



Dave Yost • Auditor of State



VILLAGE OF LORDSTOWN  
TRUMBULL COUNTY

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# Dave Yost • Auditor of State

Village of Lordstown  
Trumbull County  
1455 Salt Springs Road  
Lordstown, 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.

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**Dave Yost**  
Auditor of State

July 26, 2012

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# Dave Yost • Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

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

To the Village Council:

We have audited the accompanying financial statements of the Village of Lordstown, Trumbull County, Ohio (the Village), as of and for the years ended December 31, 2011 and 2010. These financial statements are the responsibility of the Village's management. Our responsibility is to express opinions 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 Village 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, 2011 and 2010 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, 2011, or its changes in financial position or cash flows for the year then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Village of Lordstown, Trumbull County, as of December 31, 2011 and 2010 and the reserves for encumbrances as of December 31, 2010 of Village of Lordstown, Trumbull County, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

As described in Note 2, during 2011 the Village of Lordstown adopted Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 26, 2012, 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 "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

**Dave Yost**  
Auditor of State

July 26, 2012



**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, 2011**

	<u>Governmental Fund Types</u>				<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>					
Property and Local Taxes	\$136,054				\$136,054
Municipal Income Tax	2,970,974	588,431	1,538,540	265,266	5,363,211
Intergovernmental	334,222	222,813		370	557,405
Special Assessments		1,215			1,215
Charges for Services	131,396	24,053			155,449
Fines, Licenses and Permits	64,770	3,345			68,115
Earnings on Investments	3,842	764			4,606
Miscellaneous	148,778	12,008		15,092	175,878
<b>Total Cash Receipts</b>	<b>3,790,036</b>	<b>852,629</b>	<b>1,538,540</b>	<b>280,728</b>	<b>6,461,933</b>
<b>Cash Disbursements:</b>					
Current:					
Security of Persons and Property	1,442,376	20,823		63,824	1,527,023
Public Health Services	15,902	10,884			26,786
Leisure Time Activities	190,067	1,350		2,931	194,348
Community Environment	125,565			61	125,626
Transportation		657,985		107,308	765,293
General Government	1,065,287	61,757		76,893	1,203,937
Debt Service:				88,645	88,645
Redemption of Principal			554,244		554,244
Capital Outlay			266,883		266,883
<b>Total Cash Disbursements</b>	<b>2,839,197</b>	<b>752,799</b>	<b>821,127</b>	<b>339,662</b>	<b>4,752,785</b>
Total Receipts Over/(Under) Disbursements	950,839	99,830	717,413	(58,934)	1,709,148
<b>Other Financing Receipts / (Disbursements):</b>					
Transfers-In	1,025	100,029			101,054
Transfers-Out	(100,727)	(150)			(100,877)
<b>Total Other Financing Receipts / (Disbursements)</b>	<b>(99,702)</b>	<b>99,879</b>	<b>0</b>	<b>0</b>	<b>177</b>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	851,137	199,709	717,413	(58,934)	1,709,325
Fund Cash Balances, January 1	1,239,082	401,886	1,801,368	356,161	3,798,497
<b>Fund Cash Balances, December 31</b>					
Nonspendable					
Restricted		\$548,718	\$2,518,781	\$297,227	\$3,364,726
Committed		\$22,000			\$22,000
Assigned	\$155,169				\$155,169
Unassigned (Deficit)	\$1,935,050	\$30,877			\$1,965,927
<b>Fund Cash Balances, December 31</b>	<b>\$2,090,219</b>	<b>\$601,595</b>	<b>\$2,518,781</b>	<b>\$297,227</b>	<b>\$5,507,822</b>

