



**Auditor of State  
Betty Montgomery**



**VILLAGE OF MONROEVILLE  
HURON COUNTY**

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**Auditor of State  
Betty Montgomery**

## **INDEPENDENT ACCOUNTANTS' REPORT**

Village of Monroeville  
Huron County  
2 South Main Street  
P. O. Box 156  
Monroeville, Ohio 44847-0156

To the Village Council:

We have audited the accompanying financial statements of the Village of Monroeville, Huron County, (the Village) as of and for the year ended December 31, 2003. 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 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 as of December 31, 2003, 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 August 17, 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 management, Village Council, and other officials authorized to receive this report under § 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

August 17, 2004

**VILLAGE OF MONROEVILLE  
HURON 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, 2003**

	Governmental Fund Types			Fiduciary Fund Type	Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	Expendable Trust	
<b>Cash Receipts:</b>					
Property Tax and Other Local Taxes	\$ 639,960	\$ 6,693			\$ 646,653
Special Assessments			\$ 7,100		7,100
Intergovernmental Receipts	136,914	320,025		\$ 49,400	506,339
Charges for Services	12,312				12,312
Fines, Licenses, and Permits	64,876	4,955			69,831
Earnings on Investments	33,670	14,495			48,165
Miscellaneous	14,089	25,405			39,494
<b>Total Cash Receipts</b>	<b>901,821</b>	<b>371,573</b>	<b>7,100</b>	<b>49,400</b>	<b>1,329,894</b>
<b>Cash Disbursements:</b>					
Current:					
Security of Persons and Property	395,185	17,525			412,710
Public Health Services	1,760				1,760
Leisure Time Activities	62,841	500		49,867	113,208
Community Environment	27,307	311			27,618
Transportation	69,369	83,150			152,519
General Government	166,866	800	2,319		169,985
Capital Outlay	87,765	122,779	5,536		216,080
<b>Total Cash Disbursements</b>	<b>811,093</b>	<b>225,065</b>	<b>7,855</b>	<b>49,867</b>	<b>1,093,880</b>
<b>Total Receipts Over/(Under) Disbursements</b>	<b>90,728</b>	<b>146,508</b>	<b>(755)</b>	<b>(467)</b>	<b>236,014</b>
<b>Other Financing Receipts/(Disbursements):</b>					
Sale of Fixed Assets	42,605	5,500			48,105
Transfers-In	9	856			865
Advances-In	260,664				260,664
Transfers-Out	(295,990)	(9)			(295,999)
Advances-Out		(260,664)			(260,664)
Other Sources	2,227	185			2,412
Other Uses	(30,048)				(30,048)
<b>Total Other Financing Receipts/(Disbursements)</b>	<b>(20,533)</b>	<b>(254,132)</b>			<b>(274,665)</b>
<b>Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements</b>	<b>70,195</b>	<b>(107,624)</b>	<b>(755)</b>	<b>(467)</b>	<b>(38,651)</b>
<b>Fund Cash Balances, January 1</b>	<b>427,009</b>	<b>288,943</b>	<b>30,901</b>	<b>467</b>	<b>747,320</b>
<b>Fund Cash Balances, December 31</b>	<b>\$ 497,204</b>	<b>\$ 181,319</b>	<b>\$ 30,146</b>		<b>\$ 708,669</b>
<b>Reserves for Encumbrances, December 31</b>	<b>\$ 9,234</b>	<b>\$ 1,153</b>			<b>\$ 10,387</b>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**VILLAGE OF MONROEVILLE  
HURON COUNTY**

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

	Enterprise
<b>Operating Cash Receipts:</b>	
Charges for Services	\$ 3,611,861
Miscellaneous	107
	3,611,968
<b>Operating Cash Disbursements:</b>	
Personal Services	488,292
Transportation	4,512
Contractual Services	2,428,820
Supplies and Materials	104,845
Capital Outlay	205,045
	3,231,514
Total Operating Cash Disbursements	3,231,514
Operating Income/(Loss)	380,454
<b>Non-Operating Cash Receipts:</b>	
Proceeds from Notes and Bonds	1,495,000
Sale of Fixed Assets	17,000
Other Non-Operating Receipts	6,704
	1,518,704
Total Non-Operating Cash Receipts	1,518,704
<b>Non-Operating Cash Disbursements:</b>	
Debt Service	1,806,645
Other Non-Operating Cash Disbursements	203,192
	2,009,837
Total Non-Operating Cash Disbursements	2,009,837
Excess of Disbursements Over Receipts Before Interfund Transfers and Advances	(110,679)
Transfers-In	393,774
Transfers-Out	(98,640)
	184,455
Net Receipts Over Disbursements	184,455
Fund Cash Balances, January 1	2,782,014
<b>Fund Cash Balances, December 31</b>	<b>\$ 2,966,469</b>
Reserve for Encumbrances, December 31	\$ 225,996

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.



