

***VILLAGE OF NORTH LEWISBURG
CHAMPAIGN COUNTY, OHIO***

AUDIT REPORT

FOR THE YEARS ENDED DECEMBER 31, 2005 & 2004

Charles E. Harris and Associates, Inc.
Certified Public Accountants and Government Consultants



Mary Taylor, CPA

Auditor of State

Village Council
Village of North Lewisburg
60 East Maple Street
North Lewisburg, Ohio 43060

We have reviewed the *Report of Independent Accountants* of the Village of North Lewisburg, Champaign County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2004 to December 31, 2005. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

The financial statements in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Auditor of State. Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Report of Independent Accountants* on your financial statements. While the Auditor of State 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. The attached report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the statements are misstated under the non-GAAP regulatory basis. The *Report of Independent Accountants* also includes an opinion on the financial statements using the regulatory format the Auditor of State permits.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Village of North Lewisburg is responsible for compliance with these laws and regulations.

Mary Taylor

Mary Taylor, CPA
Auditor of State

March 12, 2007

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**VILLAGE OF NORTH LEWISBURG
CHAMPAIGN COUNTY
For the Years Ending December 31, 2005 and 2004**

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Charles E. Harris & Associates, Inc.
Certified Public Accountants

REPORT OF INDEPENDENT ACCOUNTANTS

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

To the Village Council:

We have audited the accompanying financial statements of the Village of North Lewisburg, Champaign County (the Village) as and for the years ended December 31, 2005 and 2004. 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 that 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 years ended December 31, 2005 and 2004. Instead of the combined funds the accompanying financial statements present for 2005 and 2004, the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately for 2005 and 2004. 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 the 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 years ended December 31, 2005 and 2004, 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 and 2004, or its changes in financial position or cash flows 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 the Village of North Lewisburg, Champaign County, as of December 31, 2005 and 2004, and its combined cash receipts and disbursements for the years 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 years ended December 31, 2005 and 2004. 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 December 28, 2006, 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 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.

Charles E. Harris & Associates, Inc.

December 28, 2006

**VILLAGE OF NORTH LEWISBURG
CHAMPAIGN COUNTY, OHIO
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND
CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
For the Year Ended December 31, 2004**

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Property and Local Taxes	\$ 19,639	-	\$ 19,639
Municipal Income Tax	186,295	-	186,295
Intergovernmental	79,135	\$ 57,611	136,746
Special Assessments	274	-	274
Fines, Licenses, and Permits	18,808	8,130	26,938
Earnings on Investments	9,721	689	10,410
Miscellaneous	76,438	9,232	85,670
Total Cash Receipts	<u>390,310</u>	<u>75,662</u>	<u>465,972</u>
Cash Disbursements:			
Current:			
Security of Persons and Property	102,411	-	102,411
Public Health Service	4,397	-	4,397
Leisure Time Activities	2,280	-	2,280
Transportation	-	45,739	45,739
General Government	256,205	-	256,205
Capital Outlay	45,492	-	45,492
Total Cash Disbursements	<u>410,785</u>	<u>45,739</u>	<u>456,524</u>
Excess of Cash Receipts Over/(Under) Cash Disbursements	<u>(20,475)</u>	<u>29,923</u>	<u>9,448</u>
Fund Cash Balance, January 1, 2004	<u>358,681</u>	<u>120,927</u>	<u>479,608</u>
Fund Cash Balance, December 31, 2004	<u>\$ 338,206</u>	<u>\$ 150,850</u>	<u>\$ 489,056</u>
Reserves for Encumbrances, December 31, 2004	<u>\$ 10,170</u>	<u>\$ 4,175</u>	<u>\$ 14,345</u>

See accompanying Notes to the Financial Statements.

