



**VILLAGE OF MOUNT EATON
WAYNE COUNTY**

SINGLE AUDIT

FOR THE YEAR ENDED DECEMBER 31, 2002



**Auditor of State
Betty Montgomery**

VILLAGE OF MOUNT EATON
WAYNE COUNTY

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Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT

Village of Mount Eaton
Wayne County
P.O. Box 287
Mount Eaton, Ohio 44659

To the Village Council:

We have audited the accompanying financial statements of the Village of Mount Eaton, Wayne County, Ohio, (the Village) as of and for the year ended December 31, 2002. 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 of the Village as of December 31, 2002, and its combined cash receipts and disbursements for the year 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 21, 2003 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.

The accompanying Schedule of Receipts and Expenditures of Federal Awards is presented for additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the financial statements. We subjected this information to the auditing procedures applied in the audit of the financial statements and, in our opinion, it is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

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The accompanying Schedule of Receipts and Expenditures of Federal Awards replaces the Schedule in the Village of Mount Eaton's year ended December 31, 2002 report package. The Schedule was revised to include the Community Development Block Grant (CFDA #14.228), which was previously omitted from the Schedule.

This report is intended for the information and use of management, Village Council, federal awarding agencies and 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 that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

August 21, 2003, except for paragraphs six and seven which are dated March 19, 2004.

**VILLAGE OF MOUNT 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, 2002**

	<u>Governmental Fund Types</u>			<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	
Cash Receipts:				
Property Tax and Other Local Taxes	\$12,939			\$12,939
Self Assessed Taxes	65,405			65,405
Intergovernmental Receipts	15,254	\$33,360		48,614
Charges for Services	1,895	30		1,925
Fines, Licenses, and Permits	11,557	1,500		13,057
Earnings on Investments	3,592	584		4,176
Miscellaneous	31	1,059		1,090
	<u>110,673</u>	<u>36,533</u>		<u>147,206</u>
Cash Disbursements:				
Current:				
Security of Persons and Property	63,529	260		63,789
Personal Services	750			750
Finge Benefits	112			112
Public Health Services	2,233			2,233
Leisure Time Activities	1,246	2,349		3,595
Supplies & Materials	259			259
Transportation	500	13,065		13,565
General Government	44,450	1,469		45,919
Debt Service:				
Principal Payments			\$4,802	4,802
Interest Payments			115	115
	<u>113,079</u>	<u>17,143</u>	<u>4,917</u>	<u>135,139</u>
Total Receipts Over/(Under) Disbursements	<u>(2,406)</u>	<u>19,390</u>	<u>(4,917)</u>	<u>12,067</u>
Other Financing Receipts/(Disbursements):				
Transfers-In			4,917	4,917
Transfers-Out	<u>(4,917)</u>			<u>(4,917)</u>
Total Other Financing Receipts/(Disbursements)	<u>(4,917)</u>		<u>4,917</u>	
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(7,323)	19,390		12,067
Fund Cash Balances, January 1	<u>36,894</u>	<u>20,242</u>		<u>57,136</u>
Fund Cash Balances, December 31	<u>\$29,571</u>	<u>\$39,632</u>	<u>\$0</u>	<u>\$69,203</u>

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

**VILLAGE OF MOUNT EATON
WAYNE COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCE - ALL PROPRIETARY AND SIMILAR FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2002**

	<u>Proprietary Fund Types</u>	<u>Fiduciary Fund Types</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
Operating Cash Receipts:			
Charges for Services	\$295,256		\$295,256
Fines, Licenses, and Permits		\$15,886	15,886
Total Operating Cash Receipts	295,256	15,886	311,142
Operating Cash Disbursements:			
Personal Services	11,530		11,530
Fringe Benefits	1,572		1,572
Contractual Services	2,392,777		2,392,777
Supplies and Materials	42,810		42,810
Total Operating Cash Disbursements	2,448,689		2,448,689
Operating Income/(Loss)	(2,153,433)	15,886	(2,137,547)
Non-Operating Cash Receipts:			
Intergovernmental Receipts	1,877,138		1,877,138
Proceeds from Notes and Bonds	150,000		150,000
Other Debt Proceeds	265,008		265,008
Total Non-Operating Cash Receipts	2,292,146		2,292,146
Non-Operating Cash Disbursements:			
Debt Service			
Principal Payments	55,369		55,369
Mayor's Court Distributions		15,886	15,886
Total Non-Operating Cash Disbursements	55,369	15,886	71,255
Net Receipts Over/(Under) Disbursements	83,344		83,344
Fund Cash Balances, January 1	93,034		93,034
Fund Cash Balances, December 31	\$176,378	\$0	\$176,378

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

**VILLAGE OF MOUNT EATON
WAYNE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Village of Mount Eaton, Wayne 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 and sewer 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 the 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 from trusts or for capital projects) that are restricted to expenditure for specific purposes. The Village has the following significant Special Revenue Fund:

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 MOUNT EATON
WAYNE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

3. Debt Service Fund

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

Cruiser Note Fund - This fund receives transfers from the 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 Fund:

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

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. Appropriations lapse at year end.

