



Dave Yost • Auditor of State





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## INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

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

We have performed the procedures enumerated below, with which the Village Council and Mayor, and the management of the Village of Lisbon (the Village) have agreed, solely to assist the Council and Mayor in evaluating receipts, disbursements and balances recorded in their cash-basis accounting records for the years ended December 31, 2013 and 2012, and certain compliance requirements related to these transactions and balances. Management is responsible for recording transactions; and management, the Mayor, and / or the Council are responsible for complying with the compliance requirements. This agreed-upon procedures engagement was conducted in accordance with the American Institute of Certified Public Accountants' attestation standards and applicable attestation engagement standards included in the Comptroller General of the United States' *Government Auditing Standards*. The sufficiency of the procedures is solely the responsibility of the parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

This report only describes exceptions exceeding \$10.

### Cash and Investments

1. We tested the mathematical accuracy of the December 31, 2013 and December 31, 2012 bank reconciliations. We found no exceptions.
2. We agreed the January 1, 2012 beginning fund balances recorded in the Fund Ledger Report to the December 31, 2011 balances in the prior year audited statements. We noted the following variances: 1.) The Capital Projects Fund had a variance of \$99,999. Of this variance, \$99,000 is due to a fund classification difference between the UAN system and the prior year audited statements. The remaining \$999 is an unknown variance. Based on the December 31, 2013 bank reconciliation, this variance no longer exists. 2.) The Permanent Fund had a variance of \$104,421, which is due to a fund classification difference (\$99,000) between the UAN system and the prior year audited statements and an audit adjustment of \$5,421 from the prior year not posted to the UAN system until 2012. 3.) The Enterprise Fund had a variance of \$8,786. This amount was noted as a prior year audit adjustment for interest in the Water Operating Fund in 2010; however, we found no evidence that it was posted to the UAN system. Based on the December 31, 2013 bank reconciliation, this variance no longer exists. We also agreed the January 1, 2013 beginning fund balances recorded in the Fund Ledger Report to the December 31, 2012 balances in the Fund Ledger Report. We found no exceptions.
3. We agreed the totals per the bank reconciliations to the total of the December 31, 2013 and 2012 fund cash balances reported in the Fund Status Reports. The amounts agreed.

#### **Cash and Investments – (Continued)**

4. We confirmed the December 31, 2013 bank account balances with the Village's financial institutions. We found no exceptions. We also agreed the confirmed balances to the amounts appearing in the December 31, 2013 bank reconciliation without exception.
5. We selected five reconciling debits (such as outstanding checks) haphazardly from the December 31, 2013 bank reconciliation:
  - a. We traced each debit to the subsequent January bank statement. We found no exceptions.
  - b. We traced the amounts and dates to the check register, to determine the debits were dated prior to December 31. We noted no exceptions.
6. We selected all reconciling credits (such as deposits in transit) haphazardly from the December 31, 2013 bank reconciliation:
  - a. We traced each credit to the subsequent January bank statement. We found no exceptions.
  - b. We agreed the credit amounts to the Receipts Register. Each credit was recorded as a December receipt for the same amount recorded in the reconciliation.
7. We tested investments held at December 31, 2013 and December 31, 2012 to determine that they:
  - a. Were of a type authorized by Ohio Rev. Code Sections 135.13, 135.14 or 135.144. We found no exceptions.
  - b. Mature within the prescribed time limits noted in Ohio Rev. Code Section 135.13 or 135.14. We noted no exceptions.

#### **Property Taxes, Intergovernmental and Other Confirmable Cash Receipts**

1. We selected a property tax receipt from one *Statement of Semiannual Apportionment of Taxes* (the Statement) for 2013 and one from 2012:
  - a. We traced the gross receipts from the *Statement* to the amount recorded in the Receipt Register Report. We also traced the advances noted on the Statement to the Receipt Register Report. The amounts agreed.
  - b. We determined whether the receipt was allocated to the proper fund(s) as required by Ohio Rev. Code Sections 5705.05-.06 and 5705.10. We found no exceptions.
  - c. We determined whether the receipt was recorded in the proper year. The receipt was recorded in the proper year.
2. We scanned the Receipt Register Report to determine whether it included two real estate tax receipts plus eight advances for 2013 and seven advances for 2012. We noted the Receipts Register Report included the proper number of tax receipts for each year.