**VILLAGE OF NORTH LEWISBURG
CHAMPAIGN COUNTY, OHIO
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND
CASH BALANCES - PROPRIETARY FUND TYPES AND SIMILAR FIDUCIARY FUNDS
For the Year Ended December 31, 2004**

	Proprietary Fund Type	Fiduciary Fund Type	Total (Memorandum Only)
	Enterprise	Agency	
Operating Cash Receipts:			
Charges for Services	\$ 443,521	-	\$ 443,521
Miscellaneous	33,157	-	33,157
Total Operating Cash Receipts	476,678	-	476,678
Operating Cash Disbursements:			
Personal Services	105,073	-	105,073
Contractual Services	71,900	-	71,900
Supplies and Materials	9,885	-	9,885
Total Operating Cash Disbursements	186,858	-	186,858
Operating Income / (Loss)	289,820	-	289,820
Non-Operating Receipts/Disbursements:			
Other Non-Operating Receipts	-	\$ 18,048	18,048
Other Non-Operating Disbursements	-	(18,048)	(18,048)
Redemption of Principal	(150,310)	-	(150,310)
Interest and Other Fiscal Charges	(86,233)	-	(86,233)
Total Non-Operating Receipts / (Disbursements):	(236,543)	-	(236,543)
Net Income / (Loss)	53,277	-	53,277
Fund Cash Balance, January 1, 2004	396,409	-	396,409
Fund Cash Balance, December 31, 2004	\$ 449,686	\$ -	\$ 449,686
Reserves for Encumbrances, December 31, 2004	\$ 3,386	\$ -	\$ 3,386

See accompanying Notes to the Financial Statements.

**VILLAGE OF NORTH LEWISBURG
CHAMPAIGN COUNTY, OHIO
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND
CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
For the Year Ended December 31, 2005**

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Property and Local Taxes	\$ 20,184	-	\$ 20,184
Municipal Income Tax	204,859	-	204,859
Intergovernmental	37,796	\$ 99,984	137,780
Special Assessments	1,420	-	1,420
Fines, Licenses, and Permits	29,365	-	29,365
Earnings on Investments	20,672	2,587	23,259
Miscellaneous	22,344	1,300	23,644
Total Cash Receipts	<u>336,640</u>	<u>103,871</u>	<u>440,511</u>
Cash Disbursements:			
Current:			
Security of Persons and Property	104,075	-	104,075
Public Health Service	4,510	-	4,510
Leisure Time Activities	24,318	-	24,318
Transportation	-	65,841	65,841
General Government	174,881	32,891	207,772
Capital Outlay	8,113	10,000	18,113
Total Cash Disbursements	<u>315,897</u>	<u>108,732</u>	<u>424,629</u>
Total Receipts Over / (Under) Disbursements	20,743	(4,861)	15,882
Other Financing Sources / (Uses):			
Transfer-In	3,000	15,886	18,886
Transfer-Out	-	(18,886)	(18,886)
Total Other Financing Sources / (Uses):	<u>3,000</u>	<u>(3,000)</u>	<u>-</u>
Excess of Cash Receipts and Other Financing Sources Over / (Under) Cash Disbursements and Other Financing Uses	23,743	(7,861)	15,882
Fund Cash Balance, January 1, 2005	<u>338,206</u>	<u>150,850</u>	<u>489,056</u>
Fund Cash Balance, December 31, 2005	<u>\$ 361,949</u>	<u>\$ 142,989</u>	<u>\$ 504,938</u>
Reserves for Encumbrances, December 31, 2005	<u>\$ 6,315</u>	<u>\$ 2,510</u>	<u>\$ 8,825</u>

See accompanying Notes to the Financial Statements.

**VILLAGE OF NORTH LEWISBURG
CHAMPAIGN COUNTY, OHIO
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND
CASH BALANCES - PROPRIETARY FUND TYPES AND SIMILAR FIDUCIARY FUNDS
For the Year Ended December 31, 2005**

