



**VILLAGE OF LORDSTOWN
TRUMBULL COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 1999 - 2000



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**VILLAGE OF LORDSTOWN
TRUMBULL COUNTY
JANUARY 1, 1999 THROUGH DECEMBER 31, 2000**

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REPORT OF INDEPENDENT ACCOUNTANTS

Village of Lordstown
Trumbull County
1455 Salt Springs Road, S.W.
Lordstown, Ohio 44481

To the Village Council:

We have audited the accompanying financial statements of Village of Lordstown, Trumbull County, (the Village) as of and for the years ended December 31, 2000 and December 31, 1999. 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 Village of Lordstown, Trumbull County, as of December 31, 2000 and December 31, 1999, 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 15, 2001 on our consideration of the Government's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

This report is intended solely for the information and use of the audit committee, management, Village Council, and other officials authorized to receive this report under Section 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 15, 2001

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VILLAGE OF LORDSTOWN
TRUMBULL 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, 2000**

	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	\$166,867	\$108,915			\$3,198,353	\$3,474,135
Intergovernmental Receipts	157,819	142,620		\$394,939		695,378
Charges for Services	50,835	16,310		45,000	5,148	117,293
Fines, Licenses, and Permits	59,383	1,235				60,618
Earnings on Investments	304,729	99,315				404,044
Miscellaneous	19,863	2,626		12,139		34,628
Total Cash Receipts	759,496	371,021		452,078	3,203,501	4,786,096
Cash Disbursements:						
Current:						
Security of Persons and Property	1,023,848	142,721				1,166,569
Public Health Services	19,229	10,538				29,767
Leisure Time Activities	146,890				200	147,090
Community Environment	84,929				253	85,182
Transportation		586,747				586,747
General Government	626,779	65,176			91,424	783,379
Debt Service:						
Principal Payments			\$34,280			34,280
Capital Outlay				2,873,802		2,873,802
Total Disbursements	1,901,675	805,182	34,280	2,873,802	91,877	5,706,816
Total Receipts Over/(Under) Disbursements	(1,142,179)	(434,161)	(34,280)	(2,421,724)	3,111,624	(920,720)
Other Financing Receipts/(Disbursements):						
Sale of Bonds or Notes				21,956		21,956
Sale of Fixed Assets	615			52,389		53,004
Transfers-In	1,243,840	471,605	233,220	1,166,143		3,114,808
Transfers-Out	(85,043)				(3,109,600)	(3,194,643)
Total Other Financing Receipts/(Disbursements)	1,159,412	471,605	233,220	1,240,488	(3,109,600)	(4,875)
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	17,233	37,444	198,940	(1,181,236)	2,024	(925,595)
Fund Cash Balances January 1	1,124,306	513,378	209,387	5,183,530	20,183	7,050,784
Fund Cash Balances, December 31	\$1,141,539	\$550,822	\$408,327	\$4,002,294	\$22,207	\$6,125,189
Reserves for Encumbrances, December 31	\$86,825	\$77,829		\$3,053,090	\$1,209	\$3,218,953

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

VILLAGE OF LORDSTOWN
TRUMBULL 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, 2000**

	Proprietary Fund Types	Fiduciary Fund Types		Totals (Memorandum Only)
	Enterprise	Nonexpendable Trust	Agency	
Operating Cash Receipts:				
Charges for Services	\$260,350			\$260,350
Miscellaneous	25,425	\$1,221		26,646
Total Operating Cash Receipts	285,775	1,221		286,996
Operating Cash Disbursements:				
Personal Services	162,682			162,682
Contractual Services	181,903			181,903
Supplies and Materials	13,102			13,102
Total Operating Cash Disbursements	357,687			357,687
Operating Income/(Loss)	(71,912)	1,221		(70,691)
Non-Operating Cash Disbursements:				
Other Non-Operating Cash Disbursements			\$437	437
Total Non-Operating Cash Disbursements			437	437
Excess of Receipts Over/(Under) Disbursements Before Interfund Transfers and Advances	(71,912)	1,221	(437)	(71,128)
Transfers-In	80,000			80,000
Transfers-Out		(165)		(165)
Net Receipts Over/(Under) Disbursements	8,088	1,056	(437)	8,707
Fund Cash Balances, January 1	136,091	3,666	873	140,630
Fund Cash Balances, December 31	\$144,179	\$4,722	\$436	\$149,337
Reserve for Encumbrances, December 31	\$1,672			\$1,672