**VILLAGE OF MONROEVILLE  
HURON COUNTY**

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The Village of Monroeville, Huron 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, sewer and electric utilities, park operations, and police services.

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

**Ohio Municipal Electric Generation Agency Joint Venture 1 (JV1)**

The Village is a participant with twenty-one subdivisions within the State of Ohio in a joint venture to provide a source of supplemental capacity to the participant. On dissolution of the joint venture, the net assets of the JV1 will be shared by the participants on a percentage basis. The JV1 is managed by AMP-Ohio who acts as the joint venture's agent. The Village's net investment and its share of the operating results of JV1 ownership share of the project is 1.85 percent. Complete financial statements for JV1 can be obtained from AMP-Ohio at 2600 Airport Drive, Columbus, Ohio 43219, or from the Village's Administrator.

**Ohio Municipal Electric Generation Agency Joint Venture 2 (JV2)**

The Village of Monroeville is a Non-Financing Participant and an Owner Participant with an ownership percentage of .57 percent and shares participation with thirty-five other subdivisions within the State of Ohio in the Ohio Municipal Electric Generation Agency (OMEGA JV2). Owner Participants own undivided interests, as tenants in common, in the OMEGA JV2 Project in the amount of their respective Project Shares. Purchaser Participants agree to purchase the output associated with their respective Project shares, ownership of which is held in trust for such Purchaser Participants.

Pursuant to the OMEGA JV2 Agreement, the participants jointly undertook as either Financing Participants or Non-Financing Participants and as either Owner Participants or Purchaser Participants, the acquisition, construction, and equipping of OMEGA JV2, including such portions of OMEGA JV2 as have been acquired, constructed or equipped by AMP-Ohio and to pay or incur the costs of the same in accordance with the JV2 Agreement.

**VILLAGE OF MONROEVILLE  
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NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003  
(Continued)

OMEGA JV2 was created to provide additional sources of reliable, reasonably priced electric power and energy when prices are high or during times of generation shortages or transmission constraints, and to improve the reliability and economic status of the participants' respective municipal electric utility system. The Project consists of 138.65 MW of distributed generation of which 134.081MW is the participant's entitlement and 4.569MW are held in reserve. On dissolution of OMEGA JV2, the net assets will be shared by the participants on a percentage of ownership basis. OMEGA JV2 is managed by AMP-Ohio, which acts as the joint venture's agent. During 2001, AMP-Ohio issued \$50,260,000 of 20 year fixed rate bonds on behalf of the Financing Participants of OMEGA JV2. The net proceeds of the bond issue of \$45,904,712 were contributed to OMEGA JV2. The Village's net investment in OMEGA JV2 was \$281,240 at December 31, 2003. Complete financial statements for OMEGA JV2 may be obtained from AMP-Ohio or from the Village's Auditor.

**Ohio Municipal Electric Generation Agency Joint Venture 5 (JV5)**

The Village of Monroeville is a Financing Participant with an ownership percentage of 1.02 percent, and shares participation with forty-one other subdivisions within the State of Ohio in the Ohio Municipal Electric Generation Agency Joint Venture 5 (OMEGA JV5). Financing Participants own undivided interests, as tenants in common, without right of partition in the OMEGA JV5 Project.

Pursuant to the OMEGA JV5 Agreement, the participants jointly undertook as Financing Participants, the acquisition, construction, and equipping of OMEGA JV5, including such portions of OMEGA JV5 as have been acquired, constructed or equipped by AMP-Ohio and to pay or incur the costs of the same in accordance with the OMEGA JV5 Agreement.

