



**JIM PETRO**  
**AUDITOR OF STATE**  

---

**STATE OF OHIO**



VILLAGE OF MONROEVILLE  
HURON COUNTY

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STATE OF OHIO  
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

One Government Center  
Suite 1420  
Toledo, Ohio 43604-2246  
Telephone 419-245-2811  
800-443-9276  
Facsimile 419-245-2484  
www.auditor.state.oh.us

## REPORT OF INDEPENDENT ACCOUNTANTS

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 (the Village) as of and for the year ended December 31, 2001. 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, 2001, 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 June 18, 2002 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.

Our audit was performed for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying Schedule of Federal Awards Expenditures is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

This report is intended solely for the information and use of management, Village Council, federal awarding agencies, pass-through entities 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, appearing to read "Jim Petro", with a stylized flourish at the end.

**Jim Petro**  
Auditor of State

June 18, 2002

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**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, 2001**

	<u>Governmental Fund Types</u>		
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>
<b>Cash Receipts:</b>			
Property Tax and Other Local Taxes	\$459,421	\$6,687	
Special Assessments			\$3,551
Intergovernmental Receipts	150,676	81,931	
Charges for Services	345		
Fines, Licenses, and Permits	59,401	3,927	
Earnings on Investments	122,597	19,034	
Miscellaneous	31,183	10,789	
	<u>823,623</u>	<u>122,368</u>	<u>3,551</u>
<b>Total Cash Receipts</b>			
<b>Cash Disbursements:</b>			
Current:			
Security of Persons and Property	434,901	22,110	
Public Health Services	1,717		
Leisure Time Activities	66,395		
Community Environment	30,653	261	
Transportation	112,438	60,982	
General Government	169,469		
Capital Outlay		72,282	17,949
	<u>815,573</u>	<u>155,635</u>	<u>17,949</u>
<b>Total Cash Disbursements</b>			
Total Receipts Over/(Under) Disbursements	<u>8,050</u>	<u>(33,267)</u>	<u>(14,398)</u>
<b>Other Financing Receipts and (Disbursements):</b>			
Transfers-In	11	40,258	
Advances-In	173,727	15,000	
Transfers-Out	(40,258)	(11)	
Advances-Out	(15,000)		
Other Sources	32,885		
Other Uses			(44)
	<u>151,365</u>	<u>55,247</u>	<u>(44)</u>
<b>Total Other Financing Receipts/(Disbursements)</b>			
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	159,415	21,980	(14,442)
Fund Cash Balances, January 1	<u>643,730</u>	<u>248,463</u>	<u>67,895</u>
<b>Fund Cash Balances, December 31</b>	<b><u>\$803,145</u></b>	<b><u>\$270,443</u></b>	<b><u>\$53,453</u></b>
Reserves for Encumbrances, December 31	<u>\$15,042</u>	<u>\$1,545</u>	<u>\$1,190</u>

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



<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
<u>Expendable Trust</u>	
	\$466,108
	3,551
	232,607
	345
	63,328
	141,631
	41,972
	<u>949,542</u>
	457,011
	1,717
\$15,660	82,055
	30,914
	173,420
	169,469
	90,231
<u>15,660</u>	<u>1,004,817</u>
<u>(15,660)</u>	<u>(55,275)</u>
	40,269
	188,727
	(40,269)
	(15,000)
	32,885
	(44)
	<u>206,568</u>
(15,660)	151,293
<u>25,000</u>	<u>985,088</u>
<u><b>\$9,340</b></u>	<u><b>\$1,136,381</b></u>
	<u><u>\$17,777</u></u>

**VILLAGE OF MONROEVILLE  
HURON COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - PROPRIETARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2001**

