installments of \$15,846 at an interest rate of 0% over 20 years.

The OPWC Loan CN17P relates to the West High Street Improvement Project. OPWC approved up to \$79,656 in loans to the Village for this project in 2013. The loan will be repaid in semiannual installments of \$1,991 at an interest rate of 0% over 20 years.

The OWDA Loan #2319 related to major improvements to the water and sewer plant as required by the EPA. This loan was repaid in 2015.

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.

**VILLAGE OF LISBON
COLUMBIANA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(Continued)**

4. DEBT (Continued)

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 #6201 related to the East Chestnut Combined Sewer Separation Project. The loan was combined with OWDA Loan #6883 during 2014.

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 during 2014 for a 2015 Ford Interceptor. The agreement was for \$30,820 to be repaid in semiannual installments including interest at a rate of 6.3% over four years.

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

| Year ending December 31: | Village Hall | Water System | OPWC | | |
|--------------------------|-------------------|---------------------|------------------|-------------------|------------------|
| | Loan | Improvement Loan | CN14J | OPWC CN32B | OPWC CN17P |
| 2016 | \$ 91,797 | \$ 18,715 | \$ 3,123 | \$ 31,691 | \$ 3,983 |
| 2017 | 91,797 | 18,579 | 3,123 | 31,691 | 3,983 |
| 2018 | 91,797 | - | 3,123 | 31,691 | 3,983 |
| 2019 | 91,797 | - | 3,123 | 31,691 | 3,983 |
| 2020 | 91,797 | - | 3,123 | 31,691 | 3,983 |
| 2021-2025 | 229,748 | - | 3,123 | 15,847 | 19,914 |
| 2026-2030 | - | - | - | - | 19,914 |
| 2031-2035 | - | - | - | - | 11,947 |
| Total | <u>\$ 688,733</u> | <u>\$ 37,294</u> | <u>\$ 18,738</u> | <u>\$ 174,302</u> | <u>\$ 71,690</u> |

**VILLAGE OF LISBON
COLUMBIANA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(Continued)**

4. DEBT (Continued)

| Year ending December 31: | OWDA #4574 | OWDA #5525 | OWDA #5353 | Lease- Purchase Agreement |
|--------------------------|---------------------|-------------------|------------------|---------------------------------|
| 2016 | \$ 124,201 | \$ 9,856 | \$ 1,215 | \$ 6,938 |
| 2017 | 124,201 | 9,856 | 1,215 | 3,469 |
| 2018 | 124,201 | 9,856 | 1,215 | - |
| 2019 | 124,201 | 9,856 | 1,215 | - |
| 2020 | 124,201 | 9,856 | 1,215 | - |
| 2021-2025 | 621,005 | 49,282 | 6,074 | - |
| 2026-2030 | 248,402 | 49,282 | 6,074 | - |
| Total | <u>\$ 1,490,412</u> | <u>\$ 147,844</u> | <u>\$ 18,223</u> | <u>\$ 10,407</u> |

No amortization schedule is available for OWDA Loans #6212 and #6883 as the total loan was not disbursed as of December 31, 2015.

5. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by Village Council. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

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

6. LOCAL INCOME TAX

The Village levies a municipal income tax of 1.5% 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.

7. RETIREMENT SYSTEMS

The Village's law enforcement officers belong to the Ohio Police and Fire Pension Funds (OP&F). Other full-time employees belong to the Ohio Public Employees Retirement System (OPERS) of Ohio. OP&F and OPERS are cost-sharing, multi-employer plan. The Ohio Revised Code prescribes these plans' benefits, which include postretirement healthcare and survivor and disability benefits.

**VILLAGE OF LISBON
COLUMBIANA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(Continued)**

7. RETIREMENT SYSTEMS (Continued)

The Ohio Revised Code also prescribes contribution rates. For the period of January 1, 2014 through June 30, 2014, OP&F participants contributed 10.75% of their wages. For the period of July 1, 2014 through June 30, 2015, OP&F participants contributed 11.5% of their wages. For the period of July 1, 2015 through December 31, 2015, OP&F participants contributed 12.25% of their wages. For 2015 and 2014, the Village contributed to OP&F an amount equal to 19.5% of employee wages. For 2015 and 2014, OPERS members contributed 10% of their gross salaries, and the Village contributed an amount equaling 14% of the participants' gross salaries. The Village has paid all contributions required through December 31, 2015.

8. RISK MANAGEMENT

Commercial Insurance

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Public officials' liability;
- Vehicles; and
- Errors and omissions.

9. 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.

