



**Auditor of State  
Betty Montgomery**





Mary Taylor, CPA  
Auditor of State

March 6, 2007

The attached audit report was completed and prepared for release prior to the commencement of my term of office on January 8, 2007. Thus, I am certifying this audit report for release under the signature of my predecessor.

*Mary Taylor*

MARY TAYLOR, CPA  
Auditor of State

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VILLAGE OF LORDSTOWN  
TRUMBULL COUNTY

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**Auditor of State  
Betty Montgomery**

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

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 a February 2, 2005 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 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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**Betty Montgomery**  
Auditor of State

January 3, 2007

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## Auditor of State Betty Montgomery

### INDEPENDENT ACCOUNTANTS' REPORT

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

To the Village Council:

We have audited the accompanying financial statements of Village of Lordstown, Trumbull County, (the Village) as of and for the year ended December 31, 2005. 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.

Revisions to GAAP would require the Village to reformat its financial statement presentation and make other changes effective for the year ended December 31, 2005. Instead of the combined funds the accompanying financial statements present for 2005, the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately for 2005. 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 the new GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The Village has elected not to reformat its statements. Since this Village does not use GAAP to measure financial statement amounts, 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 year ended December 31, 2005 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, 2005, or its changes in financial position or cash flows of its proprietary funds 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, 2005, and its combined cash receipts and disbursements for the year then ended on the accounting basis Note 1 describes.

The aforementioned revision to generally accepted accounting principles also requires the Village to include Management's Discussion and Analysis for the year ended December 31, 2005. 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 January 3, 2007, 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.

We conducted our audit to form opinions on the financial statements that collectively comprise the Village's basic financial statements. The federal awards expenditure schedule is required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements. We subjected the federal awards expenditure schedule to the auditing procedures applied in the audit of the financial statements. In our opinion, this information is fairly stated in all material respects in relation to the financial statements taken as a whole.



**Betty Montgomery**  
Auditor of State

January 3, 2007

**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, 2005**

	Governmental Fund Types				Fiduciary Fund Type	Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	
<b>Cash Receipts:</b>						
Property Tax and Other Local Taxes	\$188,117				\$3,235,194	\$3,423,311
Intergovernmental Receipts	261,394	\$194,875		\$2,260,261		2,716,530
Charges for Services	81,589	7,990			6,970	96,549
Fines, Licenses, and Permits	64,075	3,217				67,292
Earnings on Investments	61,863	18,968				80,831
Miscellaneous	16,819	2,069		65,176		84,064
<b>Total Cash Receipts</b>	<b>673,857</b>	<b>227,119</b>	<b>0</b>	<b>2,325,437</b>	<b>3,242,164</b>	<b>6,468,577</b>
<b>Cash Disbursements:</b>						
Current:						
Security of Persons and Property	1,189,225	11,071				1,200,296
Public Health Services	21,907	11,534				33,441
Leisure Time Activities	180,974				450	181,424
Community Environment	113,947				807	114,754
Transportation		661,229				661,229
General Government	777,768				85,212	862,980
Debt Service:						
Principal Payments			68,559			68,559
Capital Outlay		5,030		3,595,252		3,600,282
<b>Total Cash Disbursements</b>	<b>2,283,821</b>	<b>688,864</b>	<b>68,559</b>	<b>3,595,252</b>	<b>86,469</b>	<b>6,722,965</b>
<b>Total Receipts Over/(Under) Disbursements</b>	<b>(1,609,964)</b>	<b>(461,745)</b>	<b>(68,559)</b>	<b>(1,269,815)</b>	<b>3,155,695</b>	<b>(254,388)</b>
<b>Other Financing Receipts and (Disbursements):</b>						
Sale of Fixed Assets				4,359		4,359
Transfers-In	1,955,505	534,158		1,020,507		3,510,170
Advances-In	237,324					237,324
Transfers-Out	(422,000)	0	0	0	(3,154,040)	(3,576,040)
Advances-Out				(237,324)		(237,324)
<b>Total Other Financing Receipts/(Disbursements)</b>	<b>1,770,829</b>	<b>534,158</b>	<b>0</b>	<b>787,542</b>	<b>(3,154,040)</b>	<b>(61,511)</b>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	160,865	72,413	(68,559)	(482,273)	1,655	(315,899)
Fund Cash Balances, January 1	738,518	328,020	1,062,671	1,642,703	20,695	3,792,607
<b>Fund Cash Balances, December 31</b>	<b>\$899,383</b>	<b>\$400,433</b>	<b>\$994,112</b>	<b>\$1,160,430</b>	<b>\$22,350</b>	<b>\$3,476,708</b>
Reserves for Encumbrances, December 31	\$5,861	\$109,189	\$0	\$1,045,687	\$953	\$1,161,690

