



**Auditor of State  
Betty Montgomery**



VILLAGE OF NORTH LEWISBURG  
CHAMPAIGN COUNTY

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**Auditor of State  
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT**

Village of North Lewisburg  
Champaign County  
60 East Maple Street  
North Lewisburg, Ohio 43060

To the Village Council:

We have audited the accompanying financial statements of the Village of North Lewisburg, Champaign County, (the Village), as of and for the years ended December 31, 2003 and 2002. 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 *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described Note 1, the Village prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Village of North Lewisburg, Champaign County, as of December 31, 2003 and 2002, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 20, 2004, 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 grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

This report is intended solely for the information and use of the audit committee, management, Village Council, and other officials authorized to receive this report under Section 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

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

**Betty Montgomery**  
Auditor of State

September 20, 2004

**VILLAGE OF NORTH LEWISBURG  
CHAMPAIGN COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2003**

	<u>Governmental Fund Types</u>		<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Property Tax and Other Local Taxes	\$209,936		\$209,936
Special Assessments	669		669
Intergovernmental Receipts	126,380	\$55,292	181,672
Fines, Licenses, and Permits	22,917		22,917
Earnings on Investments	11,053	299	11,352
Miscellaneous	12,437	10,400	22,837
	<u>383,392</u>	<u>65,991</u>	<u>449,383</u>
<b>Total Cash Receipts</b>			
<b>Cash Disbursements:</b>			
Current:			
Security of Persons and Property	102,410	2,383	104,793
Public Health Services	4,373		4,373
Transportation	89,782	41,747	131,529
General Government	250,279		250,279
	<u>446,844</u>	<u>44,130</u>	<u>490,974</u>
<b>Total Cash Disbursements</b>			
Total Receipts Over/(Under) Disbursements	<u>(63,452)</u>	<u>21,861</u>	<u>(41,591)</u>
<b>Other Financing Receipts and (Disbursements):</b>			
Transfers-In	978		978
Transfers-Out	0	(978)	(978)
Other Sources	653	374	1,027
	<u>1,631</u>	<u>(604)</u>	<u>1,027</u>
<b>Total Other Financing Receipts/(Disbursements)</b>			
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(61,821)	21,257	(40,564)
Fund Cash Balances, January 1	<u>420,502</u>	<u>99,670</u>	<u>520,172</u>
<b>Fund Cash Balances, December 31</b>	<u><b>\$358,681</b></u>	<u><b>\$120,927</b></u>	<u><b>\$479,608</b></u>
Reserves for Encumbrances, December 31	<u>\$22,751</u>	<u>\$1,986</u>	<u>\$24,737</u>

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

**VILLAGE OF NORTH LEWISBURG  
CHAMPAIGN 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, 2003**

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
<b>Operating Cash Receipts:</b>			
Charges for Services	\$455,425		\$455,425
Miscellaneous	10,519		10,519
Total Operating Cash Receipts	<u>465,944</u>		<u>465,944</u>
<b>Operating Cash Disbursements:</b>			
Personal Services	106,265		106,265
Contractual Services	87,688		87,688
Supplies and Materials	23,305		23,305
Capital Outlay	15,000		15,000
Total Operating Cash Disbursements	<u>232,258</u>		<u>232,258</u>
Operating Income/(Loss)	<u>233,686</u>		<u>233,686</u>
<b>Non-Operating Cash Receipts:</b>			
Other Non-Operating Receipts	711	\$24,187	24,898
<b>Non-Operating Cash Disbursements:</b>			
Debt Service	249,857		249,857
Other Non-Operating Cash Disbursements	195	24,187	24,382
Total Non-Operating Cash Disbursements	<u>250,052</u>		<u>274,239</u>
Excess of Receipts Over/(Under) Disbursements Before Interfund Transfers and Advances	(15,655)		(15,655)
Transfers-In	980		980
Transfers-Out	(980)		(980)
Net Receipts Over/(Under) Disbursements	(15,655)		(15,655)
Fund Cash Balances, January 1	<u>412,064</u>		<u>412,064</u>
<b>Fund Cash Balances, December 31</b>	<b><u>\$396,409</u></b>	<b><u>\$0</u></b>	<b><u>\$396,409</u></b>
Reserve for Encumbrances, December 31	<u>\$36,971</u>	<u>\$0</u>	<u>\$36,971</u>

