

***VILLAGE OF CROWN CITY  
GALLIA COUNTY, OHIO***

***AUDIT REPORT***

***FOR THE YEARS ENDED DECEMBER 31, 2003 & 2002***

***Charles E. Harris and Associates, Inc.***  
**Certified Public Accountants**





**Auditor of State  
Betty Montgomery**

Members of Council  
Village of Crown City

We have reviewed the Independent Auditor's Report of the Village of Crown City, Gallia County, prepared by Charles E. Harris & Associates, Inc. for the audit period January 1, 2002 through December 31, 2003. 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.

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 Crown City is responsible for compliance with these laws and regulations.

*Betty Montgomery*

BETTY MONTGOMERY  
Auditor of State

June 17, 2005

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**VILLAGE OF CROWN CITY**  
**GALLIA COUNTY, OHIO**  
**Audit Report**  
**For the Years Ended December 31, 2003 & 2002**

**TABLE OF CONTENTS**

<b><u>Title</u></b>	<b><u>Page</u></b>
<b>Report of Independent Accountants</b>	<b>1</b>
<b>Combined Statement of Cash, Investments and Fund Cash Balances - All Fund Types - As of December 31, 2003 and 2002</b>	<b>2</b>
<b>Combined Statement of Receipts, Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types- For the Years Ended December 31, 2003 and 2002</b>	<b>3 -4</b>
<b>Combined Statement of Receipts - Budget and Actual - For the Years Ended December 31, 2003 and 2002</b>	<b>5 - 6</b>
<b>Combined Statement of Disbursements and Encumbrances Compared With Expenditure Authority - For the Years Ended December 31, 2003 and 2002</b>	<b>7 - 8</b>
<b>Notes to the Financial Statements</b>	<b>9 -13</b>
<b>Report on Internal Control Over Financial Reporting and on Compliance And Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i></b>	<b>14</b>
<b>Status of Prior Audit Findings</b>	<b>16</b>

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

## REPORT OF INDEPENDENT ACCOUNTANTS

The Honorable Mayor and Members  
of Village Council  
Village of Crown City  
Crown City, Ohio

We have audited the accompanying financial statements of the Village of Crown City (the Village), as of and for the years ended December 31, 2003 and 2002, as listed in the table of contents. 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 discussed in Note 1, the Village prepares its financial statements on a 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 cash, investments and fund cash balances of the Village, as of December 31, 2003 and 2002, and the combined receipts, disbursements, and changes in fund cash balances, its combined statement of receipts-budget and actual and combined statement of disbursements and encumbrances compared with expenditure authority for the years then ended in conformity with the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued a report dated March 15, 2005 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. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

This report is intended solely for the information and use of management 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.

*Charles E. Harris & Associates, Inc.*  
March 15, 2005

**VILLAGE OF CROWN CITY**  
**GALLIA COUNTY, OHIO**  
**COMBINED STATEMENT OF CASH, INVESTMENTS AND FUND**  
**CASH BALANCES - ALL FUND TYPES**  
**As of December 31, 2003 & 2002**

	2003 Balance	2002 Balance
Cash and Cash Equivalents	\$ 132,449	\$ 130,401
Investments	14,060	12,572
	\$ 146,509	\$ 142,973

**CASH BALANCES BY FUND CLASS**

**Governmental Fund Types:**

General Fund	\$ 51,976	\$ 58,752
Special Revenue Funds	94,505	82,721
Capital Projects Fund	28	1,500
Total	\$ 146,509	\$ 142,973

See accompanying Notes to the Financial Statements.



VILLAGE OF CROWN CITY  
GALLIA COUNTY, OHIO  
COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
All Governmental Fund Types  
For the Year Ended December 31, 2003

