



**VILLAGE OF MT. EATON  
WAYNE COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 2001-2000**



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

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**STATE OF OHIO**



VILLAGE OF MT. EATON  
WAYNE COUNTY

TABLE OF CONTENTS

<u>TITLE</u>	<u>PAGE</u>
Report of Independent Accountants .....	1
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Governmental Fund Types For the Year Ended December 31, 2001 .....	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – Proprietary and Similar Fiduciary Fund Types For the Year Ended December 31, 2001 .....	4
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Governmental Fund Types For the Year Ended December 31, 2000 .....	5
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – Proprietary and Similar Fiduciary Fund Types For the Year Ended December 31, 2000 .....	6
Notes to the Financial Statements .....	7
Report of Independent Accountants on Compliance and on Internal Control Required by <i>Government Auditing Standards</i> .....	15
Schedule of Findings .....	17
Schedule of Prior Audit Findings .....	18

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## REPORT OF INDEPENDENT ACCOUNTANTS

Village of Mt. Eaton  
Wayne County  
P.O. Box 279  
Mount Eaton, Ohio 44659

To the Village Council:

We have audited the accompanying financial statements of the Village of Mt. Eaton, Wayne County, Ohio, (the Village) as of and for the years ended December 31, 2001 and 2000. 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 audits.

We conducted our audits 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 audits 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 audits provide 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 2000, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

As discussed in Note 9, certain fund balances have been restated effective January 1, 2000, as a result of reclassifying the Village's Construction Fund from a Capital Projects Fund to an Enterprise Fund.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 7, 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 audits.

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, appearing to read "Jim Petro". The signature is stylized with a large, looping initial "J" and a cursive "Petro".

**Jim Petro**  
Auditor of State

June 7, 2002

**VILLAGE OF MT. EATON  
WAYNE COUNTY**

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

	<u>Governmental Fund Types</u>			<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	
<b>Cash Receipts:</b>				
Property Tax and Other Local Taxes	\$15,516			\$15,516
Municipal Income Tax	71,832			71,832
Intergovernmental Receipts	17,376	\$14,983		32,359
Fines, Licenses, and Permits	14,514	1,920		16,434
Earnings on Investments	3,949	765		4,714
Rental Income	690			690
Donations	4,789			4,789
Miscellaneous	218	163		381
	<u>128,884</u>	<u>17,831</u>		<u>146,715</u>
<b>Cash Disbursements:</b>				
Current:				
Security of Persons and Property	61,368	75		61,443
Public Health Services	2,879			2,879
Leisure Time Activities	1,322	28,317		29,639
Transportation	500	24,487		24,987
General Government	51,158	2,318		53,476
Debt Service:				
Principal Payments			\$6,100	6,100
Interest Payments			469	469
	<u>117,227</u>	<u>55,197</u>	<u>6,569</u>	<u>178,993</u>
Total Cash Disbursements				
Total Receipts Over/(Under) Disbursements	<u>11,657</u>	<u>(37,366)</u>	<u>(6,569)</u>	<u>(32,278)</u>
<b>Other Financing Receipts/(Disbursements):</b>				
Sale of Assets	1,725			1,725
Transfers-In		35,000	6,569	41,569
Transfers-Out	<u>(41,569)</u>			<u>(41,569)</u>
Total Other Financing Receipts/(Disbursements)	<u>(39,844)</u>	<u>35,000</u>	<u>6,569</u>	<u>1,725</u>
Excess of Cash Receipts and Other Financing Receipts (Under) Cash Disbursements and Other Financing Disbursements	(28,187)	(2,366)		(30,553)
Fund Cash Balances, January 1	<u>65,081</u>	<u>22,608</u>		<u>87,689</u>
<b>Fund Cash Balances, December 31</b>	<u><b>\$36,894</b></u>	<u><b>\$20,242</b></u>	<u><b>\$0</b></u>	<u><b>\$57,136</b></u>
Reserves for Encumbrances, December 31	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