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



**VILLAGE OF NORTH LEWISBURG  
CHAMPAIGN COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2002**

	<u>Governmental Fund Types</u>			<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>				
Property Tax and Other Local Taxes	\$206,103			\$206,103
Special Assessments	328			328
Intergovernmental Receipts	191,852	\$64,367	\$575,193	831,412
Fines, Licenses, and Permits	16,757			16,757
Earnings on Investments	18,120	510		18,630
Miscellaneous	7,794	4,000		11,794
	<u>440,954</u>	<u>68,877</u>	<u>575,193</u>	<u>1,085,024</u>
<b>Total Cash Receipts</b>				
<b>Cash Disbursements:</b>				
Current:				
Security of Persons and Property	99,092	4,112		103,204
Public Health Services	3,832			3,832
Leisure Time Activities	5,691			5,691
Transportation	188,148	110,486	575,193	873,827
General Government	221,251	1,369		222,620
Capital Outlay	17,572			17,572
	<u>535,586</u>	<u>115,967</u>	<u>575,193</u>	<u>1,226,746</u>
<b>Total Cash Disbursements</b>				
Total Receipts Over/(Under) Disbursements	<u>(94,632)</u>	<u>(47,090)</u>		<u>(141,722)</u>
<b>Other Financing Receipts and (Disbursements):</b>				
Other Sources	<u>7,895</u>			<u>7,895</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(86,737)	(47,090)		(133,827)
Fund Cash Balances, January 1	<u>507,239</u>	<u>146,760</u>		<u>653,999</u>
<b>Fund Cash Balances, December 31</b>	<u><b>\$420,502</b></u>	<u><b>\$99,670</b></u>	<u><b>\$0</b></u>	<u><b>\$520,172</b></u>
Reserves for Encumbrances, December 31	<u>\$51,878</u>	<u>\$1,154</u>	<u>\$0</u>	<u>\$53,032</u>

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

**VILLAGE OF NORTH LEWISBURG  
CHAMPAIGN 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, 2002**

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
<b>Operating Cash Receipts:</b>			
Charges for Services	\$413,288		\$413,288
Miscellaneous	4,240		4,240
Total Operating Cash Receipts	<u>417,528</u>		<u>417,528</u>
<b>Operating Cash Disbursements:</b>			
Personal Services	95,356		95,356
Contractual Services	44,232		44,232
Supplies and Materials	9,464		9,464
Capital Outlay	3,950		3,950
Total Operating Cash Disbursements	<u>153,002</u>		<u>153,002</u>
Operating Income/(Loss)	<u>264,526</u>		<u>264,526</u>
<b>Non-Operating Cash Receipts:</b>			
Other Non-Operating Receipts	1,346	\$14,647	15,993
<b>Non-Operating Cash Disbursements:</b>			
Debt Service	254,742		254,742
Other Non-Operating Cash Disbursements	54	14,647	14,701
Total Non-Operating Cash Disbursements	<u>254,796</u>	<u>14,647</u>	<u>269,443</u>
Excess of Receipts Over/(Under) Disbursements Before Interfund Transfers and Advances	11,076	0	11,076
Transfers-In	1,920		1,920
Transfers-Out	(1,920)		(1,920)
Net Receipts Over/(Under) Disbursements	11,076		11,076
Fund Cash Balances, January 1	<u>400,988</u>		<u>400,988</u>
<b>Fund Cash Balances, December 31</b>	<b><u>\$412,064</u></b>	<b><u>\$0</u></b>	<b><u>\$412,064</u></b>
Reserve for Encumbrances, December 31	<u>\$23,414</u>	<u>\$0</u>	<u>\$23,414</u>

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

**VILLAGE OF NORTH LEWISBURG  
CHAMPAIGN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The Village of North Lewisburg, Champaign County, (the Village) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village is directed by a publicly-elected six-member Council. The Village provides water and sewer utilities and park operations (leisure time activities). The Village contracts with the Champaign County Sheriff's department to provide security of persons and property.

The Village's management believes these financial statements present all activities for which the Village is financially accountable.

**B. Basis of Accounting**

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

**C. Cash and Investments**

Certificates of deposit are valued at cost.

**D. Fund Accounting**

The Village uses fund accounting to segregate cash and investments that are restricted as to use. The Village classifies its funds into the following types:

**1. General Fund**

The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

**2. Special Revenue Fund**

These funds are used to account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. The Village had the following significant Special Revenue Funds:

**Street Construction, Maintenance and Repair Fund** - This fund receives gasoline tax and motor vehicle tax money for constructing, maintaining and repairing Village streets.

**Impact Fees Fund** -This fund is used to account for all financial resources restricted to the construction of new residential properties within the Village.