	Governmental Fund Types			Total Memorandum Only
	General	Special Revenue	Capital Projects	
<b>Receipts:</b>				
Taxes	\$ 1,834	\$ 6,528	\$ -	\$ 8,362
Intergovernmental	65,683	17,455	-	83,138
Charges for Services	975	700	-	1,675
Fines, Licenses and Permits	171	-	-	171
Interest	1,292	245	-	1,537
Other	1,979	6,536	5,000	13,515
<b>Total Receipts</b>	<b>71,934</b>	<b>31,464</b>	<b>5,000</b>	<b>108,398</b>
<b>Disbursements:</b>				
<b>Current:</b>				
Security of Persons & Property	19,785	7,560	-	27,345
Public Health Services	-	3,000	-	3,000
Leisure Time Activities	-	307	-	307
Transportation	-	10,329	-	10,329
General Government	50,013	-	-	50,013
Capital Outlay	-	-	6,472	6,472
<b>Debt Service</b>				
Principal	3,916	-	-	3,916
Interest	3,480	-	-	3,480
<b>Total Disbursements</b>	<b>77,194</b>	<b>21,196</b>	<b>6,472</b>	<b>104,862</b>
<b>Total Receipts Over/(Under) Disbursements</b>	<b>(5,260)</b>	<b>10,268</b>	<b>(1,472)</b>	<b>3,536</b>
<b>Other Financing Sources (Uses):</b>				
Transfers-In	-	1,516	-	1,516
Transfers-Out	(1,516)	-	-	(1,516)
<b>Total Other Financing Sources (Uses)</b>	<b>(1,516)</b>	<b>1,516</b>	<b>-</b>	<b>-</b>
<b>Excess/Deficiency of Receipts and Other Sources Over Disbursements and Other Uses</b>	<b>(6,776)</b>	<b>11,784</b>	<b>(1,472)</b>	<b>3,536</b>
<b>Fund Cash Balance January 1, 2003</b>	<b>58,752</b>	<b>82,721</b>	<b>1,500</b>	<b>142,973</b>
<b>Fund Cash Balance December 31, 2003</b>	<b>\$ 51,976</b>	<b>\$ 94,505</b>	<b>\$ 28</b>	<b>\$ 146,509</b>

See accompanying Notes to the Financial Statements.

**VILLAGE OF CROWN CITY**  
**GALLIA COUNTY, OHIO**  
**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND**  
**CHANGES IN FUND CASH BALANCES**  
**All Governmental Fund Types**  
**For the Year Ended December 31, 2002**

	Governmental Fund Types			Total Memorandum Only
	General	Special Revenue	Capital Projects	
<b>Receipts:</b>				
Taxes	\$ 696	\$ 6,045	\$ -	\$ 6,741
Intergovernmental	66,097	9,334	-	75,431
Charges for Services	600	-	-	600
Fines, Licenses and Permits	95	-	-	95
Interest	1,300	312	-	1,612
Other	6,713	9,317	-	16,030
<b>Total Receipts</b>	<b>75,501</b>	<b>25,008</b>	<b>-</b>	<b>100,509</b>
<b>Disbursements:</b>				
<b>Current:</b>				
Security of Persons & Property	23,059	536	-	23,595
Public Health Services	-	3,000	-	3,000
Leisure Time Activities	-	306	-	306
Basic Utility Services	3,597	-	-	3,597
Transportation	-	2,781	-	2,781
General Government	44,296	-	-	44,296
<b>Debt Service</b>				
Prinicipal	6,263	-	-	6,263
Interest	3,633	-	-	3,633
<b>Total Disbursements</b>	<b>80,848</b>	<b>6,623</b>	<b>-</b>	<b>87,471</b>
<b>Total Receipts Over/(Under)</b>				
Disbursements	(5,347)	18,385	-	13,038
<b>Fund Cash Balance January 1, 2002</b>	<b>64,099</b>	<b>64,336</b>	<b>1,500</b>	<b>129,935</b>
<b>Fund Cash Balance December 31, 2002</b>	<b>\$ 58,752</b>	<b>\$ 82,721</b>	<b>\$ 1,500</b>	<b>\$ 142,973</b>

See accompanying Notes to the Financial Statements.

**VILLAGE OF CROWN CITY**  
**GALLIA COUNTY, OHIO**  
**COMBINED STATEMENT OF RECEIPTS - BUDGET AND ACTUAL**  
**For the Year Ended December 31, 2003**

<u>Fund Types/Funds:</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable/ (Unfavorable)</u>
<b><u>Governmental Fund Types:</u></b>			
General Fund	\$ 77,410	\$ 71,934	\$ (5,476)
Special Revenue	22,905	32,980	10,075
Capital Projects	-	5,000	5,000
	<u>          </u>	<u>          </u>	<u>          </u>
<b>Total (Memorandum Only)</b>	<b>\$ <u>100,315</u></b>	<b>\$ <u>109,914</u></b>	<b>\$ <u>9,599</u></b>

See Accompanying Notes to the Financial Statements.