### **Property Taxes, Intergovernmental and Other Confirmable Cash Receipts – (Continued)**

3. We selected five receipts from the State Distribution Transaction Lists (DTL) from 2013 and five from 2012. We also selected five receipts from the County Auditor's Vendor Report Listing from 2013 and five from 2012.
  - a. We compared the amount from the above reports to the amount recorded in the Receipt Register Report. The amounts agreed.
  - b. We determined whether these receipts were allocated to the proper funds. We found no exceptions.
  - c. We determined whether the receipts were recorded in the proper year. We found no exceptions.

### **Income Tax Receipts**

1. We selected five income tax returns filed during 2013 and five from 2012.
  - a. We compared the payment amount recorded on the tax return to the amount recorded on the cash register tape. The amounts agreed.
  - b. We compared the cash register tape total from step a. to the amount recorded as income tax receipts in the Receipt Register Report for that date. The amounts agreed.
2. We determined whether the receipts were recorded in the year received. We found no exceptions.
3. We selected five income tax refunds from 2013 and five from 2012.
  - a. We compared the refund paid from Payment Register Detail Report to the refund amount requested in the tax return. The amounts agreed.
  - b. We noted each of the refunds were approved by the Fiscal Officer.
  - c. We noted the refunds were paid from the General Fund as is required.

### **Charges For Services - Water Operating Fund and Sewer Operating Fund**

1. We haphazardly selected 10 Water Operating and Sewer Operating Fund collection cash receipts from the year ended December 31, 2013 and 10 Water Operating and Sewer Operating Fund collection cash receipts from the year ended 2012 recorded in the Receipt Register Report and determined whether the:
  - a. Receipt amount per the Receipt Register Report agreed to the amount recorded to the credit of the customer's account in the U/B Receipts Posting Journal. The amounts agreed.
  - b. Amount charged for the related billing period:
    - i. Agreed with the debit to accounts receivable in the U/B Receipts Posting Journal for the billing period. We found no exceptions.
    - ii. Complied with rates in force during the audit period multiplied by the consumption amount recorded for the billing period, plus any applicable late penalties, plus unpaid prior billings. We found no exceptions.
  - c. Receipt was posted to the proper funds, and was recorded in the year received. We found no exceptions.

**Charges For Services - Water Operating Fund and Sewer Operating Fund – (Continued)**

2. We read the U/B Aged Trial Balance Report.
  - a. We noted this report listed \$165,889.53 of accounts receivable as of December 31, 2013. We were not able to obtain this report as of December 31, 2012.
  - b. Of the total receivables reported in the preceding step, \$38,975.97 were recorded as more than 90 days delinquent. We were not able to obtain this report as of December 31, 2012.
  
3. We read the U/B Adjustment Journal.
  - a. We noted this report listed a total of \$12,456.67 and \$17,579.79 non-cash receipts adjustments for the years ended December 31, 2013 and 2012, respectively.
  - b. We selected five non-cash adjustments from 2013 and five non-cash adjustments from 2012 and noted that the Head Utility Clerk approved each adjustment.

**Debt**

1. From the prior audit documentation, we noted the following loans outstanding as of December 31, 2011. These amounts agreed to the Village's January 1, 2012 balances on the summary we used in step 3, except for the following debt issues (the amounts in parentheses reflect the January 1, 2012 balances from the summary used in step 3): 1.) Water System Improvement Loan (\$95,173.35), 2.) Village Hall Loan (\$759,311.99), 3.) OWDA Loan #2319 (\$80,517.68), 4.) OWDA Loan #5353 (\$18,286.47), and 5.) OWDA Loan #5525 (\$161,166.34). We also noted that OPWC Loan #CN14J (\$31,230.60) was outstanding as of December 31, 2011; however, the loan was not disclosed in the prior audit.

Issue	Principal outstanding as of December 31, 2011:
Water System Improvement Loan	\$95,230
Water Plant Loan	\$62,384
Village Hall Loan	\$765,034
OWDA Loan #2319	\$80,752
OWDA Loan #4574	\$1,648,288
OWDA Loan #5353	\$50,258
OWDA Loan #5525	\$233,318
OPWC Issue II Loan	\$301,067

2. We inquired of management, and scanned the Receipt Register Report and Payment Register Detail Report for evidence of debt issued during 2013 or 2012 or debt payment activity during 2013 or 2012. All debt noted agreed to the summary we used in step 3.
  
3. We obtained a summary of loan debt activity for 2013 and 2012 and agreed principal and interest payments from the related debt amortization schedules to general fund, debt service fund, and enterprise fund payments reported in the Payment Register Detail Report. We also compared the date the debt service payments were due to the date the Village made the payments. We found no exceptions.
  
4. We agreed the amount of debt proceeds from the debt documents to amounts recorded in the Waste Water Improvements OWDA fund and the Capital Improvement fund per the Receipt Register Report. The amounts agreed.