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, 2011**

	Proprietary Fund Types	Fiduciary Fund Types		Totals (Memorandum Only)
	Enterprise	Private Purpose Trust	Agency	
<b>Operating Cash Receipts:</b>				
Charges for Services	\$1,596,065			\$1,596,065
Fines, Licenses and Permits	\$29,969			29,969
Miscellaneous	2,399		4,380	6,779
<b>Total Operating Cash Receipts</b>	<b>1,628,433</b>	<b>0</b>	<b>4,380</b>	<b>1,632,813</b>
<b>Operating Cash Disbursements:</b>				
Personal Services	225,078		0	225,078
Contractual Services	593		4,380	4,973
Supplies and Materials	950,434		0	950,434
Travel Transportation	20,550		0	20,550
<b>Total Operating Cash Disbursements</b>	<b>1,196,655</b>	<b>0</b>	<b>4,380</b>	<b>1,201,035</b>
Operating Income	431,778	0	0	431,778
<b>Non-Operating Cash Receipts:</b>				
Special Assessments	210			210
Earnings on Investments	0	16	0	16
Sale of Fixed Assets	1,200			1,200
<b>Total Non-Operating Cash Receipts</b>	<b>1,410</b>	<b>16</b>	<b>0</b>	<b>1,426</b>
<b>Non-Operating Cash Disbursements:</b>				
Capital Outlay	45,555	0	0	45,555
<b>Total Non-Operating Cash Disbursements</b>	<b>45,555</b>	<b>0</b>	<b>0</b>	<b>45,555</b>
Excess of Receipts Over Disbursements Before Interfund Transfers and Advances	387,633	16	0	387,649
Transfers-In			777	777
Transfers-Out		(29)	(925)	(954)
Net Receipts Over/(Under) Disbursements	387,633	(13)	(148)	387,472
Fund Cash Balances, January 1	625,275	7,529	1,341	634,145
<b>Fund Cash Balances, December 31</b>	<b>\$1,012,908</b>	<b>\$7,516</b>	<b>\$1,193</b>	<b>\$1,021,617</b>

*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, 2010**

	Governmental Fund Types				Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
<b>Cash Receipts:</b>					
Property and Local Taxes	\$173,948	\$0	\$0	\$0	\$173,948
Municipal Income Tax	2,586,474	474,436	994,797		4,055,707
Intergovernmental	180,449	209,331		6,660	396,440
Special Assessments		1,169			1,169
Charges for Services	71,731	9,569			81,300
Fines, Licenses and Permits	46,929	848			47,777
Earnings on Investments	4,118	1,051			5,169
Miscellaneous	127,835	5,258		7,951	141,044
<b>Total Cash Receipts</b>	<b>3,191,484</b>	<b>701,662</b>	<b>994,797</b>	<b>14,611</b>	<b>4,902,554</b>
<b>Cash Disbursements:</b>					
Current:					
Security of Persons and Property	1,397,135	7,699			1,404,834
Public Health Services	14,888	6,833			21,721
Leisure Time Activities	198,735				198,735
Community Environment	123,348				123,348
Transportation		713,143			713,143
General Government	959,261	80,325			1,039,586
Debt Service:					
Redemption of Principal			821,128		821,128
Interest and Fiscal Charges					0
Capital Outlay				1,113,949	1,113,949
<b>Total Cash Disbursements</b>	<b>2,693,367</b>	<b>808,000</b>	<b>821,128</b>	<b>1,113,949</b>	<b>5,436,444</b>
<b>Total Receipts Over/(Under) Disbursements</b>	<b>498,117</b>	<b>(106,338)</b>	<b>173,669</b>	<b>(1,099,338)</b>	<b>(533,890)</b>
<b>Other Financing Receipts / (Disbursements):</b>					
Proceeds from Sale of Public Debt:					
Sale of Notes				377,905	377,905
Sale of Fixed Assets		2,148		6,376	8,524
Transfers-In	0	100,077		577,906	677,983
Transfers-Out	(677,910)	0			(677,910)
Advances-In	296,776			296,776	593,552
Advances-Out	(296,776)			(296,776)	(593,552)
Other Financing Uses				(13,179)	(13,179)
<b>Total Other Financing Receipts / (Disbursements)</b>	<b>(677,910)</b>	<b>102,225</b>	<b>0</b>	<b>949,008</b>	<b>373,323</b>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(179,793)	(4,113)	173,669	(150,330)	(160,567)
Fund Cash Balances, January 1	1,418,875	405,999	1,627,699	506,491	3,959,064
<b>Fund Cash Balances, December 31</b>	<b>\$1,239,082</b>	<b>\$401,886</b>	<b>\$1,801,368</b>	<b>\$356,161</b>	<b>\$3,798,497</b>
Reserve for Encumbrances, December 31	\$43,865	\$106,072	\$0	\$161,475	\$311,412