**VILLAGE OF CROWN CITY**  
**GALLIA COUNTY, OHIO**  
**COMBINED STATEMENT OF RECEIPTS - BUDGET AND ACTUAL**  
**For the Year Ended December 31, 2002**

<u>Fund Types/Funds:</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable/ (Unfavorable)</u>
<b><u>Governmental Fund Types:</u></b>			
General Fund	\$ 76,630	\$ 75,501	\$ (1,129)
Special Revenue	22,500	25,008	2,508
Capital Projects	-	-	-
<b>Total (Memorandum Only)</b>	<b>\$ <u>99,130</u></b>	<b>\$ <u>100,509</u></b>	<b>\$ <u>1,379</u></b>

See Accompanying Notes to the Financial Statements.

**VILLAGE OF CROWN CITY**  
**GALLIA COUNTY, OHIO**  
**COMBINED STATEMENT OF DISBURSEMENTS AND**  
**ENCUMBRANCES COMPARED WITH EXPENDITURE AUTHORITY**  
**For the Year Ended December 31, 2003**

<u>Fund Types/Funds</u>	<u>Carryover</u> <u>Appropriations</u>	<u>Year Ending</u> <u>2003</u> <u>Appropriations</u>	<u>Total</u>	<u>Actual</u> <u>2003</u> <u>Disbursements</u>	<u>Encumbrances</u> <u>as of</u> <u>12/31/03</u>	<u>Total</u>	<u>Variance</u> <u>Favorable/</u> <u>(Unfavorable)</u>
<b>Governmental Funds:</b>							
General Fund	\$ -	\$ 106,994	\$ 106,994	\$ 78,710	\$ 437	\$ 79,147	\$ 27,847
Special Revenue Funds	-	43,085	43,085	21,196	-	21,196	21,889
Capital Projects Funds	-	6,500	6,500	6,472	-	6,472	28
<b>Total (Memorandum Only)</b>	<b>\$ -</b>	<b>\$ 156,579</b>	<b>\$ 156,579</b>	<b>\$ 106,378</b>	<b>\$ 437</b>	<b>\$ 106,815</b>	<b>\$ 49,764</b>

See Accompanying Notes to the Financial Statements.

**VILLAGE OF CROWN CITY**  
**GALLIA COUNTY, OHIO**  
**COMBINED STATEMENT OF DISBURSEMENTS AND**  
**ENCUMBRANCES COMPARED WITH EXPENDITURE AUTHORITY**  
**For the Year Ended December 31, 2002**

<u>Fund Types/Funds</u>	<u>Carryover</u> <u>Appropriations</u>	<u>Year Ending</u> <u>2002</u> <u>Appropriations</u>	<u>Total</u>	<u>Actual</u> <u>2002</u> <u>Disbursements</u>	<u>Encumbrances</u> <u>as of</u> <u>12/31/02</u>	<u>Total</u>	<u>Variance</u> <u>Favorable/</u> <u>(Unfavorable)</u>
<b>Governmental Funds:</b>							
General Fund	\$ -	\$ 104,554	\$ 104,554	\$ 80,848	\$ -	\$ 80,848	\$ 23,706
Special Revenue Funds	-	43,241	43,241	6,623	-	6,623	36,618
Capital Projects Funds	-	1,500	1,500	-	-	-	1,500
<b>Total (Memorandum Only)</b>	<b>\$ -</b>	<b>\$ 149,295</b>	<b>\$ 149,295</b>	<b>\$ 87,471</b>	<b>\$ -</b>	<b>\$ 87,471</b>	<b>\$ 61,824</b>

See Accompanying Notes to the Financial Statements.

**VILLAGE OF CROWN CITY  
GALLIA COUNTY, OHIO  
Notes to the Financial Statements  
For the Years Ended December 31, 2003 and 2002**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. DESCRIPTION OF THE ENTITY**

The Village of Crown City (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 general governmental services, park operations (leisure time activities), maintenance of streets, and police and fire protection services (security of persons and property) and general Village maintenance. The Village contracts with the Lawrence County Sheriff's department to provide security of persons and property.

The Village's management believes these financial statements included in this report represent all of the funds of the Village over which the Village has the ability to exercise direct operating control.