**Debt – (Continued)**

5. For new debt issued during 2013 and 2012, we inspected the debt legislation, noting the Village must use the proceeds of: 1.) OWDA Loan #6201 for planning, design, and/or construction of wastewater facilities, 2.) OWDA Loan #6212 for planning, design, and/or construction of wastewater facilities mini systems 3, 4, and 7, and 3.) OPWC Loan #CN17P for the West High Street Project. We scanned the Payment Register Detail Report and noted the Village used the proceeds related to OWDA Loan #6212 and OPWC Loan #CN17P for each of their aforementioned projects, respectively. No proceeds were received with regards to OWDA Loan #6201.

**Payroll Cash Disbursements**

1. We haphazardly selected one payroll check for five employees from 2013 and one payroll check for five employees from 2012 from the Payroll Register Report and:
  - a. We compared the hours and pay rate, or salary recorded in the Payroll Register Report to supporting documentation (timecard, legislatively or statutorily-approved rate or salary). We found no exceptions.
  - b. We determined whether the fund and account code(s) to which the check was posted were reasonable based on the employees' duties as documented in the employees' personnel files and minute record. We also determined whether the payment was posted to the proper year. We found no exceptions.
2. We scanned the last remittance of tax and retirement withholdings for the year ended December 31, 2013 to determine whether remittances were timely paid, and if the amounts paid agreed to the amounts withheld, plus the employer's share where applicable, during the final withholding period during 2013. We noted the following:

<b>Withholding (plus employer share, where applicable)</b>	<b>Date Due</b>	<b>Date Paid</b>	<b>Amount Due</b>	<b>Amount Paid</b>
Federal income taxes & Medicare (and social security, for employees not enrolled in pension system)	January 31, 2014	January 2, 2014	\$27,286.83	\$27,286.83
State income taxes	January 31, 2014	January 2, 2014	\$4,332.83	\$4,332.83
United LSD local income taxes	January 31, 2014	January 15, 2014	\$76.66	\$76.66
Crestview LSD local income taxes	January 31, 2014	January 15, 2014	\$67.20	\$67.20
OPERS retirement	January 31, 2014	January 31, 2014	\$15,891.88	\$15,891.88
OP&F retirement	January 31, 2014	January 31, 2014	\$5,040.10	\$5,040.10

### Payroll Cash Disbursements – (Continued)

3. We haphazardly selected and recomputed one termination payment (unused vacation, etc.) using the following information, and agreed the computation to the amount paid as recorded in the Payroll Register Report:
  - a. Accumulated leave records
  - b. The employee's pay rate in effect as of the termination date
  - c. The Village's payout policy.

The amount paid was consistent with the information recorded in a. through c. above.

### Non-Payroll Cash Disbursements

1. We haphazardly selected ten disbursements from the Payment Register Detail Report for the year ended December 31, 2013 and ten from the year ended 2012 and determined whether:
  - a. The disbursements were for a proper public purpose. We found no exceptions.
  - b. The check number, date, payee name and amount recorded on the returned, canceled check agreed to the check number, date, payee name and amount recorded in the Payment Register Detail Report and to the names and amounts on the supporting invoices. We found no exceptions.
  - c. The payment was posted to a fund consistent with the restricted purpose for which the fund's cash can be used. We found no exceptions.
  - d. The fiscal officer certified disbursements requiring certification or issued a *Then and Now Certificate*, as required by Ohio Rev. Code Section 5705.41(D). We found no exceptions.

### Compliance – Budgetary

1. We compared the total estimated receipts from the *Amended Official Certificate of Estimated Resources*, required by Ohio Rev. Code Section 5705.36(A)(1), to the amounts recorded in the Revenue Status Report for the General, Street, Construction, Maintenance, and Repair (SCMR), and Sewer Operating funds for the years ended December 31, 2013 and 2012. For 2013, the amount on the *Certificate* did not agree to the amount recorded in the accounting system for the General Fund, SCMR Fund, and Sewer Operating Fund. The Revenue Status Report recorded budgeted (i.e. certified) resources for the General, SCMR, and Sewer Operating funds of \$1,412,746, \$277,319, and \$542,639, respectively, for 2013. However, the final *Amended Official Certificate of Estimated Resources* reflected \$1,396,015, \$320,000, and \$534,000, respectively. For 2012, the amount on the *Certificate* did not agree to the amount recorded in the accounting system for the General Fund, SCMR Fund, and Sewer Operating Fund. The Revenue Status Report recorded budgeted (i.e. certified) resources for the General, SCMR, and Sewer Operating funds of \$1,429,224, \$315,539, and \$528,308, respectively, for 2012. However, the final *Amended Official Certificate of Estimated Resources* reflected \$1,434,322, \$333,000, and \$534,068, respectively. The Fiscal Officer should periodically compare amounts recorded in the Revenue Status Report to the amounts recorded on the *Amended Official Certificate of Estimated Resources* to assure they agree. If the amounts do not agree, the Council may be using inaccurate information for budgeting and to monitor spending.
2. We scanned the appropriation measures adopted for 2013 and 2012 to determine whether, for the General, SCMR and Sewer Operating funds, the Council appropriated separately for "each office, department, and division, and within each, the amount appropriated for personal services," as is required by Ohio Rev. Code Section 5705.38(C). The appropriation measures adopted for 2013 and 2012 were only at the fund level.



