



Mary Taylor, CPA
Auditor of State

VILLAGE OF LORDSTOWN
TRUMBULL COUNTY

TABLE OF CONTENTS

TITLE	PAGE
Cover Letter	1
Independent Accountants' Report.....	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types - For the Year Ended December 31, 2009.....	5
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Proprietary and Fiduciary Fund Types - For the Year Ended December 31, 2009.....	6
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types - For the Year Ended December 31, 2008.....	7
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Proprietary and Fiduciary Fund Types - For the Year Ended December 31, 2008.....	8
Notes to the Financial Statements	9
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	17

THIS PAGE INTENTIONALLY LEFT BLANK.



Mary Taylor, CPA
Auditor of State

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

To the Village Council:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to an interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. Our Report includes an adverse opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

Mary Taylor

Mary Taylor, CPA
Auditor of State

June 30, 2010

THIS PAGE INTENTIONALLY LEFT BLANK.



Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Village of Lordstown
Trumbull County
1455 Salt Springs Road, S.W.
Warren, 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, 2009 and 2008. 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 auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure 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 our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the Village has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Instead of the combined funds the accompanying financial statements present, GAAP require presenting entity wide statements and also presenting the Village's larger (i.e. major) funds separately. While the Village does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require Villages to reformat their statements. The Village has elected not to follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2009 and 2008 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2009 and 2008, or its changes in financial position or cash flows, where applicable, for the years then ended.

Also, 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, 2009 and 2008, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The Village has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 30, 2010, 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. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

A handwritten signature in black ink that reads "Mary Taylor". The signature is written in a cursive, flowing style.

Mary Taylor, CPA
Auditor of State

June 30, 2010

**VILLAGE OF LORDSTOWN
TRUMBULL COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2009**

	Governmental Fund Types				Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
Cash Receipts:					
Property and Local Taxes	\$184,967	\$0	\$0	\$0	\$184,967
Municipal Income Tax	0	3,202,359	0	0	3,202,359
Intergovernmental	202,412	201,132	0	8,858	412,402
Special Assessments	0	309	0	0	309
Charges for Services	170,737	19,202	0	0	189,939
Fines, Licenses and Permits	54,082	377	0	0	54,459
Earnings on Investments	11,452	3,081	0	0	14,533
Miscellaneous	12,304	8,046	0	97,901	118,251
Total Cash Receipts	635,954	3,434,506	0	106,759	4,177,219
Cash Disbursements:					
Current:					
Security of Persons and Property	1,393,440	3,570	0	0	1,397,010
Public Health Services	23,258	12,504	0	0	35,762
Leisure Time Activities	228,205	400	0	0	228,605
Community Environment	115,496	150	0	0	115,646
Transportation	0	717,504	0	0	717,504
General Government	957,592	155,391	0	0	1,112,983
Debt Service:					
Redemption of Principal			35,221	677,119	712,340
Capital Outlay	0	0	0	4,789,187	4,789,187
Total Cash Disbursements	2,717,991	889,519	35,221	5,466,306	9,109,037
Total Receipts Over/(Under) Disbursements	(2,082,037)	2,544,987	(35,221)	(5,359,547)	(4,931,818)
Other Financing Receipts / (Disbursements):					
Proceeds from Sale of Public Debt:					
Sale of Notes	0	0	0	3,296,636	3,296,636
Sale of Fixed Assets	0	0	0	5,411	5,411
Transfers-In	2,747,468	445,586	0	40,488	3,233,542
Transfers-Out	(140,000)	(3,052,743)	0	(40,488)	(3,233,231)
Advances-Out	(50,000)				(50,000)
Total Other Financing Receipts / (Disbursements)	2,557,468	(2,607,157)	0	3,302,047	3,252,358
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	475,431	(62,170)	(35,221)	(2,057,500)	(1,679,460)
Fund Cash Balances, January 1	943,444	468,169	1,662,920	2,563,991	5,638,524
Fund Cash Balances, December 31	\$1,418,875	\$405,999	\$1,627,699	\$506,491	\$3,959,064
Reserve for Encumbrances, December 31	\$6,096	\$127,673	\$0	\$123,627	\$257,396

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 FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2009**