**VILLAGE OF NORTH LEWISBURG  
CHAMPAIGN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002  
(Continued)**

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

**3. Capital Project Funds**

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through enterprise or trust funds). The Village had the following significant capital project funds:

**State Route 245 Reconstruction Fund** - This fund receives grant money for the reconstruction and improvements of State Route 245.

**4. Enterprise Funds**

These funds account for operations that are similar to private business enterprises where management intends that the significant costs of providing certain goods or services will be recovered through user charges. The Village had the following significant Enterprise Funds:

**Water Fund** - This fund receives charges for services from residents to cover the cost of providing this utility.

**Sewer Fund** - This fund receives charges for services from residents to cover the cost of providing this utility.

**5. Fiduciary Fund (Agency Fund)**

Funds for which the Village is acting in an agency capacity are classified as agency funds. The Village had the following significant fiduciary funds:

**Mayor's Court Fund** - This fund is utilized to account for court fines and the distribution of court fines to the appropriate jurisdiction.

**E. Budgetary Process**

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

**1. Appropriations**

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The Council must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year end.

**2. Estimated Resources**

Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1. The County Budget Commission must also approve estimated resources.

**VILLAGE OF NORTH LEWISBURG  
CHAMPAIGN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002  
(Continued)**

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

**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 2003 and 2002 budgetary activity appears in Note 3.

**F. Property, Plant and Equipment**

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

**G. Accumulated Leave**

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Village's basis of accounting.

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

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

	<b>2003</b>	<b>2002</b>
Demand deposits	\$463,295	\$519,514
Certificates of deposit	412,722	412,722
Total deposits and investments	\$876,017	\$932,236

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

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending Decemer 31, 2003 and 2002 follows:

<b>2003 Budgeted vs. Actual Receipts</b>			
<b>Fund Type</b>	<b>Budgeted Receipts</b>	<b>Actual Receipts</b>	<b>Variance</b>
General	\$359,742	\$385,023	\$25,281
Special Revenue	53,700	66,365	12,665
Enterprise	466,152	467,635	1,483
Total	\$879,594	\$919,023	\$39,429

**VILLAGE OF NORTH LEWISBURG  
CHAMPAIGN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002  
(Continued)**

**3. BUDGETARY ACTIVITY (Continued)**

<b>2003 Budgeted vs. Actual Budgetary Basis Expenditures</b>			
<b>Fund Type</b>	<b>Appropriation Authority</b>	<b>Budgetary Expenditures</b>	<b>Variance</b>
General	\$652,731	\$469,595	\$183,136
Special Revenue	142,506	47,094	95,412
Enterprise	750,235	520,261	229,974
Total	<u>\$1,545,472</u>	<u>\$1,036,950</u>	<u>\$508,522</u>

<b>2002 Budgeted vs. Actual Receipts</b>			
<b>Fund Type</b>	<b>Budgeted Receipts</b>	<b>Actual Receipts</b>	<b>Variance</b>
General	\$435,398	\$448,849	\$13,451
Special Revenue	66,797	68,877	2,080
Capital Projects	726,017	575,193	(150,824)
Enterprise	425,433	420,794	(4,639)
Total	<u>\$1,653,645</u>	<u>\$1,513,713</u>	<u>(\$139,932)</u>

<b>2002 Budgeted vs. Actual Budgetary Basis Expenditures</b>			
<b>Fund Type</b>	<b>Appropriation Authority</b>	<b>Budgetary Expenditures</b>	<b>Variance</b>
General	\$641,313	\$587,464	\$53,849
Special Revenue	194,500	117,121	77,379
Capital Projects	726,017	575,193	150,824
Enterprise	523,602	433,132	90,470
Total	<u>\$2,085,432</u>	<u>\$1,712,910</u>	<u>\$372,522</u>

**4. PROPERTY TAX**

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by Village Council. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to make semiannual payments, 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 NORTH LEWISBURG  
CHAMPAIGN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002  
(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's third party administrator, Regional Income Tax Authority, either monthly or quarterly, as required. The Regional Income Tax Authority remits collected taxes to the Village monthly. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually.

**6. DEBT**

Debt outstanding at December 31, 2003 was as follows:

	<b>Principal</b>	<b>Interest Rate</b>
General Obligation Sewer Bonds	\$105,000	6.5 - 7.125%
Ohio Water Development Authority Loan - Sewer	516,324	5.20%
Ohio Public Works Commission Loan - Sewer	285,000	0.00%
Ohio Water Development Authority Loan - Water	8,953	7.36%
Ohio Public Works Commission Loan - Water	265,361	0.00%
Mortgage Refunding Revenue Bonds	988,000	5.25%
Total	<b>\$2,168,638</b>	

On August 1, 1989, the Village issued \$240,000 of general obligation sewer bonds for the construction of a sewer treatment plant. The bonds are redeemed in annual principal and semiannual interest payments. The bonds mature on August 1, 2009. The debt is to be repaid with user fees.

