



**VILLAGE OF LISBON
COLUMBIANA COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 1999-1998



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

VILLAGE OF LISBON
COLUMBIANA COUNTY

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STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

Voinovich Government Center
242 Federal Plaza West, Suite 302
Youngstown, Ohio 44503

Telephone 330-797-9900
800-443-9271

Facsimile 330-797-9949

REPORT OF INDEPENDENT ACCOUNTANTS

Village of Lisbon
Columbiana County
24 North Nelson
Lisbon, Ohio 44432

To the Village Council:

We have audited the accompanying financial statements of the Village of Lisbon, Columbiana County, Ohio, (the Village) as of and for the years ended December 31, 1999 and December 31, 1998. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

As discussed in Note 1, the Village prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Village as of December 31, 1999 and December 31, 1998, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 12, 2001 on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations and contracts.

This report is intended solely for the information and use of the Village Council, management and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

Jim Petro
Auditor of State

March 12, 2001

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VILLAGE OF LISBON
COLUMBIANA COUNTY

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL AND SIMILAR FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1999**

	Governmental Fund Types				Fiduciary Fund Type	Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	
Cash Receipts:						
Property Tax and Other Local Taxes	\$90,535	\$63,297				\$153,832
Intergovernmental Receipts	129,453	130,162		\$586,434		846,049
Charges for Services	3,050	43,378				46,428
Fines, Licenses, and Permits	128,595					128,595
Earnings on Investments	72,088					72,088
Miscellaneous	34,412				\$4,958	39,370
Total Cash Receipts	458,133	236,837		586,434	4,958	1,286,362
Cash Disbursements:						
Current:						
Security of Persons and Property	445,725					445,725
Public Health Services	4,538	107,117			595	112,250
Leisure Time Activities	22,145					22,145
Community Environment	6,305					6,305
Transportation		225,721				225,721
General Government	314,906	165,882				480,788
Debt Service:						
Principal and Interest Payments			106,755	358,025		464,780
Capital Outlay				586,434		586,434
Total Disbursements	793,619	498,720	106,755	944,459	595	2,344,148
Total Receipts Over/(Under) Disbursements	(335,486)	(261,883)	(106,755)	(358,025)	4,363	(1,057,786)
Other Financing Receipts/(Disbursements):						
Proceeds of Loans			400,000	307,782		707,782
Transfers-In	660,000	297,964	20,453		78	978,495
Transfers-Out	(191,666)					(191,666)
Total Other Financing Receipts/(Disbursements)	468,334	297,964	420,453	307,782	78	1,494,611
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	132,848	36,081	313,698	(50,243)	4,441	436,825
Fund Cash Balances January 1	1,061,646	344,558	175,938	2,146	29	1,584,317
Fund Cash Balances, December 31	\$1,194,494	\$380,639	\$489,636	(\$48,097)	\$4,470	\$2,021,142
Reserves for Encumbrances, December 31					\$343	\$343

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

VILLAGE OF LISBON
COLUMBIANA COUNTY

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL PROPRIETARY AND SIMILAR FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1999**