2. Estimated Resources

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

**VILLAGE OF MOUNT EATON
WAYNE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

3. Encumbrances

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are canceled and reappropriated in the subsequent year.

A summary of 2002 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:

	2002
Demand deposits	\$235,581
Certificates of deposit	10,000
Total deposits	\$245,581

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

3. BUDGETARY ACTIVITY

Budgetary activity for the year ended December 31, 2002 follows:

	2002 Budgeted vs. Actual Receipts		
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$127,262	\$110,673	(\$16,589)
Special Revenue	22,210	36,533	14,323
Debt Service	4,927	4,917	(10)
Enterprise	2,056,000	2,587,402	531,402
Total	\$2,210,399	\$2,739,525	\$529,126

**VILLAGE OF MOUNT EATON
WAYNE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

2002 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$173,282	\$117,996	\$55,286
Special Revenue	35,790	17,143	18,647
Debt Service	4,927	4,917	10
Enterprise	2,530,000	2,504,058	25,942
Total	\$2,743,999	\$2,644,114	\$99,885

Contrary to Ohio Rev. Code Section 5705.39, total appropriations exceeded total estimated resources in the General Fund, Street Maintenance Fund, State Highway Fund, and Wastewater Fund. In addition, no certification was obtained from the County Auditor that total appropriations from each fund did not exceed the total official estimate of fund resources in 2002.

Contrary to Ohio Rev. Code Section 5705.41(D), blanket certificates were open beyond three months. Contrary to Ohio Rev. Code Section 5705.41(D), the availability of resources to pay expenditure obligations was not always certified prior to incurring expenditure obligations.

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 MOUNT EATON
WAYNE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002
(Continued)**

6. DEBT

Debt outstanding at December 31, 2002 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Ohio Water Development Authority Loan - OWDA (2001)	\$891,000	3.96%
Sewer System Improvement Bond Anticipation Note (2002)	<u>150,000</u>	4.25%
Total	<u><u>\$1,041,000</u></u>	

The Ohio Water Development Authority (OWDA) loan relates to a wastewater sewer project that was mandated by the Ohio Environmental Protection Agency. The OWDA made \$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.

The Sewer System Improvement Bond Anticipation Note relates to a note issued in anticipation of the issuance of bonds for the purpose of paying a portion of the cost of improving the municipal sewage system by constructing a wastewater treatment plant and sanitary sewers.

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

	<u>OWDA Loan</u>	<u>Sewer System Imp. Bond Anticipation Note</u>
Year ending December 31, 2003	\$1,039,223	\$158,223

7. RETIREMENT SYSTEM

The Village's employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2002, OPERS members contributed 8.5% of their wages. The Village contributed an amount equal to 13.55% of participants' gross salaries for 2002. The Village has paid all contributions required through December 31, 2002.

8. RISK MANAGEMENT

Commercial Insurance

The Village has obtained commercial insurance for the following risks:

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

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**VILLAGE OF MOUNT EATON
WAYNE COUNTY**

**SCHEDULE OF RECEIPTS AND EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2002**

Federal Grantor/ Pass Through Grantor/ Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Expenditures
<u>U.S. DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE</u>				
<i>Direct:</i>				
Water and Waste Disposal Systems for Rural Communities		10.760	<u>\$925,079</u>	<u>\$1,248,535</u>
Total U.S. Department of Agriculture Rural Utilities Service			<u>925,079</u>	<u>1,248,535</u>
<u>U.S. DEPARTMENT OF DEVELOPMENT</u>				
<i>Passed Through The State of Ohio, Department of Development:</i>				
Community Development Block Grant Water and Sanitary Sewer Program	CW-99-360-1	14.228	390,000	390,000
<i>Passed Through The State of Ohio, Department of Development and Wayne County, Ohio:</i>				
Community Development Block Grant Formula Program	BF-00-078-1	14.228	<u>20,000</u>	<u>0</u>
Total U.S. Department of Development			<u>410,000</u>	<u>390,000</u>
Totals			<u>\$1,335,079</u>	<u>\$1,638,535</u>

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

**VILLAGE OF MOUNT EATON
WAYNE COUNTY**

**NOTES TO SCHEDULE OF RECEIPTS AND EXPENDITURES OF FEDERAL AWARDS
DECEMBER 31, 2002**

NOTE A--SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Receipts and Expenditures to Federal Awards (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.

NOTE C -- CORRECTION OF AN ERROR

The accompanying Schedule of Receipts and Expenditures of Federal Awards replaces the Schedule in the Village of Mount Eaton's year ended December 31, 2002 report package. The Schedule was to include the Community Development Block Grant (CFDA 14.228), which previously was omitted from the Schedule.