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Total (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
Operating Cash Receipts:			
Charges for Services	\$ 467,042	-	\$ 467,042
Miscellaneous	7,880	-	7,880
Total Operating Cash Receipts	<u>474,922</u>	<u>-</u>	<u>474,922</u>
Operating Cash Disbursements:			
Personal Services	93,836	-	93,836
Contractual Services	92,335	-	92,335
Supplies and Materials	24,177	-	24,177
Total Operating Cash Disbursements	<u>210,348</u>	<u>-</u>	<u>210,348</u>
Operating Income / (Loss)	264,574	-	264,574
Non-Operating Receipts/Disbursements:			
Non-Operating Receipts	-	\$ 29,184	29,184
Non-Operating Disbursements	-	(29,184)	(29,184)
Proceeds of OPWC Loan	23,911	-	23,911
Intergovernmental	42,568	-	42,568
Redemption of Principal	(178,833)	-	(178,833)
Interest and Other Fiscal Charges	(80,618)	-	(80,618)
Total Non-Operating Receipts / (Disbursements):	<u>(192,972)</u>	<u>-</u>	<u>(192,972)</u>
Net Income / (Loss)	71,602	-	71,602
Fund Cash Balance, January 1, 2005	<u>449,686</u>	<u>-</u>	<u>449,686</u>
Fund Cash Balance, December 31, 2005	<u>\$ 521,288</u>	<u>\$ -</u>	<u>\$ 521,288</u>
Reserves for Encumbrances, December 31, 2005	<u>\$ 57,065</u>	<u>\$ -</u>	<u>\$ 57,065</u>

See accompanying Notes to the Financial Statements.

**VILLAGE OF NORTH LEWISBURG
CHAMPAIGN COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2005 and 2004**

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 for the purpose of exercising 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, 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's 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.)

The 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 to use. The Village classifies its funds into the following types:

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

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

**VILLAGE OF NORTH LEWISBURG
CHAMPAIGN COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2005 and 2004**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES -(Continued)

D. FUND ACCOUNTING – (Continued)

- **Street Construction, Maintenance, and Repair Fund:** This fund receives gasoline tax and motor vehicle tax money for constructing, maintaining, and repairing Village streets.
- **Impact Fee Fund:** This fund is used to account for all financial resources restricted to the construction of new residential properties within the Village.

Enterprise Fund: 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.

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.

- **Appropriations**

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function and 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 and are re-appropriated.

- **Estimated Resources**

Estimated resources include estimates of cash to be received (budgeted receipts) plus cash as of January 1. The County Budget Commission must also approve estimated resources. Appropriation may not exceed estimated resources.

**VILLAGE OF NORTH LEWISBURG
CHAMPAIGN COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2005 and 2004**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

• **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 re-appropriated in the subsequent year.

A summary of 2005 and 2004 budgetary activity appears in Note 5.

F. PROPERTY, PLANT, AND EQUIPMENT

Acquisitions of property, plant and equipment are recorded as capital outlay 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 investment pool used by all funds. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash and investments at December 31 was as follows:

		<u>2005</u>		<u>2004</u>
Demand Deposits	\$	613,503	\$	526,020
Certificates of Deposit		412,723		412,722
Total Deposits	\$	<u>1,026,226</u>	\$	<u>938,742</u>

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

3. PROPERTY TAXES

Real property taxes are levied on assessed values, which equal 35% of appraised value. The county auditor reappraises all real property every six years with a triennial update. The last update was completed for tax year 2001.

**VILLAGE OF NORTH LEWISBURG
CHAMPAIGN COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2005 and 2004**

3. PROPERTY TAXES - (Continued)

Real property taxes become a lien on all non-exempt real property located in the county on January 1. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31 with the remainder payable by June 20 of the following year. Under certain circumstances, state statute permits later payment dates to be established.

The State Board of Tax Equalization adjusts the tax rates for inflation. Real property owners' tax bills are further reduced by homestead and rollback deductions when applicable. The amount of these homestead and rollback reductions is reimbursed to the Village by the State of Ohio. The amounts reimbursed by the State of Ohio are reflected in the accompanying financial statements as intergovernmental receipts.

Public utilities are also taxed on personal and real property located within the Village. The property owners, who must file a list of such property to the County by each April 30, assess tangible personal property tax.

The Champaign County Treasurer collects property tax on behalf of all taxing Villages within the county. The Champaign County Auditor periodically remits to the taxing Village their portions of the taxes collected.

4. 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'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.