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

VILLAGE OF LORDSTOWN
TRUMBULL 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:						
Local Taxes	\$149,614	\$107,530			\$3,498,933	\$3,756,077
Intergovernmental Receipts	173,108	182,280				355,388
Charges for Services	50,729	12,910			13,793	77,432
Fines, Licenses, and Permits	75,003	2,161				77,164
Earnings on Investments	319,596	17,769				337,365
Miscellaneous	18,937	5,385		\$11,256		35,578
Total Cash Receipts	786,987	328,035		11,256	3,512,726	4,639,004
Cash Disbursements:						
Current:						
Security of Persons and Property	906,790	179,132				1,085,922
Public Health Services	17,107	8,937				26,044
Leisure Time Activities	145,608				350	145,958
Community Environment	63,400				986	64,386
Transportation		570,910				570,910
General Government	624,302				103,463	727,765
Capital Outlay		36,579		3,254,638		3,291,217
Total Disbursements	1,757,207	795,558		3,254,638	104,799	5,912,202
Total Receipts Over/(Under) Disbursements	(970,220)	(467,523)		(3,243,382)	3,407,927	(1,273,198)
Other Financing Receipts/(Disbursements):						
Sale of Notes				1,349,232		1,349,232
Transfers-In	1,363,339	527,453	209,387	1,524,370		3,624,549
Advances-In		1,628				1,628
Transfers-Out	(316,000)				(3,408,349)	(3,724,349)
Advances-Out	(1,628)					(1,628)
Other Sources				20,750		20,750
Other Uses		(386)				(386)
Total Other Financing Receipts/(Disbursements)	1,045,711	528,695	209,387	2,894,352	(3,408,349)	1,269,796
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	75,491	61,172	209,387	(349,030)	(422)	(3,402)
Fund Cash Balances January 1	1,048,815	452,206		5,532,560	20,605	7,054,186
Fund Cash Balances, December 31	\$1,124,306	\$513,378	\$209,387	\$5,183,530	\$20,183	\$7,050,784
Reserves for Encumbrances, December 31	\$65,704	\$154,877		\$755,729	\$1,219	\$977,529

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

VILLAGE OF LORDSTOWN
TRUMBULL 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	\$251,983				\$251,983
Miscellaneous	25,442	\$164			25,606
Total Operating Cash Receipts	277,425	164			277,589
Operating Cash Disbursements:					
Personal Services	141,407				141,407
Travel Transportation	7				7
Contractual Services	178,989				178,989
Supplies and Materials	10,630				10,630
Total Operating Cash Disbursements	331,033				331,033
Operating Income/(Loss)	(53,608)	164			(53,444)
Non-Operating Cash Receipts:					
Other Non-Operating Receipts			\$958		958
Total Non-Operating Cash Receipts			958		958
Non-Operating Cash Disbursements:					
Other Non-Operating Cash Disbursements			85		85
Total Non-Operating Cash Disbursements			85		85
Excess of Receipts Over/(Under) Disbursements Before Interfund Transfers and Advances	(53,608)	164	873		(52,571)
Transfers-In	100,000				100,000
Transfers-Out		(200)			(200)
Net Receipts Over/(Under) Disbursements	46,392	(36)	873		47,229
Fund Cash Balances, January 1	89,699	3,702			93,401
Fund Cash Balances, December 31	\$136,091	\$3,666	\$873		\$140,630
Reserve for Encumbrances, December 31	\$1,357				\$1,357

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

**VILLAGE OF LORDSTOWN
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Village of Lordstown, Trumbull 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, park operations (leisure time activities), and police 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, No Load Money Market Mutual Funds, and Repurchase Agreements (SWEEP Account) are valued at cost. The investment in STAR Ohio (the State Treasurer's investment pool) is valued at amounts reported by the State Treasurer. Mutual funds are recorded at share values reported by the mutual fund.

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 Fund:

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 LORDSTOWN
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 fund:

Debt Service Fund - This fund is used to pay off the Ohio Public Works Commission (Issue II) Loans.

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 funds:

Capital Improvement Fund - This fund receives proceeds from income tax collections. The proceeds are being used to make sewer line improvements, vehicle replacement, resurface roads, and make major alterations to buildings.

Issue II Main Line Fund - This fund receives money from the State of Ohio for improvements to the Village's sewer system.

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.

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 fund:

Income Tax Fund - Receives proceeds from income tax collections. Proceeds are used for the operations of the income tax department and transfers to the General, Street Construction Maintenance and Repair, Capital Improvement, and Debt Service Funds as required by Section 181.14 of the Lordstown Village Codified Ordinances.

VILLAGE OF LORDSTOWN
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, function or object 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 2000 and 1999 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.

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.

VILLAGE OF LORDSTOWN
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)

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>2000</u>	<u>1999</u>
Demand deposits	\$ 218,825	\$ 65,507
Certificates of deposit	<u>111,835</u>	<u>100,000</u>
Total deposits	<u>330,660</u>	<u>165,507</u>
No Load Money Market Mutual Funds	742,650	703,100
Repurchase Agreement (SWEEP Account)	172,783	391,585
STAR Ohio	<u>5,028,433</u>	<u>5,931,222</u>
Total investments	<u>5,943,866</u>	<u>7,025,907</u>
Total deposits and investments	<u>\$ 6,274,526</u>	<u>\$ 7,191,414</u>

Deposits: Deposits are either (1) insured by the Federal Depository Insurance Corporation, or (2) collateralized by the financial institution's public entity deposit pool.