	Proprietary Fund Types	Fiduciary Fund Types		Totals (Memorandum Only)
	Enterprise	Nonexpendable Trust	Agency	
Operating Cash Receipts:				
Charges for Services	\$906,871	\$8,887		\$915,758
Miscellaneous	11,174			11,174
Total Operating Cash Receipts	918,045	8,887		926,932
Operating Cash Disbursements:				
Personal Services	245,871		29,837	275,708
Contractual Services	423,535		1,541	425,076
Supplies and Materials	311,868		6,957	318,825
Capital Outlay	13,674			13,674
Total Operating Cash Disbursements	994,948		38,335	1,033,283
Operating Income/(Loss)	(76,903)	8,887	(38,335)	(106,351)
Non-Operating Cash Receipts:				
Property Tax and Other Local Taxes			895,937	895,937
Intergovernmental Receipts			1,039	1,039
Court Fines and Fees			29,133	29,133
Total Non-Operating Cash Receipts			926,109	926,109
Non-Operating Cash Disbursements:				
Court Fines and Fees			28,273	28,273
Other Non-Operating Cash Disbursements			18,981	18,981
Total Non-Operating Cash Disbursements			47,254	47,254
Excess of Receipts Over/(Under) Disbursements Before Interfund Transfers and Advances	(76,903)	8,887	840,520	772,504
Transfers-In	58,624			58,624
Transfers-Out	(20,453)		(825,000)	(845,453)
Net Receipts Over/(Under) Disbursements	(38,732)	8,887	15,520	(14,325)
Fund Cash Balances, January 1	643,623	215,695	12,085	871,403
Fund Cash Balances, December 31	\$604,891	\$224,582	\$27,605	\$857,078
Reserve for Encumbrances, December 31	\$287,171	\$9,257	\$3,495	\$299,923

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

VILLAGE OF LISBON
COLUMBIANA COUNTY

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL AND SIMILAR FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1998**

	Governmental Fund Types				Fiduciary Fund Type	Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	
Cash Receipts:						
Property Tax and Other Local Taxes	\$77,057	\$64,148				\$141,205
Intergovernmental Receipts	139,295	120,935		\$61,505		321,735
Charges for Services	2,275	49,241				51,516
Fines, Licenses, and Permits	154,197					154,197
Earnings on Investments	66,723					66,723
Miscellaneous	41,913				\$3,814	45,727
Total Cash Receipts	481,460	234,324		61,505	3,814	781,103
Cash Disbursements:						
Current:						
Security of Persons and Property	444,500					444,500
Public Health Services		98,519			3,725	102,244
Leisure Time Activities	28,254					28,254
Community Environment	8,140					8,140
Transportation	14,862	153,685				168,547
General Government	299,597	214,390				513,987
Debt Service:						
Principal and Interest Payments			130,741			130,741
Capital Outlay				61,505		61,505
Total Disbursements	795,353	466,594	130,741	61,505	3,725	1,457,918
Total Receipts Over/(Under) Disbursements	(313,893)	(232,270)	(130,741)		89	(676,815)
Other Financing Receipts/(Disbursements):						
Sale of Fixed Assets	1,208					1,208
Transfers-In	1,507,100	338,760	152,562		56	1,998,478
Transfers-Out	(121,641)					(121,641)
Total Other Financing Receipts/(Disbursements)	1,386,667	338,760	152,562		56	1,878,045
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	1,072,774	106,490	21,821		145	1,201,230
Fund Cash Balances January 1, Restated (See Note 10)	(11,128)	238,068	154,117	2,146	(116)	383,087
Fund Cash Balances, December 31	\$1,061,646	\$344,558	\$175,938	\$2,146	\$29	\$1,584,317
Reserves for Encumbrances, December 31	\$86,154	\$70,826			\$364	\$157,344

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

VILLAGE OF LISBON
COLUMBIANA COUNTY

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL PROPRIETARY AND SIMILAR FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1998