### **Compliance – Budgetary – (Continued)**

3. We compared total appropriations required by Ohio Rev. Code Sections 5705.38 and 5705.40, to the amounts recorded in the Appropriation Status Report for 2013 and 2012 for the following funds: General Fund, SCMR Fund, and Sewer Operating Fund. The amounts on the appropriation resolutions agreed to the amounts recorded in the Appropriation Status report, except for the General Fund and SCMR Fund in 2012.
4. Ohio Rev. Code Sections 5705.36(A)(5) and 5705.39 prohibits appropriations from exceeding the certified resources. We compared total appropriations to total certified resources for the General, SCMR and Sewer Operating funds for the years ended December 31, 2013 and 2012. We noted no funds for which appropriations exceeded certified resources.
5. Ohio Rev. Code Section 5705.41(B) prohibits expenditures (disbursements plus certified commitments) from exceeding appropriations. We compared total expenditures to total appropriations for the years ended December 31, 2013 and 2012 for the General, SCMR and Sewer Operating funds, as recorded in the Appropriation Status Report. We noted that General Fund expenditures for 2013 exceeded total appropriations by \$20,753, contrary to Ohio Rev. Code Section 5705.41(B). The Fiscal Officer should not certify the availability of funds and should deny payment requests exceeding appropriations. The Fiscal Officer may request the Council to approve increased expenditure levels by increasing appropriations and amending estimated resources, if necessary, and if resources are available.
6. Ohio Rev. Code Section 5705.09 requires establishing separate funds to segregate externally-restricted resources. We scanned the Receipt Register Report for evidence of new restricted receipts requiring a new fund during December 31, 2013 and 2012. We also inquired of management regarding whether the Village received new restricted receipts. We noted no evidence of new restricted receipts for which Ohio Rev. Code Section 5705.09 would require the Village to establish a new fund.
7. We scanned the 2013 and 2012 Revenue Status Reports and Appropriation Status Reports for evidence of interfund transfers exceeding \$1,000 which Ohio Rev. Code Sections 5705.14 - .16 restrict. We noted the Village transferred \$23,625.35 from the Police Disability and Pension Fund to the General Fund and \$15,000.00 from the Parking Fund to the General Fund. Ohio Revised Code Section 5705.16 does not permit these transfers without approval of the Tax Commissioner and the Court of Common Pleas. The Village did not obtain this approval. The Fiscal Officer corrected the unallowable transfers prior to the end of the AUP period; therefore, no adjustment is needed.
8. We inquired of management and scanned the Appropriation Status Reports to determine whether the Village elected to establish reserve accounts permitted by Ohio Rev. Code Section 5705.13. We noted the Village did not establish these reserves.

### **Compliance – Contracts & Expenditures**

We inquired of management and scanned the Payment Register Detail Report for the years ended December 31, 2013 and 2012 to determine if the Village proceeded by force account (i.e. used its own employees) to maintain or repair roads (cost of project exceeding \$30,000) or to construct or reconstruct Village roads (cost of project \$30,000/per mile) for which Ohio Rev. Code Sections 117.16(A) and 723.52 requires the Village engineer, or officer having a different title but the duties and functions of an engineer, to complete a force account project assessment form (i.e., cost estimate). We identified no projects requiring the completion of the force account assessment form.

**Compliance – Contracts & Expenditures – (Continued)**

We were not engaged to, and did not conduct an examination, the objective of which would be the expression of an opinion on the Village's receipts, disbursements, balances and compliance with certain laws and regulations. Accordingly, we do not express an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of management, those charged with governance, and others within the Village, and is not intended to be, and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

**Dave Yost**  
Auditor of State  
Columbus, Ohio

May 20, 2014



# 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  
JULY 01, 2014