Investments: No Load Money Market Mutual Funds and SWEEP Account investments include uninsured and unregistered investments for which the securities are held by the broker or dealer or by its trust department, but not in the Village's name. Investments in STAR Ohio are not evidenced by securities that exist in physical or book-entry form.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2000 and December 31, 1999 follows:

2000 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 2,003,660	\$ 2,003,951	\$ 291
Special Revenue	830,905	842,626	11,721
Debt Service	231,300	233,220	1,920
Capital Projects	1,697,728	1,692,566	(5,162)
Enterprise	350,000	365,775	15,775
Fiduciary	<u>3,213,820</u>	<u>3,204,722</u>	<u>(9,098)</u>
Total	<u>\$ 8,327,413</u>	<u>\$ 8,342,860</u>	<u>\$ 15,447</u>

VILLAGE OF LORDSTOWN
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)

3. BUDGETARY ACTIVITY (Continued)

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 3,048,522	\$ 2,073,543	\$ 974,979
Special Revenue	1,226,577	883,011	343,566
Debt Service	85,000	34,280	50,720
Capital Projects	6,793,382	5,926,892	866,490
Enterprise	458,887	359,359	99,528
Fiduciary	3,228,134	3,202,851	25,283
Total	<u>\$ 14,840,502</u>	<u>\$ 12,479,936</u>	<u>\$ 2,360,566</u>

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 2,127,331	\$ 2,150,326	\$ 22,995
Special Revenue	841,857	855,488	13,631
Debt Service	216,188	209,387	(6,801)
Capital Projects	3,297,580	2,905,608	(391,972)
Enterprise	368,850	377,425	8,575
Fiduciary	3,566,703	3,512,890	(53,813)
Total	<u>\$ 10,418,509</u>	<u>\$ 10,011,124</u>	<u>\$ (407,385)</u>

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 3,098,356	\$ 2,138,911	\$ 959,445
Special Revenue	1,245,817	950,821	294,996
Debt Service	84,083	0	84,083
Capital Projects	9,297,071	4,010,367	5,286,704
Enterprise	436,852	332,390	104,462
Fiduciary	3,599,140	3,514,567	84,573
Total	<u>\$ 17,761,319</u>	<u>\$ 10,947,056</u>	<u>\$ 6,814,263</u>

VILLAGE OF LORDSTOWN
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)

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.

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, 2000 was as follows:

	Principal	Interest Rate
Ohio Public Works Commission Loans	<u>\$ 1,336,908</u>	0%
Total	<u><u>\$ 1,336,908</u></u>	

The Ohio Public Works Commission (OPWC) loans relate to two sanitary sewer line improvement projects. The OPWC has approved \$1,371,188 in interest free loans to the Village for these projects. The loans will be repaid in semiannual installments over 20 years.

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

Year ending December 31:	OPWC Loans
2001	\$ 34,280
2002	68,560
2003	68,560
2004	68,560
2005	68,560
Subsequent	1,028,388
Total	<u>\$ 1,336,908</u>

VILLAGE OF LORDSTOWN
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)

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 2000 and 1999, 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 for 1999 and 10.84% for 2000. The Village has paid all contributions required through December 31, 2000.

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 and dental and vision coverage to full-time employees through a private carrier.

8. LOCAL INCOME TAX

This locally levied tax of one-half of one percent ($\frac{1}{2}\%$) applied to gross salaries, wages, and other personal service compensation earned by residents both in and out of the Village and to earnings of non-residents (except certain transients) earned in the government. It also applies to net income to business organizations conducted within the Village. Tax receipts are credited to the Village's Expendable Trust (Local Income Tax) Fund and amounted to \$3,198,353 in 2000 and \$3,498,933 in 1999.

(NOTE: the $\frac{1}{2}\%$ Municipal Income Tax is levied, as the result of the passage on July 1, 1977, of Ordinance No. 41-77)

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STATE OF OHIO
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**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL REQUIRED BY
GOVERNMENT AUDITING STANDARDS**

Village of Lordstown
Trumbull County
1455 Salt Springs Road, S.W.
Lordstown, Ohio 44481

To the Village Council:

We have audited the financial statements of Village of Lordstown as of and for the years ended December 31, 2000 and December 31, 1999, and have issued our report thereon dated March 15, 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 of Lordstown's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted an immaterial instance of noncompliance that we have reported to management of the Village of Lordstown in a separate letter dated March 15, 2001.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village of Lordstown'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 of Lordstown in a separate letter dated March 15, 2001.

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

Jim Petro
Auditor of State

March 15, 2001



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OFFICE OF THE AUDITOR

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VILLAGE OF LORDSTOWN

TRUMBULL 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 22, 2001**