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

**VILLAGE OF MT. EATON  
WAYNE COUNTY**

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

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
<b>Operating Cash Receipts:</b>			
Charges for Services	\$52,731		\$52,731
Fines, Licenses and Permits		\$19,717	19,717
Total Operating Cash Receipts	<u>52,731</u>	<u>19,717</u>	<u>72,448</u>
<b>Operating Cash Disbursements:</b>			
Personal Services	11,206		11,206
Fringe Benefits	1,328		1,328
Contractual Services	623,156		623,156
Supplies and Materials	31,315		31,315
Total Operating Cash Disbursements	<u>667,005</u>		<u>667,005</u>
Operating Income/(Loss)	<u>(614,274)</u>	<u>19,717</u>	<u>(594,557)</u>
<b>Non-Operating Cash Receipts:</b>			
Intergovernmental Receipts	282,844		282,844
Proceeds from Notes and Bonds	678,254		678,254
Total Non-Operating Cash Receipts	<u>961,098</u>		<u>961,098</u>
<b>Non-Operating Cash Disbursements:</b>			
Debt Service:			
Principal Payments	285,193		285,193
Interest Payments	48,259		48,259
Mayor's Court Distributions		19,717	19,717
Total Non-Operating Cash Disbursements	<u>333,452</u>	<u>19,717</u>	<u>353,169</u>
Net Receipts Over Disbursements	13,372		13,372
Fund Cash Balances, January 1	<u>79,662</u>		<u>79,662</u>
<b>Fund Cash Balances, December 31</b>	<b><u>\$93,034</u></b>	<b><u>\$0</u></b>	<b><u>\$93,034</u></b>
Reserve for Encumbrances, December 31	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

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

**VILLAGE OF MT. EATON  
WAYNE COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2000**

	<u>Governmental Fund Types</u>			<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	
<b>Cash Receipts:</b>				
Property Tax and Other Local Taxes	\$14,578			\$14,578
Municipal Income Tax	64,262			64,262
Intergovernmental Receipts	18,476	\$15,074		33,550
Fines, Licenses, and Permits	11,051	1,605		12,656
Earnings on Investments	3,097	1,212		4,309
Rental Income	660			660
Miscellaneous	3,402			3,402
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Receipts	115,526	17,891		133,417
<b>Cash Disbursements:</b>				
Current:				
Security of Persons and Property	50,186	4,973		55,159
Public Health Services	864			864
Leisure Time Activities	1,124			1,124
Basic Utility Services	9,065			9,065
General Government	24,679	24,100		48,779
Debt Service:				
Principal Payments			\$5,754	5,754
Interest Payments			815	815
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	85,918	29,073	6,569	121,560
Total Receipts Over/(Under) Disbursements	<hr/>	<hr/>	<hr/>	<hr/>
	29,608	(11,182)	(6,569)	11,857
<b>Other Financing Receipts/(Disbursements):</b>				
Sale of Assets	204			204
Transfers-In		12,000	6,569	18,569
Transfers-Out	(18,569)			(18,569)
	<hr/>	<hr/>	<hr/>	<hr/>
Total Other Financing Receipts/(Disbursements)	(18,365)	12,000	6,569	204
Excess of Cash Receipts and Other Financing Receipts Over Cash Disbursements and Other Financing Disbursements	11,243	818		12,061
Fund Cash Balances January 1	<hr/>	<hr/>	<hr/>	<hr/>
	53,838	21,790		75,628
<b>Fund Cash Balances, December 31</b>	<hr/> <b>\$65,081</b> <hr/>	<hr/> <b>\$22,608</b> <hr/>	<hr/> <b>\$0</b> <hr/>	<hr/> <b>\$87,689</b> <hr/>
Reserves for Encumbrances, December 31	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
	\$0	\$0	\$0	\$0

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

**VILLAGE OF MT. EATON  
WAYNE COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - PROPRIETARY AND SIMILAR FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2000**

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
<b>Operating Cash Receipts:</b>			
Charges for Services	\$52,417		\$52,417
Fines, Licenses and Permits		\$13,501	13,501
Miscellaneous	165		165
	<u>52,582</u>	<u>13,501</u>	<u>66,083</u>
Total Operating Cash Receipts			
<b>Operating Cash Disbursements:</b>			
Personal Services	10,465		10,465
Fringe Benefits	4,894		4,894
Supplies and Materials	22,724		22,724
Capital Outlay	15,890		15,890
	<u>53,973</u>		<u>53,973</u>
Total Operating Cash Disbursements			
Operating Income/(Loss)	<u>(1,391)</u>	<u>13,501</u>	<u>12,110</u>
<b>Non-Operating Cash Disbursements:</b>			
Mayor's Court Distributions		13,501	13,501
		<u>13,501</u>	<u>13,501</u>
Total Non-Operating Cash Disbursements			
Net Receipts (Under) Disbursements	(1,391)		(1,391)
Fund Cash Balances, January 1	<u>81,053</u>		<u>81,053</u>
<b>Fund Cash Balances, December 31</b>	<b><u>\$79,662</u></b>	<b><u>\$0</u></b>	<b><u>\$79,662</u></b>
Reserve for Encumbrances, December 31	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

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

**VILLAGE OF MT. EATON  
WAYNE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The Village of Mt. Eaton, Wayne County, Ohio, (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 Village Council. The Village provides water utilities, park operations, and police services. The Village contracts with Paint Township to provide fire protection services.

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

**B. Basis of Accounting**

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

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

**C. Cash and Investments**

Investments are included in fund cash balances. 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.