	<b>Proprietary Fund Type</b>
	<b>Enterprise</b>
<b>Operating Cash Receipts:</b>	
Charges for Services	\$3,499,339
Miscellaneous	550
	3,499,889
Total Operating Cash Receipts	3,499,889
<b>Operating Cash Disbursements:</b>	
Personal Services	437,699
Transportation	6,760
Contractual Services	2,787,665
Supplies and Materials	930,209
Capital Outlay	1,137,188
	5,299,521
Total Operating Cash Disbursements	5,299,521
Operating Loss	(1,799,632)
<b>Non-Operating Cash Receipts:</b>	
Intergovernmental Receipts	1,288,374
Proceeds from Notes and Bonds	2,075,651
Other Non-Operating Receipts	361,084
	3,725,109
Total Non-Operating Cash Receipts	3,725,109
<b>Non-Operating Cash Disbursements:</b>	
Debt Service	2,291,773
Other Non-Operating Cash Disbursements	339,036
	2,630,809
Total Non-Operating Cash Disbursements	2,630,809
Excess of Receipts Over/(Under) Disbursements Before Interfund Transfers and Advances	(705,332)
Transfers-In	36,203
Transfers-Out	(36,203)
Advances-Out	(173,727)
	(879,059)
Net Disbursements Over Receipts	(879,059)
Fund Cash Balances, January 1	3,150,172
<b>Fund Cash Balances, December 31</b>	<b>\$2,271,113</b>
Reserve for Encumbrances, December 31	\$137,123

*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, 2001**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The Village of Monroeville (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, 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 is a participant with thirty-six subdivisions within the State of Ohio in a joint venture for the costs of acquisition, construction and installation of the distributive generation to provide supplemental reserve electric power to the participants on a cooperative basis. Of the 36 participants, 16 are financing participants and 20 are non-financing participants. The financing participants will pay their portion to a debt service reserve fund on a monthly basis and the non-financing participants will pay their portion in a lump sum cash payment. The Ohio Municipal Electric Generation Agency Joint Venture 2 (JV2) was created for that purpose and includes the buyout of the Ohio Municipal Electric Generation Agency Joint Venture 3 (JV3). On dissolution of the joint venture, the net assets of the JV2 will be shared by the participants on a percentage basis. The JV2 is managed by AMP-Ohio who acts as the joint venture's agent. The participants are obligated by the agreement to remit monthly costs incurred from using electricity generated by the joint venture and a portion of the \$50,260,000 bonds, by which a monthly payment is made to fund the debt service reserve fund for those financing participants. The Village is a non-financing participant in the JV2. The Village's net investment and its share of the operating results of JV2 ownership share of the project is .57 percent. Complete financial statements for JV2 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 5 (JV5)**

The village is a participant with forty-two other municipalities within the State of Ohio in a joint venture to construct a hydroelectric plant and associated transmission facilities in West Virginia on the Ohio River at the Belleville Locks and Dam to receive electricity from its operation. The Ohio Municipal Electric Generation Agency Joint Venture 5 ("JV 5") was created for that purpose. On the dissolution of the joint venture, the net assets of JV 5 will be shared by the participants on a percentage basis. The JV 5 is managed by AMP-Ohio who acts as the JV 5's agent. The participants are obligated by the agreement to remit monthly costs incurred from

**VILLAGE OF MONROEVILLE  
HURON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001  
(Continued)**

using electricity generated by the joint venture and a portion of the \$153,415,000 certificates of beneficial interest debt that was issued to construct the fixed asset. The Village of Monroeville's net investment and its share of the project is 1.02 percent. Complete financial statements for JV5 can be obtained from AMP-Ohio at 2600 Airport Drive, Columbus, Ohio 43219, or from the Village Clerk/Treasurer. Each member is required to make debt service payments for the project based on their percentage of ownership. Payment began in 1994. The Village recovers these costs through charges to customers. The Village of Monroeville's share of this debt is as follows:

Year	Principal	Interest	Total	Village's Share
2002	\$3,280,000	\$7,631,361	\$10,911,361	\$111,296
2003	3,445,000	7,467,361	10,912,361	111,306
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
2007-2024	123,555,000	72,867,885	196,422,885	2,003,513
Total	<u>\$141,700,000</u>	<u>\$109,283,200</u>	<u>\$250,983,200</u>	<u>\$2,560,029</u>

**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. The investment in STAR Ohio (the State Treasurer's investment pool) is valued at amounts reported by the State Treasurer.

**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.

**VILLAGE OF MONROEVILLE  
HURON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001  
(Continued)**

**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.

*UDAG Revolving Loan Fund* - This fund is used to account for loans made to businesses within the Village.

**3. Capital Project Fund**

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 fund:

*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:

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

*Reservoir Fund* - This fund receives Federal grant monies and loan proceeds for the purpose of upgrading the water treatment plant, rehabilitating the dam, and constructing a reservoir.

*Amp Ohio Loan Fund* - This fund receives loan proceeds for the purpose of upgrading the electric substation.