*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, 2005**

	Proprietary Fund Types	Fiduciary Fund Types		Totals (Memorandum Only)
	Enterprise	Nonexpendable Trust	Agency	
<b>Operating Cash Receipts:</b>				
Charges for Services	\$469,140			\$469,140
Miscellaneous	20,741	\$226		20,967
Total Operating Cash Receipts	489,881	226	0	490,107
<b>Operating Cash Disbursements:</b>				
Personal Services	205,019			205,019
Contractual Services	293,351			293,351
Supplies and Materials	13,788			13,788
Capital Outlay	9,663			9,663
Total Operating Cash Disbursements	521,821	0	0	521,821
Operating Income/(Loss)	(31,940)	226	0	(31,714)
Transfers-In	66,000			66,000
Transfers-Out		(130)		(130)
Net Receipts Over/(Under) Disbursements	34,060	96	0	34,156
Fund Cash Balances, January 1	106,524	3,630	2,006	112,160
<b>Fund Cash Balances, December 31</b>	<b>\$140,584</b>	<b>\$3,726</b>	<b>\$2,006</b>	<b>\$146,316</b>
Reserve for Encumbrances, December 31	\$1,393	\$0	\$0	\$1,393

*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, 2005**

**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 governs the Village. The Village provides water utilities, park operations, and police services. The Village appropriates general fund money to support a volunteer fire department.

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 accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. This basis 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 adequately disclose material matters the Auditor of State prescribes.

**C. Cash and Investments**

The Village's accounting basis includes investments as assets. This basis does not report disbursements for investment purchases or receipts for investment sales. The Village reports gains or losses at the time of sale as receipts or disbursements, respectively.

The Village values certificates of deposit and Repurchase Agreements (SWEEP Account) at cost. STAR Ohio is recorded at share values the mutual fund reports.

**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 Fund**

These funds 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  
TRUMBULL COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2005  
(Continued)**

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

**3. Debt Service Fund**

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.

**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.

Waterline (Federal Share) Fund - This fund receives monies from the Federal Government for water line improvements to the Village's water utility transmission system.

Waterline (State Share) Fund - This fund receives monies from the State for water line improvements to the Village's water utility transmission system.

**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 (Trust and Agency Funds)**

Trust funds account for resources restricted by legally binding trust agreements. If the agreement requires the Village to maintain the corpus of the trust, the Village classifies the fund 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 – 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, and Capital Improvement Funds, as required by Section 181.14 of the Lordstown Village Codified Ordinances.

**E. Budgetary Process**

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

**VILLAGE OF LORDSTOWN  
TRUMBULL COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2005  
(Continued)**

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

**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. 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 commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 2005 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.

**2. EQUITY IN POOLED CASH AND INVESTMENTS**

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

	<u>2005</u>
Demand deposits	\$326,570
Certificates of deposit	100,000
Total deposits	<u>426,570</u>
STAR Ohio	1,538,861
Repurchase agreement (SWEEP Account)	1,657,593
Total investments	<u>3,196,454</u>
Total deposits and investments	<u><u>\$3,623,024</u></u>

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

**VILLAGE OF LORDSTOWN  
TRUMBULL COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2005  
(Continued)**

**2. EQUITY IN POOLED CASH AND INVESTMENTS – (Continued)**

**Investments:** Investments in STAR Ohio 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 year ending December 31, 2005 follows:

2005 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$2,799,956	\$2,629,362	(\$170,594)
Special Revenue	761,278	761,277	(1)
Debt Service	0	0	0
Capital Projects	3,571,252	3,350,303	(220,949)
Enterprise	555,880	555,881	1
Fiduciary	3,242,390	3,242,390	0
Total	\$10,930,756	\$10,539,213	(\$391,543)

2005 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$3,439,497	\$2,711,682	\$727,815
Special Revenue	1,025,744	798,053	227,691
Debt Service	68,559	68,559	0
Capital Projects	4,892,854	4,640,939	251,915
Enterprise	610,910	523,214	87,696
Fiduciary	3,261,969	3,241,592	20,377
Total	\$13,299,533	\$11,984,039	\$1,315,494

**4. PROPERTY TAX**

Real property taxes become a lien on January 1 preceding the October 1 date for which the Village Council adopts 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 State pays the Village amounts equaling these deductions. The Village includes these with Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half payment 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.

Property owners assess tangible personal property tax. They must file a list of tangible 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 the Village's behalf.



**VILLAGE OF LORDSTOWN  
TRUMBULL COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2005  
(Continued)**

**5. LOCAL INCOME TAX**

The Village levies a municipal income tax of one-half 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.

The ½% municipal income tax is levied, as the result of passage on July 1, 1977, of Ordinance Number 41-77.

**6. DEBT**

Debt outstanding at December 31, 2005 was as follows:

	Principal	Interest Rate
Ohio Public Works Commission Loans	994,112	0%
Total	\$994,112	

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.

The Village's taxing authority collateralizes these loans.