10. PRIOR PERIOD RESTATEMENT

The following adjustment is reflected in the January 1, 2014 fund balances:

| | Special Revenue Funds | Permanent Funds |
|---|-----------------------------|--------------------|
| December 31, 2013 audited balances | \$ 87,052 | \$ 251,332 |
| Adjustment to account for Cemetery Endowment Fund as a Special Revenue Fund | 251,332 | (251,332) |
| January 1, 2014 balances | \$ 338,384 | \$ - |

The Cemetery Endowment Fund had previously been moved to a Permanent Fund from a Special Revenue Fund by prior auditors in 2011. However, we were unable to obtain any support for this adjustment or support for the original amount of the corpus. The fund is also used to account for sale of lots, donations and cemetery maintenance. We therefore moves the fund to a Special Revenue Fund.



428 Second St.
Marietta, OH 45750
740.373.0056

1035 Murdoch Ave.
Parkersburg, WV 26101
304.422.2203

104 South Sugar St.
St. Clairsville, OH 43950
740.695.1569

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

June 24, 2016

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, 2015 and 2014, and the related notes to the financial statements and have issued our report thereon dated June 24, 2016 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.

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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. However, as described in the accompanying schedule of audit findings we identified certain deficiencies in internal control over financial reporting, that we consider a material weakness and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Village's financial statements. We consider finding 2015-001 described in the accompanying schedule of audit findings to be a material weakness.



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Internal Control Over Financial Reporting (Continued)

A *significant deficiency* is a deficiency, or a combination of internal control deficiencies less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider findings 2015-002 and 2015-003 described in the accompanying schedule of audit findings to be significant deficiencies.

Compliance and Other Matters

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying schedule of audit findings as items 2015-003 and 2015-004.

We also noted certain matters not requiring inclusion in this report that we reported to the Village's management in a separate letter dated June 24, 2016.

Entity's Response to Findings

The Village's response to the findings identified in our audit is described in the accompanying schedule of audit findings. We did not audit the Village's response and, accordingly, we express no opinion on it.

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, 2015 AND 2014**

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

FINDING NUMBER 2015-001

Material Weakness

Posting Receipts, Disbursements and Classification of Fund Balances

Receipts and disbursements should be posted to the fund and line item accounts as established by Ohio Administrative Code. Fund balances should be properly classified based on Governmental Accounting Standards Statement No. 54.

During 2015 and 2014, receipts, disbursements and fund balances were not always posted or classified correctly. The following errors were noted:

- Special assessments were recorded as Property and Other Local Taxes instead of Special Assessments in the Debt Service Fund in 2015 and 2014;
- Capital Improvement Fund balance was classified as Restricted instead of Assigned in 2015 and 2014;
- Debt proceeds and the corresponding disbursement for the lease-purchase agreement were not recorded as Debt Proceeds and Capital Outlay in the Parking Fund in 2014;
- Lease-purchase agreement payments were recorded as Supplies and Materials instead of Principal Retirement and Interest and Fiscal Charges in the Parking Fund in 2015 and 2014;
- OPWC grant disbursements were recorded as Principal Retirement instead of Capital Outlay in the Sewer Capital Improvement Fund in 2014;
- Unclaimed funds from a health insurance settlement were recorded as Other Financing Sources instead of Extraordinary Item in the General, Street Construction, Maintenance and Repair, Cemetery, Water Operating and Sewer Operating Funds in 2015;
- OWDA payment for multiple issuances was recorded incorrectly between Principal Retirement and Interest and Fiscal Charges in the Sewer Capital Improvement Fund in 2015;
- OWDA Loan #6883 was not properly recorded in the Village's accounting system in the Sewer Capital Improvement Fund in 2015;
- Pool pass sales and donations were recorded as Special Items instead of Charges for Services and Miscellaneous in the Swimming Pool Fund in 2015.

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 Administrative Code and/or 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 – We did not receive a response from Village Officials to this finding.

VILLAGE OF LISBON
COLUMBIANA COUNTY

SCHEDULE OF AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

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

FINDING 2015-002

Significant Deficiency

Advances

Inter-fund cash advances may be a desirable method of resolving cash flow problems without the necessity of incurring additional interest expense for short-term loans and to provide the necessary “seed” for grants that are allocated on a reimbursement basis. The intent for cash advances is to require repayment within the current or succeeding year. Inter-fund cash advances are subject to the following requirements:

- Any advance must be clearly labeled as such, and must be distinguished from a transfer. Transfers are intended to reallocate money permanently from one fund to another and may be made only as authorized in Sections 5705.14 to 5705.16 of the Ohio Revised Code. Advances, on the other hand, *temporarily* reallocate cash from one fund to another and involve an expectation of repayment;
- In order to advance cash from one fund to another, there must be statutory authority to use the money in the fund advancing the cash (the “creditor” fund) for the same purpose for which the fund receiving the cash (the “debtor” fund) was established;
- The debtor fund may repay advances from the creditor fund. That is, the Auditor of State would not deem repaying advances to violate restrictions on use of the debtor’s fund resources; and
- Advances must be approved by a formal resolution of the taxing authority of the subdivision which must include:
 - A specific statement that the transaction is an advance of cash, and
 - An indication of the money (fund) from which it is expected that repayment will be made.
- When a fund ends the year with a negative cash, it is not appropriate to present and *advance* on the budgetary statement to eliminate the negative cash balance. Even though, in substance, the government has made an advance, it is not acceptable to “hide” noncompliance by creating an advance not properly authorized by the government.