	Proprietary Fund Types	Fiduciary Fund Types		Totals (Memorandum Only)
	Enterprise	Private Purpose Trust	Agency	
Operating Cash Receipts:				
Charges for Services	\$1,011,713	\$0	\$0	\$1,011,713
Fines, Licenses and Permits	\$6,850	\$0	\$0	6,850
Miscellaneous	6,972	0	0	6,972
Total Operating Cash Receipts	<u>1,025,535</u>	<u>0</u>	<u>0</u>	<u>1,025,535</u>
Operating Cash Disbursements:				
Personal Services	214,838	0	0	214,838
Contractual Services	642,184	0	0	642,184
Supplies and Materials	11,904	0	0	11,904
Travel Transportation	240	0	0	240
Total Operating Cash Disbursements	<u>869,166</u>	<u>0</u>	<u>0</u>	<u>869,166</u>
Operating Income/(Loss)	<u>156,369</u>	<u>0</u>	<u>0</u>	<u>156,369</u>
Non-Operating Cash Receipts:				
Earnings on Investments	0	77	0	77
Total Non-Operating Cash Receipts	<u>0</u>	<u>77</u>	<u>0</u>	<u>77</u>
Non-Operating Cash Disbursements:				
Capital Outlay	76,479	0	0	76,479
Total Non-Operating Cash Disbursements	<u>76,479</u>	<u>0</u>	<u>0</u>	<u>76,479</u>
Excess of Receipts Over/(Under) Disbursements Before Interfund Transfers and Advances	79,890	77	0	79,967
Transfers-In	0	0	169	169
Transfers-Out	(169)	(311)	0	(480)
Advances-In	50,000	0	0	50,000
Net Receipts Over/(Under) Disbursements	129,721	(234)	169	129,656
Fund Cash Balances, January 1	444,410	7,811	1,168	453,389
Fund Cash Balances, December 31	<u>\$574,131</u>	<u>\$7,577</u>	<u>\$1,337</u>	<u>\$583,045</u>
Reserve for Encumbrances, December 31	<u>\$7,798</u>	<u>\$0</u>	<u>\$0</u>	<u>\$7,798</u>

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 FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2008**

	Governmental Fund Types				Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
Cash Receipts:					
Property and Local Taxes	\$183,523	\$0	\$0	\$0	\$183,523
Municipal Income Tax	0	4,856,168	0	0	4,856,168
Intergovernmental	161,831	204,415	0	566,839	933,085
Special Assessments	0	1,388	0	0	1,388
Charges for Services	187,726	24,095	0	0	211,821
Fines, Licenses and Permits	49,006	2,278	0	0	51,284
Earnings on Investments	90,780	21,296	0	0	112,076
Miscellaneous	23,182	1,152	0	67,091	91,425
Total Cash Receipts	696,048	5,110,792	0	633,930	6,440,770
Cash Disbursements:					
Current:					
Security of Persons and Property	1,419,925	7,650	0	0	1,427,575
Public Health Services	22,948	13,957	0	0	36,905
Leisure Time Activities	212,811	200	0	0	213,011
Community Environment	119,976	36	0	0	120,012
Basic Utility Service	0	0	0	0	0
Transportation	0	801,397	0	0	801,397
General Government	957,691	249,534	0	0	1,207,225
Debt Service:					
Redemption of Principal	0	0	368,412	0	368,412
Capital Outlay	0	0	0	8,146,003	8,146,003
Total Cash Disbursements	2,733,351	1,072,774	368,412	8,146,003	12,320,540
Total Receipts Over/(Under) Disbursements	(2,037,303)	4,038,018	(368,412)	(7,512,073)	(5,879,770)
Other Financing Receipts / (Disbursements):					
Proceeds from Sale of Public Debt:					
Sale of Notes	0	0	0	6,376,562	6,376,562
Sale of Fixed Assets	0	0	0	1,100	1,100
Transfers-In	2,075,635	621,768	1,146,251	1,066,031	4,909,685
Transfers-Out	(297,085)	(4,611,671)	0	0	(4,908,756)
Total Other Financing Receipts / (Disbursements)	1,778,550	(3,989,903)	1,146,251	7,443,693	6,378,591
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(258,753)	48,115	777,839	(68,380)	498,821
Fund Cash Balances, January 1	1,202,197	420,054	885,081	2,632,371	5,139,703
Fund Cash Balances, December 31	\$943,444	\$468,169	\$1,662,920	\$2,563,991	\$5,638,524
Reserve for Encumbrances, December 31	\$8,613	\$124,928	\$0	\$753,588	\$887,129

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 FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2008**