**Auditor of State
Betty Montgomery**

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

Village of Mount Eaton
Wayne County
P.O. Box 287
Mount Eaton, Ohio 44659

To the Village Council:

We have audited the accompanying financial statements of the Village of Mount Eaton, Wayne County, Ohio, (the Village) as of and for the year ended December 31, 2002, and have issued our report thereon dated August 21, 2003. 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 instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2002-001 and 2002-002.

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 21, 2003.

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Village of Mount Eaton
Wayne County
Independent Accountants' Report on Compliance and on Internal Control
Required by *Government Auditing Standards*
Page 2

This report is intended for the information and use of management, 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 that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

August 21, 2003



Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO ITS MAJOR FEDERAL PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Village of Mount Eaton
Wayne County
P.O. Box 287
Mount Eaton, Ohio 44659

Compliance

We have audited the compliance of the Village of Mount Eaton, Wayne County, Ohio, (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 each of its major federal programs for the year ended December 31, 2002. The Village's major federal programs are 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 each of its major federal programs 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 each of its major federal programs for the year ended December 31, 2002.

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.

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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.

The accompanying Schedule of Receipts and Expenditures of Federal Awards replaces the Schedule in the Village of Mount Eaton's year ended December 31, 2002 report package. The Schedule was revised to include the Community Development Block Grant (CFDA #14.228), a major federal program, which was previously omitted from the Schedule.

This report is intended for the information and use of management, Village Council, federal awarding agencies and 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.



Betty Montgomery
Auditor of State

August 21, 2003, except the second to last paragraph which is dated March 19, 2004

**VILLAGE OF MOUNT EATON
WAYNE COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 §.505
DECEMBER 31, 2002**

1. SUMMARY OF AUDITOR'S RESULTS

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unqualified
<i>(d)(1)(ii)</i>	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material non-compliance at the financial statement level (GAGAS)?	Yes
<i>(d)(1)(iv)</i>	Were there any material internal control weakness conditions reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unqualified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	Water and Waste Disposal Systems for Rural Communities CFDA # 10.760 Community Development Block Grant CFDA #14.228
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A\B Programs	Type A: > \$ 300,000
<i>(d)(1)(ix)</i>	Low Risk Auditee?	No

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

FINDING NUMBER 2002-001

Noncompliance Citation

Ohio Rev. Code Section 5705.39 requires that total appropriations from each fund not exceed total estimated fund resources from each fund. This section also requires the Village to obtain a County Auditor's certificate that total appropriations from each fund do not exceed the total official estimate or amended official estimate.

FINDING NUMBER 2002-001 (Continued)

Noncompliance Citation

During 2002, total appropriations exceeded total estimated resources throughout the year by the following amounts:

<u>Fund</u>	<u>Estimated Resources</u>	<u>Appropriations</u>	<u>Variance</u>
General Fund (1000)	\$164,157	\$173,282	(\$9,125)
Street Maintenance & Repair (2011)	21,056	22,040	(984)
State Highway (2021)	2,450	2,500	(50)
Wastewater (5201)	2,015,269	2,428,000	(412,731)

In addition, the Village did not obtain a certificate from the County Auditor that appropriations from each fund do not exceed the total Amended Official Estimate of Resources for certain appropriation and estimated resource amendments. Village Council should monitor appropriations versus estimated resources to help avoid overspending. In addition, the Clerk/Treasurer should obtain the required certificate from the County Auditor when establishing/amending appropriations and estimated resources.

FINDING NUMBER 2002-002

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 purpose 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 thereon.

This section also provides for a number of “exceptions” to the above requirements. Two exceptions are:

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.

If the amount involved is less than \$1,000 (\$3000 effective April 7, 2003), the Clerk may authorize payment through a Then and Now Certificate without affirmation of Village Council, if such expenditure is otherwise valid.

2. Blanket Certificates – Fiscal officers may prepare “blanket” certificates not exceeding \$5,000 against any specific line item account over a period not exceeding 3 months or running beyond the current fiscal year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.

FINDING NUMBER 2002-002 (Continued)

Noncompliance Citation

During 2002, 8 out of 40 expenditures tested (20%) were not certified by the Village Clerk prior to incurring the obligation. Then and Now certificates were not used for these transactions. The Village should certify the availability of funds prior to incurring the obligation for expenditures.

In addition, 7 of the 9 (77.8%) transactions tested for which blanket certificates were used as indicated by the Village, were open beyond three months. The Clerk/Treasurer should periodically review the "Outstanding Purchase Order Report" to ensure that open blanket certificates do not exceed three months.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS
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None

**VILLAGE OF MOUNT EATON
WAYNE COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2002**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2001-30985-001	Ohio Rev. Code Section 5705.41(D) – expenditures were not certified by the Clerk prior to incurring the obligation	No	Improvement noted compared to prior year; however, 20% of expenditures tested were not certified by the Clerk prior to the invoice date of the expenditure. Reissued as Finding 2002-002.



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800-282-0370

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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
APRIL 29, 2004**