If, after an advance is made, the taxing authority determines that the transaction should, in fact, be treated as a transfer (repayment is no longer expected) the following procedures should be followed retroactively:

- The necessary formal procedures for approval of the transfer should be completed including, if necessary, approval of the commissioner of tax equalization and of the court of common pleas (see Ohio Revised Code Section 5705.14, 5705.15 and 5705.16);
- The transfers should be formally recorded on the records of the subdivision; and
- The entries recording the cash advance should be reversed.

The Village had the following advance out that remained unpaid through 2015 from the following fund for 2015:

- Cemetery Fund in the amount of \$7,500 payable to the Cemetery Endowment Fund.

The Village had the following advance out that remained unpaid through 2015 from the following fund for 2014:

- Cemetery Fund in the amount of \$52,000 payable to the Cemetery Endowment Fund.

**VILLAGE OF LISBON
COLUMBIANA COUNTY**

**SCHEDULE OF AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

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

FINDING 2015-002 (Continued)

However, the Village maintains that they do intend to repay these if monies become available. Failure to repay these monies will result that the repayment will not occur to the intended funds listed above.

We recommend the Village track all outstanding advances and ensure that if they are not repaid that they take the necessary steps to convert them to transfers if it becomes apparent that repayment will not occur.

Officials' Response – This will all be transfers with the change of fund type.

FINDING 2015-003

Noncompliance/Significant Deficiency

Ohio Revised Code Section 5705.09 states that each subdivision must establish the following funds:

- General fund;
- Sinking fund whenever the subdivision has outstanding bonds other than serial bonds;
- Bond retirement fund, for the retirement of serial bonds, notes, or certificates of indebtedness;
- A special fund for each special levy;
- A special bond fund for each bond issue;
- A special fund for each class of revenues derived from a source other than the general property tax, which the law requires to be used for a particular purpose;
- A special fund for each public utility operated by a subdivision;
- A trust fund for any amount received by a subdivision in trust.

The Village receives Permissive Motor Vehicle License Tax funds, however, the Village has not established a Permissive Motor Vehicle License Tax Fund for tracking the receipt and expenditure of this special revenue source.

We recommend the Village establish a Permissive Motor Vehicle License Tax Fund in the Village's accounting system and begin tracking revenues and expenditures within the fund.

Officials' Response – We did not receive a response from Village Officials to this finding.

FINDING 2015-004

Noncompliance

Ohio Revised Code Section 5705.41(D) requires that no subdivision or taxing unit shall make any contract or give any order involving the expenditure of money unless a certificate signed by the fiscal officer is attached thereto. The fiscal officer must certify that the amount required meeting any such contract or expenditure has been lawfully appropriated and is in the treasury, or is in the process of collection to the credit of an appropriate fund free from any previous encumbrance. Only the subdivision's fiscal officer need sign the certificate. Every contract made without such a certificate shall be void, and no warrant shall be issued in payment of any amount due thereon.

**VILLAGE OF LISBON
COLUMBIANA COUNTY**

**SCHEDULE OF AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

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

FINDING NUMBER 2015-004 (Continued)

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 certificates, 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 the fiscal officer can certify that both at the time that the contract or order was made ("then"), and at the time that the fiscal officer is completing the certification ("now"), that sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the taxing authority can authorize the drawing of a warrant for the payment of the amount due. The taxing authority has thirty days from the receipt of the "then and now" certificate to approve payment by ordinance or resolution. 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 taxing authority.
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 entity 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, and any other specific recurring and reasonably predictable operating expense. This certification is not to extend beyond the current year. Only one super blanket certificate may be outstanding at a particular time for any one line-item appropriation.

The Village did not properly certify the availability of funds prior to purchase commitment for 33% of the expenditures tested for 2015 and for 20% of the expenditures tested for 2014.

Unless the exceptions noted above are used, prior certification is not only required by statute but is a key control in the disbursement process to assure that purchase commitments receive prior approval.

To improve controls over disbursements and to help reduce the possibility of the Village's funds exceeding budgetary spending limitations, we recommend that the Fiscal Officer certify that the funds are or will be available prior to an obligation being incurred by the Village. When prior certification is not possible, "then and now" certification should be used.

Officials' Response – We did not receive a response from Village Officials to this finding.



Dave Yost • 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
AUGUST 16, 2016