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, 2010**

	Proprietary Fund Types	Fiduciary Fund Types		Totals (Memorandum Only)
	Enterprise	Private Purpose Trust	Agency	
<b>Operating Cash Receipts:</b>				
Charges for Services	\$1,120,860	\$0	\$0	\$1,120,860
Fines, Licenses and Permits	\$21,058			21,058
Miscellaneous	53,055		3,451	56,506
<b>Total Operating Cash Receipts</b>	<b>1,194,973</b>	<b>0</b>	<b>3,451</b>	<b>1,198,424</b>
<b>Operating Cash Disbursements:</b>				
Personal Services	226,416			226,416
Travel Transportation	13			13
Contractual Services	811,234		3,451	814,685
Supplies and Materials	13,675			13,675
<b>Total Operating Cash Disbursements</b>	<b>1,051,338</b>	<b>0</b>	<b>3,451</b>	<b>1,054,789</b>
Operating Income/(Loss)	143,635	0	0	143,635
<b>Non-Operating Cash Receipts:</b>				
Earnings on Investments		29		29
Sale of Fixed Assets	443			443
<b>Total Non-Operating Cash Receipts</b>	<b>443</b>	<b>29</b>	<b>0</b>	<b>472</b>
<b>Non-Operating Cash Disbursements:</b>				
Capital Outlay	92,934			92,934
<b>Total Non-Operating Cash Disbursements</b>	<b>92,934</b>	<b>0</b>	<b>0</b>	<b>92,934</b>
Excess of Receipts Over/(Under) Disbursements Before Interfund Transfers and Advances	51,144	29	0	51,173
Transfers-In			4	4
Transfers-Out		(77)		(77)
Net Receipts Over/(Under) Disbursements	51,144	(48)	4	51,100
Fund Cash Balances, January 1	574,131	7,577	1,337	583,045
<b>Fund Cash Balances, December 31</b>	<b>\$625,275</b>	<b>\$7,529</b>	<b>\$1,341</b>	<b>\$634,145</b>
Reserve for Encumbrances, December 31	\$9,914	\$0	\$0	\$9,914

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

**LORDSTOWN VILLAGE  
TRUMBULL COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2011 AND 2010**

**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 and sewer 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, 2011 AND 2010  
(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 Fund, Street Construction, Maintenance and Repair Fund, Capital Projects Fund, and the Debt Service Fund.

**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:

East Side Sewer Fund – This fund is utilized to pay off the East Side Sewer 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 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 Funds:

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 certain individuals (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 Money.

VILLAGE OF LORDSTOWN  
TRUMBULL COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2011 AND 2010  
(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 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 2011 and 2010 budgetary activity appears in Note 3.

F. Fund Balance

For December 31, 2011, fund balance is divided into five classifications based primarily on the extent to which the Village must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

1. Nonspendable

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

2. Restricted

Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

3. Committed

Council can *commit* amounts via formal action (resolution). The Village must adhere to these commitments unless the Council amends the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

**VILLAGE OF LORDSTOWN  
TRUMBULL COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2011 AND 2010  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)**

**4. Assigned**

Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Village Council or a Village official delegated that authority by resolution, or by State Statute.

**5. Unassigned**

Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Village applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

**G. Property, Plant, and Equipment**

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

**H. Accumulated Leave**

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

**2. EQUITY IN POOLED DEPOSITS 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:

	<u>2011</u>	<u>2010</u>
Demand deposits	\$4,079,200	\$1,983,512
Certificates of deposit	100,000	100,000
Total deposits	<u>4,179,200</u>	<u>2,083,512</u>
STAR Ohio	1,750,239	1,749,130
Repurchase agreement	600,000	600,000
Total investments	<u>2,350,239</u>	<u>2,349,130</u>
Total deposits and investments	<u>\$6,529,439</u>	<u>\$4,432,642</u>

**Deposits:** Deposits are insured by the Federal Depository Insurance Corporation; or collateralized 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.