**B. REPORTING ENTITY**

In evaluating how to define the Village for financial reporting purposes, management has considered all agencies, departments and organizations making up the Village of Crown City (the primary government) and its potential component units consistent with Governmental Accounting Standards Board Statement No. 14, "The Financial Reporting Entity." There were no significant changes in the reporting entity related to the implementation of this statement for the current audit period.

Component units are legally separate organizations for which the Village, as the primary government, is financially accountable. The Village is financially accountable for an organization if the Village appoints a voting majority of the organization's governing board and 1) the Village is able to significantly influence the programs or services performed or provided by the organization; or 2) the Village is legally entitled to or can otherwise access the organization's resources; the Village is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the Village is obligated for the debt of the organization. Component units may also include organizations for which the Village approves the budget, the issuance of debt, or the levying of taxes.

Based on the above definitions, the Village has determined that there were no component units required to be included the financial statements.

**C. 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 disbursement 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.

**D. INVESTMENTS AND INACTIVE FUNDS**

Investment procedures are restricted by the provisions of the Ohio Revised Code. Purchased investments are valued at purchase cost. Interest earned is recognized and recorded when received. See Note 2 for further description.

**VILLAGE OF CROWN CITY  
GALLIA COUNTY, OHIO  
Notes to the Financial Statements  
For the Years Ended December 31, 2003 and 2002**

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

E. **FUND ACCOUNTING**

The Village maintains its accounting records in accordance with the principles of "Fund" accounting. Fund accounting is a concept developed to meet the needs of governmental entities in which legal or other restraints require the recording of specific receipts and disbursements. The transactions of each fund are reflected in a self-balancing group of accounts, an accounting entity which stands separate from the activities reported in other funds. The restrictions associated with each class of funds are as follows:

**Governmental Fund Types:**

**General Fund:** The General Fund is the general operating fund of the Village. 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:** To account for the proceeds of specific revenue sources that are legally restricted to disbursements for specified purposes. The Village had the following 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.

*Fire Department Fund-* This fund receives tax monies assessed and levied on general assessed valuation of real and personal property taxes for the operation of the fire department.

**Capital Projects Funds:** This fund is 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).

*Sewer Fund:* This fund receives intergovernmental funding to support the wastewater sewer treatment plant construction project.

F. **BUDGETARY PROCESS**

1. **Budget**

A budget of estimated cash receipts and disbursements is prepared by the Clerk/Treasurer, approved by Council, and submitted to the county auditor, as secretary of the County Budget Commission, by July 15 of each year, for the period January 1 to December 31 of the following year.

2. **Estimated Resources**

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



**VILLAGE OF CROWN CITY  
GALLIA COUNTY, OHIO  
Notes to the Financial Statements  
For the Years Ended December 31, 2003 and 2002**

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** - (continued)

F. **BUDGETARY PROCESS** – (continued)

3. **Appropriations**

A temporary appropriation measure to control cash expenditures may be passed on or about January 1 of each year for the period January 1 to March 31. An annual appropriation measure must be passed by March 31 of each year for the period January 1 to December 31. The appropriation measure may be amended or supplemented during the year as new information becomes available. Appropriations may not exceed estimated resources.

The legal level of budgetary control is at the object level in all funds. Any budgetary modifications at this level may only be made by ordinance of the Village Council.

4. **Encumbrances**

The Village is required to use the encumbrance method of accounting by virtue of Ohio law. Under this system, purchase orders, contracts and other commitments for the expenditure of funds are recorded in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. Unencumbered appropriations lapse at year end. Encumbered appropriations are carried forward to the succeeding fiscal year without being re-appropriated. In the budgetary financial statements, encumbrances are added to budgetary expenditures and compared to current year appropriations plus prior year carry-over appropriations.

G. **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.

H. **UNPAID VACATION AND SICK LEAVE**

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused vacation and sick leave. Unpaid vacation and sick leave are not reflected as liabilities on the accompanying financial statements.

I. **TOTAL COLUMNS ON FINANCIAL STATEMENTS**

Total columns on the financial statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. This data is not comparable to consolidation. Interfund-type eliminations have not been made in the aggregation of this data.