	Proprietary Fund Types	Fiduciary Fund Types		Totals (Memorandum Only)
	Enterprise	Nonexpendable Trust	Agency	
Operating Cash Receipts:				
Charges for Services	\$1,375,601	\$9,718		\$1,385,319
Miscellaneous	24,631			24,631
Total Operating Cash Receipts	1,400,232	9,718		1,409,950
Operating Cash Disbursements:				
Personal Services	222,579		32,289	254,868
Contractual Services	240,406		954	241,360
Supplies and Materials	601,923		14,983	616,906
Capital Outlay	22,464			22,464
Total Operating Cash Disbursements	1,087,372		48,226	1,135,598
Operating Income/(Loss)	312,860	9,718	(48,226)	274,352
Non-Operating Cash Receipts:				
Property Tax and Other Local Taxes			816,504	816,504
Intergovernmental Receipts			907	907
Court Fines and Fees			33,249	33,249
Total Non-Operating Cash Receipts			850,660	850,660
Non-Operating Cash Disbursements:				
Court Fines and Fees			33,306	33,306
Other Non-Operating Cash Disbursements			18,545	18,545
Total Non-Operating Cash Disbursements			51,851	51,851
Excess of Receipts Over/(Under) Disbursements Before Interfund Transfers and Advances	312,860	9,718	750,583	1,073,161
Transfers-In	62,725			62,725
Transfers-Out	(152,562)		(1,787,000)	(1,939,562)
Net Receipts Over/(Under) Disbursements	223,023	9,718	(1,036,417)	(803,676)
Fund Cash Balances, January 1, Restated (See Note 10)	420,600	205,977	1,048,502	1,675,079
Fund Cash Balances, December 31	\$643,623	\$215,695	\$12,085	\$871,403
Reserve for Encumbrances, December 31	\$136,470		\$10,772	\$147,242

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

**VILLAGE OF LISBON
COLUMBIANA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Village of Lisbon, Columbiana County, (the Village) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village is directed by a publicly-elected six-member Council. The Village provides general governmental services, including water and sewer utilities, cemetery services, park operations (leisure time activities), police protection and fire services.

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

B. Basis of Accounting

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

C. Cash and Investments

Certificates of deposit are valued at cost.

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

D. Fund Accounting

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

1. General Fund

The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

2. Special Revenue Fund

These funds are used to account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. The Village had the following significant Special Revenue Funds:

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

**VILLAGE OF LISBON
COLUMBIANA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cemetery Fund - This fund receives money from tax levies and charges for services for the cost of operation and maintenance of the Village cemetery.

Capital Improvement Fund - This fund receives monies from the income tax fund for capital improvement projects.

3. Debt Service Fund

These funds are used to accumulate resources for the payment of bonds and note indebtedness. The Village had the following significant debt service funds:

State Route 154 Waterline Bonding - This fund received money from a bond issue to finance improvement and expansion of the waterline on State Route 154. The bonds will be repaid from water receipts.

Sewer Improvement and OWDA Funds - These funds receive transfers from the Enterprise fund for the retirement of outstanding debt.

4. Capital Project Funds

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

Downtown Renovation and Revitalization of Light Poles Funds - These funds received proceeds of loans for the renovation of downtown Lisbon.

5. Enterprise Funds

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

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

Sewer Extension and Replacement Fund - This fund receives charges for services from residents to cover the cost of extending and/or replacing sewer lines.

6. Fiduciary Funds (Trust and Agency Funds)

Trust funds are used to account for resources restricted by legally binding trust agreements. If the agreement requires the Village to maintain the corpus of the trust, the fund is classified as a nonexpendable trust fund. Other trust funds are classified as expendable. Funds for which the Village is acting in an agency capacity are classified as agency funds. The Village had the following significant fiduciary funds:

**VILLAGE OF LISBON
COLUMBIANA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Tax Fund - The Village levies an income tax of 1.5% on all income earned within the Village as well as on income earned by residents outside the Village. Income tax revenues are for general fund operations and capital improvements.

Police Pension and Disability Fund - This fund receives money from local tax receipts for the Village's share of payments to the police pension.

J. Clark Trust Fund - This fund receives money from interest on investments for the operation and maintenance of the Village cemetery.

Cemetery Endowment Fund - This fund receives money from the sale of lots at the Village cemetery. The revenue generated is used for the operation and maintenance of the Village cemetery.

Mayor's Court Fund - This fund receives revenue from individuals for speeding and other offenses. The Money in this fund is held by the Village and remitted to the Treasurer of State.