The Ohio Water Development Authority (OWDA) loans relate to the construction of the wastewater treatment facilities, a water supply well, and a water main. On October 24, 1991 the Village borrowed \$895,659 for the construction of the wastewater treatment facilities, which is to be repaid with semi-annual payments over 20 years. The Village also borrowed \$30,920 for the construction of a water supply well and water main, which is to be repaid in semi-annual payments over 20 years. Both of these debt issues are to be repaid with user fees.

The Ohio Public Works Commission (OPWC) loans relate to the wastewater treatment plant and water system improvements projects. On July 31, 1991 the Village borrowed \$600,000 for its wastewater treatment plant improvements project, which is to be repaid with semi-annual payments over 20 years. On July 1, 1995 the Village borrowed \$393,127 for its water system improvements project, which is to be repaid with semi-annual payments over 20 years. Both of these debt issues are to be repaid with user fees.

On December 18, 1995 the Village issued \$1,450,000 of mortgage revenue bonds for the purpose of paying the costs of certain waterworks system improvements. On October 20, 2003 the Village issued \$1,024,000 of mortgage revenue refunding bonds for the purpose of refunding the outstanding balance of the Village's mortgage revenue bonds dated December 18, 1995. The bonds are redeemed in semiannual payments of varying principal and interest amounts. The bonds mature December 1, 2020. The debt is to be repaid with user fees.

**VILLAGE OF NORTH LEWISBURG  
CHAMPAIGN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002  
(Continued)**

**6. DEBT (Continued)**

The General Obligation Bonds are collateralized by the Village's taxing authority.

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

	<b>General Obligation Bonds</b>
Year ending December 31:	
2004	\$266,817
2005	265,101
2006	264,237
2007	269,178
2008	263,503
2009-2013	1,190,765
2014-2018	663,592
Total	<b>\$3,183,193</b>

**7. RETIREMENT SYSTEMS**

The Village's employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. The plan provides retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2003 and 2002, PERS members contributed 8.5% of their wages. The Village contributed an amount equal to 13.55% of participants' gross salaries for 2003 and 2002. The Village has paid all contributions required through December 31, 2003.

**8. RISK MANAGEMENT**

The Village belongs to the Ohio Municipal Joint Self-Insurance Pool, (the "Pool"), an unincorporated non-profit association available to municipal corporations and their instrumentalities. The Plan is a separate legal entity per Section 2744.081 of the Ohio Revised Code. The Pool provides property and casualty insurance for its members. The Plan pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles. The Pool cedes certain premiums to reinsurers or excess reinsurers. The Pool is contingently liable should any reinsurer be unable to meet its reinsurance obligations. The Pools financial statements (audited by other auditors) conform with generally accepted accounting principles, and reported the following assets, liabilities, and retained deficit at December 31, 2003 and 2002:

	2003	2002 (Restated)
Assets	\$1,811,340	\$1,852,060
Liabilities	(3,653,152)	(3,858,213)
Retained Deficit	(\$1,841,812)	(\$2,006,153)





## **Auditor of State Betty Montgomery**

### **INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROL REQUIRED BY *GOVERNMENT AUDITING STANDARDS***

Village of North Lewisburg  
Champaign County  
60 East Maple Street  
North Lewisburg, Ohio 43060

To the Village Council:

We have audited the financial statements of Village of North Lewisburg, Champaign County, (the Village), as of and for the years ended December 31, 2003 and 2002, and have issued our report thereon dated September 20, 2004. 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 *Government Auditing Standards*, issued by the Comptroller General of the United States.

#### **Compliance**

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts and grants, 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 such an opinion. The results of our tests disclosed no instances of noncompliance we must report under *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 for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to the Village's management in a separate letter dated September 20, 2004.

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

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

**Betty Montgomery**  
Auditor of State

September 20, 2004

**VILLAGE OF NORTH LEWISBURG  
CHAMPAIGN COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2003 AND 2002**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b>Explain:</b>
2001-30311-001	Ohio Rev. Code Section 5705.41(B), Expenditures and Encumbrances exceed appropriations.	Yes	





**Auditor of State  
Betty Montgomery**

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**VILLAGE OF NORTH LEWISBURG  
CHAMPAIGN 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  
NOVEMBER 23, 2004**