5. BUDGETARY ACTIVITY

Budgetary activity for the years ended December 31, 2005 and 2004 follows:

2005 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 282,826	\$ 339,640	\$ 56,814
Special Revenue	57,375	119,757	62,382
Enterprise	453,500	541,401	87,901
Total	\$ 793,701	\$ 1,000,798	\$ 207,097

**VILLAGE OF NORTH LEWISBURG
CHAMPAIGN COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2005 and 2004**

5. BUDGETARY ACTIVITY - (Continued)

2005 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 409,376	\$ 322,212	\$ 87,164
Special Revenue	162,200	130,128	32,072
Enterprise	641,144	526,864	114,280
Total	\$ 1,212,720	\$ 979,204	\$ 233,516

2004 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 345,517	\$ 390,310	\$ 44,793
Special Revenue	54,310	75,662	21,352
Enterprise	455,591	476,678	21,087
Total	\$ 855,418	\$ 942,650	\$ 87,232

2004 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 518,112	\$ 420,955	\$ 97,157
Special Revenue	142,200	49,914	92,286
Enterprise	633,948	426,787	207,161
Total	\$ 1,294,260	\$ 897,656	\$ 396,604

6. DEBT

Debt outstanding at December 31, 2005 was as follows:

	Principal	Interest Rate
General Obligation Sewer Bonds	\$ 75,000	6.5-7.125%
Ohio Water Development Authority Loan -Sewer	421,261	5.20%
Ohio Public Works Commission Loan-Sewer	225,000	0.00%
Ohio Water Development Authority Loan - Water	4,097	7.36%
Ohio Public Works Commission Loan-Water	226,048	0.00%
Mortgage Refunding Revenue Bonds	912,000	5.25%
Total	\$ 1,863,406	

**VILLAGE OF NORTH LEWISBURG
CHAMPAIGN COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2005 and 2004**

6. DEBT - (Continued)

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 general obligation bonds are collateralized by the Village's taxing authority.

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 with 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 issues are to be repaid with user fees.

On December 18, 1995 the Village issued \$1,450,000 of mortgage revenue bond 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.

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

	Long-Term Debt
Year Ending December 31:	
2006	\$ 235,446
2007	236,673
2008	234,489
2009	233,650
2010	211,652
2011-2015	764,618
2016-2020	476,016
	\$ 2,392,544

**VILLAGE OF NORTH LEWISBURG
CHAMPAIGN COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2005 and 2004**

7. RETIREMENT SYSTEM

All Village employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code. Those who do not belong to OPERS elected to enroll in Social Security. The Village's liability is 6.2 percent of wages paid.

Contribution rates are also prescribed by the Ohio Revised Code. For 2005 and 2004, members of OPERS contributed 8.5 percent of their wages. The Village contributes an amount equal to 13.55 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2005.

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 Pool's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities, and retained deficit at December 31, 2004 and 2003 (latest information available):

<u>Casualty Coverage</u>	<u>2004</u>	<u>2003</u>
Assets	\$ 2,390,150	\$ 1,811,340
Liabilities	<u>(3,424,271)</u>	<u>(3,653,152)</u>
Retained Earnings	\$ <u>(1,034,121)</u>	\$ <u>(1,841,812)</u>

9. TRANSFERS

Transfers were made from the FEMA fund to various other funds for reimbursement of expenses. All transfers were made in accordance with the Ohio Revised Code and applicable grant requirements.

10. CONTINGENT LIABILITIES/SUBSEQUENT EVENTS

Management believes there are no pending claims or lawsuits.

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Charles E. Harris & Associates, Inc.
Certified Public Accountants

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
REQUIRED BY GOVERNMENT AUDITING STANDARDS**

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

To the Village Council:

We have audited the financial statements of the Village of North Lewisburg, Champaign County (the Village) as of and for the years ended December 31, 2005 and 2004, and have issued our report thereon dated December 28, 2006, 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 standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Controls Over Financial Reporting

In planning and performing our audit, we considered the Village's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts cause by error or fraud that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

However, we noted other matters involving the internal control over financial reporting that we have reported to the management of the Village in a separate letter dated December 28, 2006.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, grants agreements and other matters, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

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

Charles E. Harris and Associates, Inc.
December 28, 2006

VILLAGE OF NORTH LEWISBURG
CHAMPAIGN COUNTY, OHIO
For the Years Ended December 31, 2005 AND 2004

SCHEDULE OF PRIOR AUDIT FINDINGS

The prior audit, for the years ended December 31, 2003 and 2002, reported no material citations or recommendations.



Mary Taylor, CPA
Auditor of State

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
MARCH 27, 2007