E. Budgetary Process

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

1. Appropriations

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

2. Estimated Resources

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

3. Encumbrances

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

A summary of 1999 and 1998 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

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

**VILLAGE OF LISBON
COLUMBIANA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Unpaid Vacation and Sick Leave

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

2. EQUITY IN POOLED CASH AND INVESTMENTS

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

	<u>1999</u>	<u>1998</u>
Demand deposits	\$ 2,678,220	\$ 2,164,476
Certificates of deposit	<u>200,000</u>	<u>291,244</u>
Total deposits	<u>\$ 2,878,220</u>	<u>\$ 2,455,720</u>

Deposits: Deposits are either (1) insured by the Federal Depository Insurance Corporation, (2) collateralized by securities specifically pledged by the financial institution to the Village.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 1999 and December 31, 1998 follows:
1999 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 872,837	\$ 1,118,133	\$ 245,296
Special Revenue	531,819	534,801	2,982
Debt Service	348,757	420,453	71,696
Capital Projects	1,751,434	894,216	(857,218)
Enterprise	1,172,253	976,669	(195,584)
Trust and Agency	<u>1,944,971</u>	<u>940,032</u>	<u>(1,004,939)</u>
Total	<u>\$ 6,622,071</u>	<u>\$ 4,884,304</u>	<u>\$ (1,737,767)</u>

1999 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 1,060,647	\$ 985,285	\$ 75,362
Special Revenue	448,545	498,720	(50,175)
Debt Service	117,883	106,755	11,128
Capital Projects	588,580	944,459	(355,879)
Enterprise	922,673	1,302,572	(379,899)
Trust and Agency	<u>645,315</u>	<u>924,279</u>	<u>(278,964)</u>
Total	<u>\$ 3,783,643</u>	<u>\$ 4,762,070</u>	<u>\$ (978,427)</u>

**VILLAGE OF LISBON
COLUMBIANA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

1998 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 911,874	\$ 1,989,768	\$ 1,077,894
Special Revenue	341,960	573,084	231,124
Debt Service	160,000	152,562	(7,438)
Capital Projects	61,505	61,505	0
Enterprise	1,337,353	1,462,957	125,604
Trust and Agency	801,567	864,248	62,681
Total	<u>\$ 3,614,259</u>	<u>\$ 5,104,124</u>	<u>\$ 1,489,865</u>

1998 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 1,039,149	\$ 1,003,148	\$ 36,001
Special Revenue	448,424	537,420	(88,996)
Debt Service	134,748	130,741	4,007
Capital Projects	63,651	61,505	2,146
Enterprise	1,448,772	1,376,404	72,368
Trust and Agency	665,534	1,901,938	(1,236,404)
Total	<u>\$ 3,800,278</u>	<u>\$ 5,011,156</u>	<u>\$ (1,210,878)</u>

Section 5705.41(B), Revised Code, prohibits a subdivision from making an expenditure unless it has been properly appropriated. The Special Revenue, Capital Projects, Enterprise and Trust and Agency funds in 1999 and the Special Revenue, Enterprise, and Trust and Agency funds in 1998 were found to have expenditures which exceeded appropriations.

Section 5705.10, Revised Code, provides that money paid into a fund must be used only for the purpose for which such fund has been established. The deficit balances in the Downtown Revitalization and the Revitalization Light Pole Funds at December 31, 1999 indicate that money from another fund(s) has been used to pay obligations from these funds.

4. PROPERTY TAX

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

Public utilities are also taxed on personal and real property located within the Village.

**VILLAGE OF LISBON
COLUMBIANA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

4. PROPERTY TAX (Continued)

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

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

5. DEBT

Debt outstanding at December 31, 1999 was as follows:

	Principal	Interest Rate
Water Work System Improvement Bonds	\$ 100,000	6.88%
OPWC Loan - OWDA	33,950	0.00%
Ohio Water Development Authority Loan	222,147	10.98%
Ohio Water Development Authority Loan	330,379	4.18%
Downtown Project Loan	151,470	4.50%
Water System Improvement Bonds	400,000	5.50%
Downtown Project Loan	150,000	5.50%
Street Sweeper Loan	55,000	5.79%
7 Ton Truck Loan	33,586	5.00%
Total	\$ 1,476,532	