OMEGA JV5 was created to construct a run-of-the-river hydroelectric plant and associated transmission facilities (on the Ohio River near the Bellville, West Virginia Locks and Dam) and receives electricity from its operations and to provide backup generation facilities for OMEGA JV5 Participants. The purpose of the OMEGA JV5 Project was to provide additional sources of reliable, reasonably priced electric power and energy when prices are high or during times of generation shortages or transmission constraints, and to improve the reliability and economic status of the participants' respective municipal electric utility system. The Project consists of 42 MW of distributed generation. On dissolution of OMEGA JV5, the net assets will be shared by the financing participants on a percentage of ownership basis. OMEGA JV5 is managed by AMP-Ohio, which acts as the joint venture's agent. During 1993 and 2001 AMP-Ohio issued \$153,415,000 and \$13,899,981 respectively of 30 year fixed

**VILLAGE OF MONROEVILLE  
HURON COUNTY**

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

rate bonds on behalf of the Financing Participants of OMEGA JV5. The net proceeds of the bond issues of \$134,302,799 from the 1993 issue and \$12,800,000 from the 2001 issue were contributed to OMEGA JV5. The Village's net obligation for these bonds at December 31, 2003 was \$1,376,746 for the 1993 issue and \$161,868 for the 2001 issue. The Village's net investment and its share of operating results of OMEGA JV5 are reported in the Village's electric fund (an enterprise fund). The Village's net investment in OMEGA JV5 was \$80,514 at December 31, 2003. Complete financial statements for OMEGA JV5 may be obtained from AMP-Ohio or from the Village's Administrator.

The Village's liability for the 1993 bonds is disclosed below:

Year	Principal	Interest	Total	Village's Share
2004	\$ 3,620,000	\$ 7,295,111	\$ 10,915,111	\$ 111,334
2005	3,800,000	7,110,491	10,910,491	111,287
2006	4,000,000	6,910,991	10,910,991	111,292
2007	4,215,000	6,695,991	10,910,991	111,292
2008	4,445,000	6,468,381	10,913,381	111,316
2009 - 2024	114,895,000	59,703,513	174,598,513	1,780,905
Total	<u>\$ 134,975,000</u>	<u>\$ 94,184,478</u>	<u>\$ 229,159,478</u>	<u>\$ 2,337,426</u>

The Village's obligation for principal and interest on the 2001 bonds begins in 2025. The Village's total liability for the 2001 bonds is disclosed below.

Years	Principal	Interest	Total Maturity
2025	\$ 30,950	\$ 80,385	\$ 111,335
2026	29,242	82,093	111,335
2027	27,622	83,713	111,335
2028	26,089	85,246	111,335
2029	23,620	83,124	106,744
2030	4,261	16,139	20,400
Total Liability	<u>\$ 141,784</u>	<u>\$ 430,700</u>	<u>\$ 572,484</u>

**VILLAGE OF MONROEVILLE  
HURON COUNTY**

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

**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**

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

Certificates of deposit are valued at cost. Money market mutual funds (including STAR Ohio) are recorded at share values reported by the mutual fund.

**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.

**VILLAGE OF MONROEVILLE  
HURON COUNTY**

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

Federal Grants Fund - The Village uses this fund to account for all grant monies that the Village receives.

**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 funds). The Village had the following significant capital project funds:

Sidewalk Assessment Fund - This fund receives proceeds from special assessments paid by certain Village residents for the replacement and maintenance of sidewalks

**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.

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

**6. Fiduciary Funds (Trust and Agency Funds)**

Trust funds are used to account for resources restricted by legally binding trust agreements. If the agreement requires the Village to maintain the corpus of the trust, the fund is classified 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 funds:

Frank S. Clark Memorial Park Fund - This fund receives donations to the Village for the purpose of creating a park.

**VILLAGE OF MONROEVILLE  
HURON COUNTY**

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

**E. Budgetary Process**

The Ohio Revised Code requires that each fund be budgeted annually.

**1. Appropriations**

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

**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 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.

**VILLAGE OF MONROEVILLE  
HURON COUNTY**

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

**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:

	2003
Demand deposits	\$ 862,488
Certificates of deposit	1,800,447
Total deposits	2,662,935
STAR Ohio	1,012,203
Total deposits and investments	\$ 3,675,138

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

**Investments:** Investments in STAR Ohio and mutual funds are not evidenced by securities that exist in physical or book-entry form.