**5. 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 fund:

*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, 2001  
(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 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 2001 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, 2001 was as follows:

**VILLAGE OF MONROEVILLE  
HURON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001  
(Continued)**

Demand deposits	\$1,206,976
Certificates of deposit	1,716,640
Total deposits	2,923,616
STAR Ohio	483,878
Total investments	483,878
Total deposits and investments	\$3,407,494

**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 are not evidenced by securities that exist in physical or book-entry form.

**3. BUDGETARY ACTIVITY**

Budgetary activity for the year ending December 31, 2001 follows:

2001 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,025,110	\$856,519	(\$168,591)
Special Revenue	161,537	162,626	1,089
Capital Projects	3,500	3,551	51
Enterprise	7,261,303	7,261,201	(102)
Total	\$8,451,450	\$8,283,897	(\$167,553)

2001 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,257,291	\$870,873	\$386,418
Special Revenue	303,628	157,191	146,437
Capital Projects	61,264	19,183	42,081
Enterprise	8,876,534	8,103,656	772,878
Fiduciary	25,000	15,660	9,340
Total	\$10,523,717	\$9,166,563	\$1,357,154

**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.

**VILLAGE OF MONROEVILLE  
HURON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001  
(Continued)**

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 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 either monthly or quarterly, as required. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually.

**6. DEBT**

Debt outstanding at December 31, 2001 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Ohio Water Development Authority Loan	\$740,855	3.75% - 6.36%
Ohio Public Works Commission Loan	65,684	0.00%
American Municipal Power - Ohio Loan	1,700,000	2.45%
Mortgage Revenue Bonds	<u>1,940,000</u>	4.75%
Total	<u>\$4,446,539</u>	

The Ohio Water Development Authority (OWDA) loans relate to 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, 2001 is \$36,203.

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



**VILLAGE OF MONROEVILLE  
HURON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001  
(Continued)**

<u>Year ending December 31:</u>	<u>OWDA Loan</u>	<u>OPWC Loan</u>	<u>AMP Ohio Loan</u>	<u>Mortgage Revenue Bonds</u>
2002	\$30,581	\$3,128	\$1,741,650	\$103,150
2003	61,162	6,256		109,627
2004	61,162	6,256		110,021
2005	61,162	6,256		109,870
2006	61,162	6,256		109,920
2007 – 2011	305,809	31,278		548,926
2012 -- 2016	305,809	6,256		547,963
2017 -- 2021	285,788			546,627
2022 -- 2026	143,175			546,585
2027 -- 2031				548,428
2032 -- 2036				546,999
2037 -- 2041				547,042
Total	<u>\$1,315,810</u>	<u>\$65,686</u>	<u>\$1,741,650</u>	<u>\$4,375,158</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 Public Employees Retirement System (PERS) of Ohio. OP&F and PERS 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 the year 2001, OP&F participants contributed 10% of their wages. The Village contributed an amount equal to 19.5% of police participant wages. PERS members contributed 8.5% of their wages. The Village contributed an amount equal to 13.55% of participants' gross salaries for 2001. The Village has paid all contributions required through December 31, 2001.

**8. RISK POOL MEMBERSHIP**

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

Casualty excess-of-loss contracts at December 31, 2000 and 1999 generally protect against individual losses over \$150,000 (\$100,000 for policies issued after March 31, 2000).

Property coverage contracts protect against losses, subject to a deductible of \$50,000 per occurrence, limited to an annual aggregate loss of the greater of \$300,000 or 1% of total coverage.

The most recent available financial information for the Pool is through December 31, 2000. The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and retained (deficit) earnings at December 31:

VILLAGE OF MONROEVILLE  
HURON COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001  
(Continued)

	<u>2000</u>	<u>1999</u>
Assets	\$2,958,827	\$4,151,450
Liabilities	<u>3,863,373</u>	<u>3,461,914</u>
Retained (deficit) earnings	<u>(\$904,546)</u>	<u>\$689,536</u>

**9. CONTINGENT LIABILITIES**

Amounts received from grantor agencies are subject to audit and adjustment by the grantor, principally the federal government. Any disallowed costs may require refunding to the grantor. Amounts which may be disallowed, if any, are not presently determinable. However, based on prior experience, management believes such refunds, if any, would not be material.