The Ohio Water Development Authority (OWDA) loans relate to water and sewer plant expansion projects that were mandated by the Ohio Environmental Protection Agency. The OWDA has approved up to \$1,268,783 in loans to the Village for these projects. The loans will be repaid in semiannual installments of \$42,905, including interest, over 25 years. The loan is collateralized by water and sewer receipts. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

The Water Work System Improvement Bonds were issued in 1979 in the amount totaling \$292,000. They were issued for the improvement of CIC-Standpipe (North).

The Street Sweeper Loan was issued in 1999 for an amount totaling \$65,000. The Village will pay off this loan in annual payments of \$12,359.36, including interest, for the next 5 years.

The Truck Loan from 1st National Bank totaled \$45,600 and was issued in 1998 for the purchase of a 7 ton truck. Payments of \$1,369.15 per month will continue for the next three years.

Water Works System Improvement Bonds were issued December 1999, in the amount of \$400,000. These bonds will be paid back in semi-annual payments beginning in June of 2000. The project included a water line extension to the Days Inn on SR 154.

**VILLAGE OF LISBON
COLUMBIANA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

5. DEBT (Continued)

The Downtown Project Loans relate to a Downtown Revitalization project. In addition to the loans noted above, the Village received a portion of the money from Issue II. The \$151,470 and the \$150,000 loans represent the Village's share of the project cost and are both to be paid in monthly installments over 10 years. The payments on the loan for the \$150,000 Downtown Project have not begun and therefore are not included in the amortization schedule to follow.

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

Year ending December 31:	Water Improvement Bonds	OPWC Loan	OWDA Loans	Downtown Loan	Water System Bond	Street Sweeper Loan	Truck Loan
2000	\$16,875	\$ 4,850	\$ 78,249	\$ 19,686	\$ 31,067	\$ 12,359	\$ 16,430
2001	16,188	4,850	75,539	19,686	32,776	12,359	16,430
2002	15,500	4,850	72,829	19,686	34,578	12,359	2,738
2003	14,813	4,850	70,118	19,686	36,480	12,359	0
2004	14,125	4,850	67,408	19,686	38,487	12,359	0
Subsequent	60,313	9,700	432,165	88,587	176,311	0	0
Total	<u>\$ 137,814</u>	<u>\$ 33,950</u>	<u>\$ 796,308</u>	<u>\$ 187,017</u>	<u>\$ 349,699</u>	<u>\$ 61,795</u>	<u>\$ 35,598</u>

6. RETIREMENT SYSTEMS

The Village's law enforcement officers belong to the Police and Firemen's Disability and Pension Funds (PFDPF). Other full-time employees belong to the Public Employees Retirement System (PERS) of Ohio. PFDPF and PERS are cost-sharing, multiple-employer plans. These plans provide retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 1999 and 1998, members of PFDPF contributed 10% of their wages to the PFDPF. The Village contributed an amount equal to 19.5% of their wages. PERS members contributed 8.5% of their gross salaries. The Village contributed an amount equal to 13.55% of participants' gross salaries. The Village has paid all contributions required through December 31, 1999.

7. RISK MANAGEMENT

The Village has obtained commercial insurance for the following risks:

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

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

8. CONTINGENT LIABILITIES

The Village is a defendant in several lawsuits. Although the outcome of these suits is not presently determinable, management believes that the resolution of these matters will not materially adversely affect the Village's financial condition.

**VILLAGE OF LISBON
COLUMBIANA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

9. SUBSEQUENT EVENTS

The Village has taken out several loans since December 31, 1999. The first loan was issued on January 1, 2000, and was a Issue II Loan in the amount of \$633,826. The interest rate is 0% and will be paid back in semi-annual payments of \$31,691 beginning in July of 2000. The Village has also issued a \$150,000 note. The Note was issued on September 29, 2000 and matured on December 29, 2000. The interest rate was 5.0% and the principal was used for the downtown revitalization.