**VILLAGE OF LORDSTOWN  
TRUMBULL COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2011 AND 2010  
(Continued)**

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2011 and 2010 follows:

2011 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$3,791,061	\$3,791,061	\$0
Special Revenue	952,658	952,658	0
Debt Service	1,538,540	1,538,540	0
Capital Projects	280,728	280,728	0
Enterprise	1,629,843	1,629,843	0
Trust	16	16	0
Total	\$8,192,846	\$8,192,846	\$0

2011 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$3,823,156	\$2,939,924	\$ 883,232
Special Revenue	1,352,444	752,949	599,495
Debt Service	821,127	821,127	0
Capital Projects	402,705	339,662	63,043
Enterprise	1,807,462	1,242,210	565,252
Trust	29	29	0
Total	\$8,206,923	\$6,095,901	\$2,111,022

2010 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$3,488,260	\$3,191,484	(\$296,776)
Special Revenue	805,211	803,887	(1,324)
Debt Service	994,797	994,797	0
Capital Projects	1,273,574	976,798	(296,776)
Enterprise	1,195,416	1,195,416	0
Trust	15	29	14
Total	\$7,757,273	\$7,162,411	(\$594,862)

2010 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$3,845,100	\$3,415,142	\$429,958
Special Revenue	1,006,630	914,072	92,558
Debt Service	855,968	821,127	34,841
Capital Projects	1,504,458	1,288,603	215,855
Enterprise	1,523,003	1,154,186	368,817
Trust	77	77	0
Total	\$8,735,236	\$7,593,207	\$1,142,029

**VILLAGE OF LORDSTOWN  
TRUMBULL COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2011 AND 2010  
(Continued)**

**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.

**5. LOCAL INCOME TAX**

The Village levies a municipal income tax of 1 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, 2011 was as follows:

	Principal	Interest Rate
Ohio Public Works Commission	\$61,684	0%
Ohio Public Works Commission	\$555,351	0%
Ohio Public Works Commission	\$746,810	0%
Ohio Public Works Commission	\$32,958	0%
Ohio Water Development Authority Loan	\$7,367,776	2.76%
Ohio Water Development Authority Loan	\$863,338	2.86%
Ohio Water Development Authority Loan	\$198,712	2.75%
Total	\$9,826,629	

The Ohio Public Works Commission loans relate to two Phase IV Sanitary Sewer Line Improvement projects, Bailey Road Bridge project, and Tait Road Sanitary Sewer Project. The OPWC approved up to \$2,289,250 for these projects. The full \$2,289,250 has been disbursed. The loans are interest free and will be repaid in semi-annual installments over 20 years.

**VILLAGE OF LORDSTOWN  
TRUMBULL COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2011 AND 2010  
(Continued)**

**6. DEBT – (Continued)**

The Ohio Water Development Authority (OWDA) loans relates to the East Side Sanitary Sewer Project. The OWDA approved up to \$10,751,059 for these projects. The original loan approved for \$8,551,331 interest rate is 2.76%, the first supplemental loan approved for \$1,000,000 has an interest rate of \$2.86%. The full amount for both of these loans has been disbursed. The second supplemental loan approved for \$1,199,883 has only disbursed \$323,361 as of December 31, 2011, and has an interest rate of 2.75%. All loans will be repaid in semi-annual installments over 20 years. The scheduled payment amounts below assume that the entire \$10,751,059 will be borrowed.

The OWDA will adjust scheduled payment to reflect any revisions in amounts the Village actually borrows. Loans are collateralized by general tax revenues and water and sewer receipts of the Village

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

Year ending December 31:	OPWC	OWDA
2012	\$114,373	\$706,754
2013	114,373	706,754
2014	114,373	706,754
2015	114,373	706,754
2016	114,373	706,754
2107-2021	503,304	3,533,772
2022-2026	229,067	3,533,772
2027-2031	92,568	2,038,759
Total	\$1,396,804	\$12,640,073

**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 2011 and 2010, OP&F participants contributed 10% of their wages. For 2011 and 2010, the Village contributed to OP&F an amount equal to 19.5% of full-time police members' wages. For 2011 and 2010, 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, 2011.

**VILLAGE OF LORDSTOWN  
TRUMBULL COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2011 AND 2010  
(Continued)**

**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.

**9. CONTINGENT LIABILITIES**

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



# Dave Yost • 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, S.W.  
Warren, OH 44481

To 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, 2011 and 2010, and have issued our report thereon dated July 26, 2012, wherein we noted the Village adopted Governmental Accounting Standards Board Statement No. 54 (GASB 54) for the year ending December 31, 2011. 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 matters not requiring inclusion in this report that we reported to the Village's management in a separate letter dated July 26, 2012.

We intend this report solely for the information and use of management, the Board of Trustees, and others within the Village. We intend it for no one 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

July 26, 2012



# Dave Yost • 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  
OCTOBER 02, 2012