**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 capital projects) that are restricted to expenditure for specific purposes. The Village has the following significant Special Revenue Fund:

**VILLAGE OF MT. EATON  
WAYNE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000  
(Continued)**

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

**D. Fund Accounting (Continued)**

**2. Special Revenue Fund (Continued)**

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

**3. Debt Service Fund**

These funds are used to accumulate resources for the payment of bond and note indebtedness. The Village has the following debt service fund:

*Cruiser Note Fund* - This fund receives transfers from General Fund to retire note debt issued to purchase a police cruiser.

**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 has the following significant Enterprise Funds:

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

*Wastewater Sewer Fund* - This fund receives proceeds of loans and grants for the construction of a wastewater sewer plant.

**5. Fiduciary Funds (Agency Funds)**

These funds are used to account for resources for which the Village is acting in an agency capacity. The Village has the following significant fiduciary fund:

*Mayor's Court Fund* - This fund records the activity of the Village Mayor's Court

**E. Budgetary Process**

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

**1. Appropriations**

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

VILLAGE OF MT. EATON  
WAYNE COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000  
(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

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 canceled.

4. Noncompliance

Contrary to Ohio Rev. Code Section 5705.41(D), the Village did not certify the availability of funds for all of its expenditures during the audit period.

A summary of 2001 and 2000 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

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

2. EQUITY IN POOLED CASH AND INVESTMENTS

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

	<u>2001</u>	<u>2000</u>
Demand deposits	\$140,170	\$157,351
Certificates of deposit	<u>10,000</u>	<u>10,000</u>
Total deposits	<u>\$150,170</u>	<u>\$167,351</u>

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

**VILLAGE OF MT. EATON  
WAYNE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000  
(Continued)**

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ended December 31, 2001 and 2000 follows:

2001 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$88,668	\$130,609	\$41,941
Special Revenue	56,200	52,831	(3,369)
Debt Service	6,569	6,569	0
Enterprise	2,856,000	1,013,829	(1,842,171)
Total	<u>\$3,007,437</u>	<u>\$1,203,838</u>	<u>(\$1,803,599)</u>

2001 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$295,569	\$158,796	\$136,773
Special Revenue	106,852	55,197	51,655
Debt Service	6,569	6,569	0
Enterprise	2,951,451	1,000,457	1,950,994
Total	<u>\$3,360,441</u>	<u>\$1,221,019</u>	<u>\$2,139,422</u>

2000 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$135,155	\$115,730	(\$19,425)
Special Revenue	27,260	29,891	2,631
Debt Service	6,569	6,569	0
Enterprise	2,857,000	52,582	(2,804,418)
Total	<u>\$3,025,984</u>	<u>\$204,772</u>	<u>(\$2,821,212)</u>

2000 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$194,155	\$104,487	\$89,668
Special Revenue	21,600	29,073	(7,473)
Debt Service	6,569	6,569	0
Enterprise	2,859,000	53,973	2,805,027
Total	<u>\$3,081,324</u>	<u>\$194,102</u>	<u>\$2,887,222</u>

**VILLAGE OF MT. EATON  
WAYNE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000  
(Continued)**

**3. BUDGETARY ACTIVITY (Continued)**

The Enterprise Fund shows budgeted receipts in excess of actual receipts during 2001 and 2000 as noted above. The Village has applied for funding for the construction of a wastewater treatment facility from the Ohio Water Development Authority (OWDA). As of the end of the audit period, this agreement had not been finalized. The Village has, however, included estimated resources for the total anticipated amount to be received, resulting in the significant budget to actual variance in the fund.

**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. DEBT**

Debt outstanding at December 31, 2001 was as follows:

	Principal	Interest Rate
Ohio Water Development Authority Loan (OWDA) - 2001	\$669,750	3.96%
General Obligation Note - Police Cruiser - 1998	4,806	5.80%
Total	\$674,556	

The Ohio Water Development Authority (OWDA) loan relates to a wastewater sewer project that was mandated by the Ohio Environmental Protection Agency. The OWDA has approved up to \$1,039,223 in short-term loans to the Village for this project. The Village is scheduled to repay this loan in a balloon payment including interest of \$8,223, on July 1, 2003.

**VILLAGE OF MT. EATON  
WAYNE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000  
(Continued)**

**5. DEBT (Continued)**

The police cruiser loan relates to an unsecured loan from First National Bank to purchase a police cruiser for the Village's police department. The loan is being repaid in monthly installments of \$547.

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

<u>Year ending December 31:</u>	<u>Police Cruiser Loan</u>
2002	<u><u>\$4,926</u></u>

**6. 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.

**7. RETIREMENT SYSTEM**

The Village's employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code. Contribution rates are also prescribed by the Ohio Revised Code. For 2001 and 2000, PERS members contributed 8.5% of their gross salaries. The Village contributed an amount equal to 13.55% of participants' gross salaries for 2001 and from January 1, 2000 through June 30, 2000. PERS temporarily reduced the employer contribution rate to 8.13%, effective July 1, 2000 through December 31, 2000. The Village has paid all contributions required through December 31, 2001.