	Proprietary Fund Types	Fiduciary Fund Types		Totals (Memorandum Only)
	Enterprise	Private Purpose Trust	Agency	
Operating Cash Receipts:				
Charges for Services	\$1,330,892	\$0	\$0	\$1,330,892
Fines, Licenses and Permits	\$9,123	\$0	\$0	9,123
Miscellaneous	6,370	0	0	6,370
Total Operating Cash Receipts	<u>1,346,385</u>	<u>0</u>	<u>0</u>	<u>1,346,385</u>
Operating Cash Disbursements:				
Personal Services	238,541	0	0	238,541
Contractual Services	883,086	0	0	883,086
Supplies and Materials	24,916	0	0	24,916
Total Operating Cash Disbursements	<u>1,146,543</u>	<u>0</u>	<u>0</u>	<u>1,146,543</u>
Operating Income/(Loss)	<u>199,842</u>	<u>0</u>	<u>0</u>	<u>199,842</u>
Non-Operating Cash Receipts:				
Earnings on Investments	0	311	0	311
Miscellaneous Receipts	0	4,000	0	4,000
Total Non-Operating Cash Receipts	<u>0</u>	<u>4,311</u>	<u>0</u>	<u>4,311</u>
Non-Operating Cash Disbursements:				
Capital Outlay	<u>166,952</u>	<u>0</u>	<u>0</u>	<u>166,952</u>
Total Non-Operating Cash Disbursements	<u>166,952</u>	<u>0</u>	<u>0</u>	<u>166,952</u>
Excess of Receipts Over/(Under) Disbursements Before Interfund Transfers and Advances	32,890	4,311	0	37,201
Transfers-In	0	0	82	82
Transfers-Out	0	(605)	(406)	(1,011)
Net Receipts Over/(Under) Disbursements	32,890	3,706	(324)	36,272
Fund Cash Balances, January 1	<u>411,520</u>	<u>4,106</u>	<u>1,492</u>	<u>417,118</u>
Fund Cash Balances, December 31	<u>\$444,410</u>	<u>\$7,812</u>	<u>\$1,168</u>	<u>\$453,390</u>
Reserve for Encumbrances, December 31	<u><u>\$4,684</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$4,684</u></u>

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

**VILLAGE OF LORDSTOWN
TRUMBULL COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008**

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 Lordstown, Trumbull County, (the Village) as a body corporate and politic. A publicly-elected six-member Council directs the Village. The Village provides water utilities, park operations, and police services. The Village appropriates general fund money to support a part time and volunteer fire department.

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 deposits and repurchase agreements (Sweep accounts) at cost. STAR Ohio is recorded at share values the mutual funds report.

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 reports all financial resources except those required to be accounted for in another fund.

2. Special Revenue Funds

These funds account for proceeds from specific sources (other than from private-purpose 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 LORDSTOWN
TRUMBULL COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Income Tax Fund – This 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 Fund, and the Debt Service – Tait Sewer Funds as required by Section 181.14 of the Lordstown Village Codified Ordinances.

3. Debt Service Funds

These funds account for resources the Village accumulates to pay bond and note debt. 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, except for the Tait Road Sanitary Sewer Improvement Project.

4. Capital Project Funds

These funds account for receipts restricted to acquiring or constructing 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 used to make sewer line improvements, for vehicle replacement, to resurface roads, and make major alterations to buildings.

East Side Sanitary Sewer Fund - This fund receives monies from the Ohio Water Development Authority for the East Side Sanitary Sewer Improvements Project.

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 Fund:

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

6. Fiduciary Funds

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

The Village's private purpose trust funds are for the benefit of the Yeager, Lee and Morgan endowments.

Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Village disburses these funds as directed by the individual, organization or other government. The Village's agency fund accounts for unclaimed monies.

**VILLAGE OF LORDSTOWN
TRUMBULL COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(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 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.

A summary of 2009 and 2008 budgetary activity appears in Note 3.

F. 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.

G. 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.

**VILLAGE OF LORDSTOWN
TRUMBULL COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(Continued)**

2. EQUITY IN POOLED DEPOSITS AND INVESTMENTS

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

	2009	2008
Demand deposits	\$2,174,691	\$3,799,310
Certificates of deposit	100,000	100,000
Total deposits	<u>2,274,691</u>	<u>3,899,310</u>
STAR Ohio	1,747,418	1,742,604
Repurchase agreement	520,000	450,000
Total investments	<u>2,267,418</u>	<u>2,192,604</u>
Total deposits and investments	<u><u>\$4,542,109</u></u>	<u><u>\$6,091,914</u></u>

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

Investments: Investments in STAR Ohio and SWEEP accounts are not evidenced by securities that exist in physical or book-entry form. The Village's financial institution transfers securities to the Village's agent to collateralize repurchase agreements. The securities are not in the Village's name.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending 2009 and 2008 follows:

2009 Budgeted vs. Actual Receipts

Fund Type	Budgeted	Actual	Variance
	Receipts	Receipts	
General	\$3,303,195	\$3,383,422	\$80,227
Special Revenue	3,880,042	3,880,092	50
Debt Service	0	0	0
Capital Projects	3,558,805	3,449,294	(109,511)
Enterprise	1,025,535	1,025,535	0
Fiduciary	77	77	0
Total	<u><u>\$11,767,654</u></u>	<u><u>\$11,738,420</u></u>	<u><u>(\$29,234)</u></u>