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2003 follows:

2003 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 1,061,736	\$ 946,662	\$ (115,074)
Special Revenue	371,919	378,114	6,195
Capital Projects	6,243	7,100	857
Enterprise	5,904,421	5,524,446	(379,975)
Fiduciary	49,400	49,400	
Total	\$ 7,393,719	\$ 6,905,722	\$ (487,997)

**VILLAGE OF MONROEVILLE  
HURON COUNTY**

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

2003 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 1,227,745	\$ 1,146,365	\$ 81,380
Special Revenue	290,986	226,227	64,759
Capital Projects	14,466	7,855	6,611
Enterprise	5,970,957	5,565,987	404,970
Fiduciary	49,867	49,867	
Total	\$ 7,554,021	\$ 6,996,301	\$ 557,720

**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.

**5. LOCAL INCOME TAX**

The Village levies a municipal income tax of 1 percent on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village.

Employers within the Village withhold income tax on employee compensation and remit the tax to the Village either monthly or quarterly, as required. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually.



**VILLAGE OF MONROEVILLE  
HURON COUNTY**

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

**6. DEBT**

Debt outstanding at December 31, 2003 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Ohio Water Development Authority Loan	\$ 703,382	3.72-6.36%
Ohio Public Works Commission Loan	53,173	
American Municipal Power- Ohio Loan	1,495,000	1.85%
Mortgage Revenue Bonds	<u>1,911,000</u>	4.75%
Total	<u><u>\$ 4,162,555</u></u>	

The Ohio Water Development Authority (OWDA) loan relates to a water and sewer plant expansion projects that were mandated by the Ohio Environmental Protection Agency. The loans are collateralized by water and sewer receipts.

The Ohio Public Works Commission (OPWC) loan relates to a water line replacement project. The loan is collateralized by the Village's local government fund revenues.

The American Municipal Power – Ohio (AMP-Ohio) loan relates to the purchase of Ohio Municipal Electric Generation Agency Joint Venture 2 (OMEGA-JV2). OMEGA-JV2 is a distributive generation project.

The Mortgage Revenue Bonds relate to acquisition and construction improvements to the Village's water treatment plant, water storage facilities, and water distribution and supply system. As required by the mortgage revenue bond covenant, the Village has established and funded a debt service reserve fund, included as an enterprise fund. The balance in the fund at December 31, 2003 is \$85,832.

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

**VILLAGE OF MONROEVILLE  
HURON COUNTY**

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

Year ending December 31:	OWDA Loan	OPWC Loan	AMP Ohio	Revenue Bonds
2004	\$ 61,162	\$ 6,256	\$ 1,524,265	\$ 110,021
2005	61,162	6,256		109,870
2006	61,162	6,256		109,920
2007	61,162	6,256		109,922
2008	61,162	6,255		110,116
2009 - 2013	305,809	28,150		548,275
2014 - 2018	305,809			547,155
2019 - 2023	249,566			546,339
2024 - 2028	26,493			547,643
2029 - 2033				548,136
2034 - 2038				547,123
2039 - 2041				327,860
Total	<u>\$ 1,193,487</u>	<u>\$ 59,429</u>	<u>\$ 1,524,265</u>	<u>\$ 4,162,380</u>

**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. These plans provide 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, OP&F participants contributed 10 percent of their wages. The Village contributed an amount equal to 19.5 percent of police participant wages. Members of OPERS contributed 8.5 percent of their wages. The Village contributed an amount equal to 13.55 percent of participants' gross salaries for 2003. 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 Pool is a separate legal entity per § 2744.081 of the Ohio Revised Code. The Pool provides property and casualty insurance for its members. The Pool pays

**VILLAGE OF MONROEVILLE  
HURON COUNTY**

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

judgments, settlements and other expenses resulting for 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 auditors) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained deficit at December 31:

	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)

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**Auditor of State  
Betty Montgomery**

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

Village of Monroeville  
Huron County  
2 South Main Street  
P. O. Box 156  
Monroeville, Ohio 44847-0156

To the Village Council:

We have audited the financial statements of the Village of Monroeville (the Village) as of and for the year ended December 31, 2003, and have issued our report thereon dated August 17, 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*. However, we noted a certain immaterial instance of noncompliance that we have reported to the management of the Village in a separate letter dated August 17, 2004.

**Internal Control 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 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 do not require inclusion in this report, that we have reported to management of the Village in a separate letter dated August 17, 2004.

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

August 17, 2004



**Auditor of State  
Betty Montgomery**

88 East Broad Street  
P.O. Box 1140  
Columbus, Ohio 43216-1140

Telephone 614-466-4514  
800-282-0370

Facsimile 614-466-4490

**VILLAGE OF MONROEVILLE**

**HURON 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  
SEPTEMBER 7, 2004**