**8. RISK MANAGEMENT**

**Commercial Insurance**

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles;
- Errors and omissions;
- Inland Marine

**VILLAGE OF MT. EATON  
WAYNE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000  
(Continued)**

**9. RESTATEMENT OF PRIOR YEAR BALANCES**

The Village has reclassified and combined its Construction Fund (previously reported as Capital Projects Fund) to the Wastewater Fund (Enterprise Fund). The reclassifications had the following effect on Fund Balances as of January 1, 2000 and the Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements for the year ended December 31, 1999:

	<u>Capital Projects</u>	<u>Enterprise</u>
Fund Cash Balance, as previously reported at December 31, 1999	\$20,659	\$60,394
Effect of reclassifications	(20,659)	20,659
Restated amount, as of January 1, 2000	\$0	\$81,053
Excess of Revenue and Other Financing Sources Over (Under) Expenditures and Other Financing Uses, as previously reported	(\$11,184)	\$14,162
Effect of reclassifications	11,184	(11,184)
Restated amount for the year ended December 31, 1999	\$0	\$2,978

**10. SUBSEQUENT EVENTS**

The Village received \$891,000 in Rural Development Loans from the Department of Agriculture in April 2002.

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STATE OF OHIO  
OFFICE OF THE AUDITOR

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

Village of Mt. Eaton  
Wayne County  
P.O. Box 279  
Mount Eaton, Ohio 44659

To the Village Council:

We have audited the accompanying financial statements of the Village of Mt. Eaton, Wayne County, Ohio, (the Village) as of and for the years ended December 31, 2001 and 2000, and have issued our report thereon dated June 7, 2002, in which we noted the reclassification of the Village's Construction Fund from a Capital Projects Fund to an Enterprise Fund. We conducted our audits 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 audits and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under Government Auditing Standards which is described in the accompanying Schedule of Findings as item 2001-30985-001. We also noted certain immaterial instances of noncompliance that we have reported to the management of the Village in a separate letter dated June 7, 2002.

**Internal Control Over Financial Reporting**

In planning and performing our audits, 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 7, 2002.

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

A handwritten signature in black ink, appearing to read "Jim Petro". The signature is stylized with a large, looping initial "J" and a cursive "Petro".

**Jim Petro**  
Auditor of State

June 7, 2002

**VILLAGE OF MT. EATON  
WAYNE COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2001 AND 2000**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2001-30985-001**

**Noncompliance Citation**

**Ohio Rev. Code Section 5705.41(D)** requires that no subdivision or taxing unit make any contract or order any expenditure of money unless there is attached thereto a certificate of the fiscal officer of the subdivision that the amount required to meet the same has been lawfully appropriated for such purposes and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. Every such contract made without such certificate shall be null and void and no warrant shall be issued in payment of any amount due thereto.

This section also provides for two "exceptions" to the above requirements:

1. Then and Now Certificates - If no certificate is furnished as required, upon receipt of the fiscal officer's certificate that a sufficient sum was, both at the time of the contract or order and at the time of the certificate, appropriated and free of any previous encumbrances, Village Council may authorize the issuance of a warrant in payment of the amount due upon such contract or order by resolution within 30 days from the receipt of such certificate
  
2. If the amount involved is less than \$1,000, the Village Clerk-Treasurer may authorize payment through a Then and Now Certificate without affirmation of Village Council, if such expenditure is otherwise valid

Of the transactions tested, 31% were not certified by the Clerk-Treasurer prior to the invoice date of the expenditure. In addition, neither of the two exceptions were utilized. Failure to certify the availability of funds prior to entering into the commitment could result in making commitments in excess of available funds.

A similar comment was made in the prior audit.

**VILLAGE OF MT. EATON  
WAYNE COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR YEARS ENDED DECEMBER 31, 2001 AND 2000**

<u>Finding Number</u>	<u>Finding Summary</u>	<u>Fully Corrected?</u>	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b>Explain</b>
1999-30985-001	Ohio Rev. Code Section 5705.41(D) - expenditures were not certified by the Clerk-Treasurer	No	Improvement noted with new clerk; however, 31% of expenditures tested were not certified by the Clerk prior to the invoice date of the expenditure.
1999-30985-001	Ohio Rev. Code Section 5705.41(B) - Total fund expenditures exceeded total fund appropriations in two Special Revenue Funds	No	Problems noted in 2000 - object level expenditures exceeded appropriations but not to the same extent as the prior audit. The problem was corrected in 2001 with implementation of the UAN accounting system.



STATE OF OHIO  
OFFICE OF THE AUDITOR  

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**VILLAGE OF MOUNT EATON**

**WAYNE 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 23, 2002**