**VILLAGE OF MONROEVILLE  
HURON COUNTY**

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
FOR THE YEAR ENDED DECEMBER 31, 2001**

<b>FEDERAL GRANTOR</b> <i>Pass Through Grantor</i> Program Title	Pass Through Entity Number	Federal CFDA Number	Disbursements
<b>U.S. DEPARTMENT OF AGRICULTURE</b>			
Water and Waste Disposal Systems for Rural Communities		10.760	<u>\$3,364,018</u>
Total U.S. Department of Agriculture			<u>3,364,018</u>
<b>U.S. DEPARTMENT OF JUSTICE</b> <i>Passed through Ohio Department of Justice</i>			
Public Safety Partnership and Community Policing Grant		16.710	10,710
Local Law Enforcement Block Grants Program		16.592	<u>2,010</u>
Total U.S. Department of Justice			<u>12,720</u>
<b>TOTAL FEDERAL AWARDS EXPENDITURES</b>			<b><u><u>\$3,376,738</u></u></b>

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

**VILLAGE OF MONROEVILLE  
HURON COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
DECEMBER 31, 2001**

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

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

**NOTE B - MATCHING REQUIREMENTS**

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



STATE OF OHIO  
OFFICE OF THE AUDITOR  
JIM PETRO, AUDITOR OF STATE

One Government Center  
Suite 1420  
Toledo, Ohio 43604-2246  
Telephone 419-245-2811  
800-443-9276  
Facsimile 419-245-2484  
www.auditor.state.oh.us

**REPORT OF INDEPENDENT ACCOUNTANTS 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 accompanying financial statements of the Village of Monroeville (the Village) as of and for the year ended December 31, 2001, and have issued our report thereon dated June 18, 2002. 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 performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the Village in a separate letter dated June 18, 2002.

**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 June 18, 2002.

This report is intended solely for the information and use of management, the Village Council, federal awarding agencies, and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Jim Petro". The signature is fluid and cursive, with a large loop at the end.

**Jim Petro**  
Auditor of State

June 18, 2002



STATE OF OHIO  
OFFICE OF THE AUDITOR  
JIM PETRO, AUDITOR OF STATE

One Government Center  
Suite 1420  
Toledo, Ohio 43604-2246  
Telephone 419-245-2811  
800-443-9276  
Facsimile 419-245-2484  
www.auditor.state.oh.us

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

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

To the Village Council:

**Compliance**

We have audited the compliance of the Village of Monroeville (the Village) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to its major federal program for the year ended December 31, 2001. The Village's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the Village's management. Our responsibility is to express an opinion on the Village's compliance based on our audit.

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

In our opinion, the Village complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended December 31, 2001.

### **Internal Control Over Compliance**

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

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program 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 compliance and its operation that we consider to be material weaknesses.

This report is intended for the information and use of management, the Village Council, federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.



**Jim Petro**  
Auditor of State

June 18, 2002



**VILLAGE OF MONROEVILLE  
HURON COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 §.505  
DECEMBER 31, 2001**

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

<b>(d)(1)(i)</b>	<b>Type of Financial Statement Opinion</b>	Unqualified
<b>(d)(1)(ii)</b>	<b>Were there any material control weakness conditions reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(ii)</b>	<b>Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iii)</b>	<b>Was there any reported material noncompliance at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any material internal control weakness conditions reported for major federal programs?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any other reportable internal control weakness conditions reported for major federal programs?</b>	No
<b>(d)(1)(v)</b>	<b>Type of Major Programs' Compliance Opinion</b>	Unqualified
<b>(d)(1)(vi)</b>	<b>Are there any reportable findings under § .510?</b>	No
<b>(d)(1)(vii)</b>	<b>Major Programs (list):</b>	CFDA #10.760 – Water and Waste Disposal Systems for Rural Communities
<b>(d)(1)(viii)</b>	<b>Dollar Threshold: Type A/B Programs</b>	Type A: > \$ 300,000 Type B: all others
<b>(d)(1)(ix)</b>	<b>Low Risk Auditee?</b>	No

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

None.

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

None.

**VILLAGE OF MONROEVILLE  
HURON COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
OMB CIRCULAR A -133 §.315 (b)  
DECEMBER 31, 2001**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b>Explain:</b>
2000-30539-001	Conflict of interest involving Council members and vendor the Village contracted with.	Yes	
2000-30539-002	Expenditures in excess of appropriations	No	Reported in the management letter.
2000-30539-003	Expenditures made without prior certification of the Clerk-Treasurer	Yes	



STATE OF OHIO  
OFFICE OF THE AUDITOR  

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JIM PETRO, AUDITOR OF STATE

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  
JULY 16, 2002**