**VILLAGE OF CROWN CITY  
GALLIA COUNTY, OHIO  
Notes to the Financial Statements  
For the Years Ended December 31, 2003 and 2002**

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

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 the Village's cash and investments at December 31 was as follows:

	<u>2003</u>	<u>2002</u>
Demand Deposits	\$132,449	\$ 130,401
Certificates of Deposit	<u>14,060</u>	<u>12,572</u>
Total Deposits and Investments	<u>\$146,509</u>	<u>\$ 142,973</u>

Protection of the Village's deposits is provided by the Federal Deposit Insurance Corporation, by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the Clerk/Treasurer by the financial institution, or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

**3. PROPERTY TAX**

Real property taxes are levied on assessed values which equal 35 percent 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 2003.

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.

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 and are reflected in the accompanying financial statements as Intergovernmental Receipts.

Owners of tangible personal property are required to file a list of such property including costs, by April 30 of each year. The property is assessed for tax purposes at varying statutory percentages of cost.

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

**4. DEBT**

Debt outstanding At December 31, 2003 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Building Acquisition Bonds, Series 1998	\$ 81,898	4.00%
Ohio Water Development Authority Loan #3372	<u>22,500</u>	0.00%
Total	<u>\$ 104,398</u>	

**VILLAGE OF CROWN CITY  
GALLIA COUNTY, OHIO  
Notes to the Financial Statements  
For the Years Ended December 31, 2003 and 2002**

**4. DEBT- (continued)**

Principal and interest requirements to retire long-term obligations outstanding at December 31, 2003 is as follows:

<u>Year</u>	<u>Building Bonds</u>	<u>OWDA</u>	<u>Total</u>
2004	\$ 7,396	\$ 2,500	\$ 9,896
2005	7,396	2,500	9,896
2006	7,396	2,500	9,896
2007	7,396	2,500	9,896
2008	7,396	2,500	9,896
Subsequent	<u>73,960</u>	<u>10,000</u>	<u>\$ 83,960</u>
<b>Total</b>	<b><u>\$ 110,940</u></b>	<b><u>\$ 22,500</u></b>	<b><u>\$ 133,440</u></b>

**5. 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. Pursuant to Section 2744.081 of the Ohio Revised Code, the Pool is deemed a separate legal entity. The Pool provides a program of property and casualty insurance for its members. The Pool pays judgments, settlements and other expenses resulting for covered claims that exceed the members’ deductibles.

**6. RETIREMENT SYSTEMS**

The Village’s employees belong to the Ohio Public Employees Retirement System (OPERS), a state operated, cost sharing, multiple employer public employee retirement system. This plan provides retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code. The 2003 member contribution rates were 8.5%.

Contribution rates are prescribed by the Ohio Revised Code. For 2003 and 2002 members contributed 8.5% of their gross salaries. The Village contributed an amount equal to 13.55% of covered payroll. The Village paid \$3,307 and \$4,646 in contributions for 2003 and 2002, respectively, which represented 100% of required contributions.

**7. CONTINGENT LIABILITIES**

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the State of Ohio. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the government expects the amount to be immaterial.

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE  
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

**The Honorable Mayor and Members  
of Village Council  
Village of Crown City  
Crown City, Ohio**

**We have audited the financial statements of the Village of Crown City as of and for the years ended December 31, 2003 and 2002, and have issued our report thereon dated March 15, 2005. 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.**

**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 an opinion 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 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 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, which we have reported to management of the Village in a separate letter dated March 15, 2005.**

**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 and grant agreements, 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 and other matters that are required to be reported under *Government Auditing Standards*. However, we noted other matters involving compliance, which we have reported to management of the Village in a separate letter dated March 15, 2005.**

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

***Charles E. Harris & Associates, Inc.***  
**March 15, 2005**

**VILLAGE OF CROWN CITY  
GALLIA COUNTY  
SCHEDULE OF PRIOR AUDIT FINDINGS  
For the Years Ended December 31, 2003 and 2002**

**SCHEDULE OF PRIOR AUDIT FINDINGS**

<b>Finding Number</b>	<b>Finding Summary</b>	<b>Fully Corrected?</b>	<b>Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:</b>
2001-30727-001	Ohio Rev. Code 5705.41(D)-Contracts and purchase commitments were not certified by the Clerk-Treasurer.	Yes	Finding No Longer Valid. The fiscal officer now provides the appropriate certification.



**Auditor of State  
Betty Montgomery**

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**VILLAGE OF CROWN CITY**

**GALLIA 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  
JULY 5, 2005**