10. RESTATEMENT OF PRIOR YEAR'S FUND BALANCE

At December 31, 1997, the Village had adjustments made to the General, Debt Service and Agency fund balances. The prior audit adjustment made to the General and Debt Service funds were entered twice thus requiring an adjustment to increase fund balance. The Agency fund was adjusted to include the mayors court activity. The effect to the General, Debt Service and Agency Fund Balances at 12/31/97 is as follows:

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Agency Fund</u>
Balance 12/31/97	(\$35,841)	\$151,691	\$1,046,467
Addition	<u>\$24,713</u>	<u>\$2,426</u>	<u>\$2,035</u>
Balance 1/1/98	<u>(\$11,128)</u>	<u>\$154,117</u>	<u>\$1,048,502</u>



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

Voinovich Government Center
242 Federal Plaza West, Suite 302
Youngstown, Ohio 44503

Telephone 330-797-9900
800-443-9271

Facsimile 330-797-9949

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

Village of Lisbon
Columbiana County
24 North Nelson
Lisbon, Ohio 44432

To the Village Council:

We have audited the financial statements of the Village of Lisbon, Columbiana County, Ohio (the Village), as of and for the years ended December 31, 1999 and December 31, 1998, and have issued our report thereon dated March 12, 2001. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations and contracts, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 1999-31215-001 and 1999-31215-002. We also noted certain immaterial instances of noncompliance that we have reported to management of the Village in a separate letter dated March 12, 2001.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Village in a separate letter dated March 12, 2001.

Village of Lisbon
Columbiana County
Report of Independent Accountants on Compliance and on Internal Control
Required by *Government Auditing Standards*
Page 2

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

Jim Petro
Auditor of State

March 12, 2001

VILLAGE OF LISBON
COLUMBIANA COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 1999 AND 1998

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

FINDING NUMBER 1999-31215-001

Ohio Rev. Code Section 5705.10 provides, in part, that money that is paid into a fund must be used only for the purpose for which such fund has been established.

The deficit balances in the Downtown Revitalization and the Revitalization Light Pole Funds at December 31, 1999 indicate that money from another fund(s) has been used to pay obligations from these funds. The fund cash deficits at December 31, 1999 were \$39,730 and \$10,513 respectively.

We recommend the Village more closely monitor the expenditures with available resources in order to ensure they do not create deficit fund balances.

FINDING NUMBER 1999-31215-002

Ohio Rev. Code Section 5705.41(B) provides that no subdivision or taxing unit shall make any expenditure of money unless it has been appropriated as provided in such chapter. The Village had expenditures exceeding appropriations in the following funds at December 31, 1999 and 1998:

	<u>Fund</u>	<u>Appropriations</u>	<u>Disbursements</u>	<u>Violation Amount</u>
1998	Capital Improvement	\$ 110,002	\$ 253,131	(\$ 143,129)
	Sewer	\$ 615,123	\$ 771,176	(\$ 156,053)
	Income Tax	\$ 617,543	\$ 1,856,972	(\$1,239,429)
1999	SCM&R	\$ 170,949	\$ 225,166	(\$ 54,217)
	Revitalization Light Poles	\$ 0	\$ 160,513	(\$ 160,513)
	Downtown Revitalization	\$ 0	\$ 197,512	(\$ 197,512)
	Sewer	\$ 311,600	\$ 602,825	(\$ 291,225)
	Trust & Agency	\$ 645,315	\$ 924,279	(\$ 278,964)

We recommend that the Council and the Clerk monitor closely the annual budget and file amended certificates of estimated resources and appropriations as needed to ensure the disbursements are within the amounts legally appropriated.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140
Telephone 614-466-4514
800-282-0370
Facsimile 614-466-4490

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
MAY 31, 2001**