Amortization of the above debt follows:

Year ending December 31:	OPWC Loans
2006	\$68,559
2007	68,559
2008	68,559
2009	68,559
2010	68,559
2011-2020	651,317
Total	\$994,112

**7. RETIREMENT SYSTEMS**

The Village's law enforcement officers belong to the Ohio Police and Fire Pension Funds (OP&F). Other full-time 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 the plans' retirement benefits, including postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2005, OP&F participants contributed 10 percent of their wages. The Village contributed an amount equal to 19.5 percent of police participant wages. OPERS members contributed 8.5 percent of their wages. The Village contributed an amount equal to 13.55 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2005.

**VILLAGE OF LORDSTOWN  
TRUMBULL COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2005  
(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.

**VILLAGE OF LORDSTOWN  
TRUMBULL COUNTY**

**FEDERAL AWARDS EXPENDITURES SCHEDULE  
FOR THE YEAR ENDED DECEMBER 31, 2005**

<b>FEDERAL GRANTOR</b> <i>Pass Through Grantor</i> Program Title	Pass Through Entity Number	Federal CFDA Number	Disbursements
<b>U.S. DEPARTMENT OF COMMERCE</b>			
<b>Public Works and Economic Development Cluster</b>			
Grants for Public Works and Economic Development Facilities	06-01-04789	11.300	947,545
Total Public Works and Economic Development Cluster			<u><b>947,545</b></u>
<b>Total</b>			<u><u><b>\$947,545</b></u></u>

*The accompanying notes are an integral part of this schedule.*

**VILLAGE OF LORDSTOWN  
TRUMBULL COUNTY**

**NOTES TO THE FEDERAL AWARDS EXPENDITURES SCHEDULE  
FISCAL YEAR ENDED DECEMBER 31, 2005**

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

The accompanying Federal Awards Expenditures Schedule (the Schedule) summarizes activity of the Village's federal award programs. The schedule has been prepared on the cash basis of accounting.

**NOTE B - MATCHING REQUIREMENTS**

Certain Federal programs require that the Village contribute non-Federal funds (matching funds) to support the Federally-funded programs. The Village has complied with the matching requirements. The expenditure of non-Federal matching funds is not included on the Schedule.



**Auditor of State  
Betty Montgomery**

**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.  
Lordstown, Ohio 44481

To the Village Council:

We have audited the financial statements of the Village of Lordstown, Trumbull County, (the Village) as of and for the year ended December 31, 2005, and have issued our report thereon dated January 3, 2007, 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 to determine our auditing procedures to express our opinion on the financial statements and not to opine on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable 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 caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider material weaknesses. In a separate letter to the Village's management dated January 3, 2007, we reported other matters involving internal control over financial reporting we did not deem reportable conditions.

**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*. In a separate letter to the Village's management dated January 3, 2007, we reported other matters related to noncompliance we deemed immaterial.

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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 intend this report solely for the information and use of the audit committee, management, Village Council, and the federal awarding agency. It is not intended for anyone other than these specified parties.

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

**Betty Montgomery**  
Auditor of State

January 3, 2007



**Auditor of State  
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER  
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

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

To the Village Council:

**Compliance**

We have audited the compliance of Village of Lordstown (the Village) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement that apply to its major federal program for the year ended December 31, 2005. The summary of auditor's results section of the accompanying schedule of findings identifies the Village's major federal program. The Village's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to express an opinion on the Village's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to reasonably assure whether noncompliance occurred with the types of compliance requirements referred to above that could directly and materially affect a major federal program. An audit includes examining, on a test basis, evidence about the Village's compliance with those requirements and performing other procedures we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Village's compliance with those requirements.

In our opinion, the Village of Lordstown complied, in all material respects, with the requirements referred to above that apply to its major federal program for the year ended December 31, 2005.

**Internal Control Over Compliance**

The Village's management is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Government's internal control over compliance with requirements that could directly and materially affect a major federal program to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Village of Lordstown  
Trumbull County  
Independent Accountants' Report on Compliance With  
Requirements Applicable to Each Major Federal Program  
And on Internal Control Over Compliance in Accordance  
With OMB Circular A-133

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable 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 noncompliance with applicable requirements of laws, regulations, contracts and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

We intend this report solely for the information and use of the audit committee, management, Village Council, federal awarding agencies, and pass-through entities. It is not intended for anyone other than these specified parties.

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

**Betty Montgomery**  
Auditor of State

January 3, 2007



**VILLAGE OF LORDSTOWN  
TRUMBULL COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
DECEMBER 31, 2005**

**1. SUMMARY OF AUDITOR'S RESULTS**

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unqualified
<i>(d)(1)(ii)</i>	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material internal control weakness conditions reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unqualified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	11.300 – Grants for Public Works and Economic Development Facilities
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	No

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

NONE

**3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

NONE





**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  
MARCH 13, 2007**