2009 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation	Budgetary	Variance
	Authority	Expenditures	
General	\$4,045,812	\$2,864,087	\$1,181,725
Special Revenue	4,312,406	4,069,935	242,471
Debt Service	35,221	35,221	0
Capital Projects	6,171,456	5,630,421	541,035
Enterprise	1,443,944	953,612	490,332
Fiduciary	314	311	3
Total	<u><u>\$16,009,153</u></u>	<u><u>\$13,553,587</u></u>	<u><u>\$2,455,566</u></u>

**VILLAGE OF LORDSTOWN
TRUMBULL COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(Continued)**

3. BUDGETARY ACTIVITY – (Continued)

2008 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$2,780,407	\$2,771,683	(\$8,724)
Special Revenue	5,732,561	5,732,561	0
Debt Service	1,146,251	1,146,251	0
Capital Projects	7,838,657	8,077,622	238,965
Enterprise	1,346,385	1,346,385	0
Fiduciary	4,311	4,311	0
Total	\$18,848,572	\$19,078,813	\$230,241

2008 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$3,895,848	\$3,039,050	\$856,798
Special Revenue	5,986,367	5,809,373	176,994
Debt Service	1,156,131	368,412	787,719
Capital Projects	10,552,961	8,899,591	1,653,370
Enterprise	1,537,376	1,318,178	219,198
Fiduciary	606	606	0
Total	\$23,129,289	\$19,435,210	\$3,694,079

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which the Council adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable 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.

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.

**VILLAGE OF LORDSTOWN
TRUMBULL COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(Continued)**

5. LOCAL INCOME TAX

The Village levies a municipal income tax of one percent on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village.

Employers within the Village withhold income tax on employee compensation and remit the tax to the Village either monthly or quarterly, as required. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually.

6. DEBT

Debt outstanding at December 31, 2009 was as follows:

Ohio Public Works Commission	\$1,625,548	0%
Ohio Water Development Authority Loan	10,178,327	2.75% to 2.86%
Total	\$11,803,875	

The Ohio Public Works Commission (OPWC) loans relates 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.

The Ohio Public Works Commission has approved \$37,666 in interest free loan to the Village for the Bailey Road Bridge Project. The loan will be repaid in semiannual installments over 20 years. The Ohio Public Works Commission has approved a loan for the Tait Road Sanitary Sewer Project and an OWDA loan for the Eastside Sanitary Sewer Improvement Project. For the OWDA Eastside Sanitary Sewer Improvement Projects have been completed but no amortization schedules are available.

The Village's taxing authority collateralized the bonds.

Amortization of the OPWC loan, including interest, is scheduled as follows:

Year ending December 31:	OPWC Loan
2010	\$92,408
2011	114,373
2012	114,373
2013	114,373
2014	114,373
2015-2019	571,863
2020-2024	297,626
2025-2029	206,159
2030-2034	
Total	\$1,625,548

**VILLAGE OF LORDSTOWN
TRUMBULL COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(Continued)**

7. RETIREMENT SYSTEMS

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

The Ohio Revised Code also prescribes contribution rates. For 2009 and 2008, OP&F participants contributed 10% of their wages. For 2009 and 2008, the Village contributed to OP&F an amount equal to 19.5% of full-time police members' wages. For 2009 and 2008, OPERS members contributed 10% of their gross salaries and the Village contributed an amount equaling 14% of participants' gross salaries. The Village has paid all contributions required through December 31, 2009.

8. RISK MANAGEMENT

Commercial Insurance

The Village has obtained commercial insurance for the following risks:

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

THIS PAGE INTENTIONALLY LEFT BLANK.



Mary Taylor, CPA

Auditor of State

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

Village of Lordstown
Trumbull County
1455 Salt Springs Road S.W.
Warren, Ohio 44481-9658

To the Village Council:

We have audited the financial statements of the Village of Lordstown, Trumbull County, (the Village) as of and for the years ended December 31, 2009 and 2008, and have issued our report thereon dated June 30, 2010, wherein we noted the Village followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of opining on the effectiveness of the Village's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Village's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the Village's financial statements will not be prevented, or detected and timely corrected.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

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, providing an opinion 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 no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Village of Lordstown
Trumbull County
Independent Accountants' Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Required by *Government Auditing Standards*
Page 2

We did note certain noncompliance or other matters that we reported to the Village's management in a separate letter dated June 30, 2010.

We intend this report solely for the information and use of the audit committee, management, Village Council. We intend it for no one other than these specified parties.

A handwritten signature in black ink that reads "Mary Taylor". The signature is written in a cursive, flowing style.

Mary Taylor, CPA
Auditor of State

June 30, 2010



Mary Taylor, CPA
Auditor of State

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
AUGUST 3, 2010