



**VILLAGE OF MONROEVILLE
HURON COUNTY**

SINGLE AUDIT

FOR THE YEAR ENDED DECEMBER 31, 2000



**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
Room 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

To the Village Council:

We have audited the accompanying financial statements of the Village of Monroeville, Huron County, (the Village) as of and for the year ended December 31, 2000, as listed in the table of contents. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards 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, 2000 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 March 30, 2001 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 of the Village, taken as a whole. The accompanying schedule of federal awards expenditures is presented for purposes of 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. 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, the Council, federal awarding agencies, 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.

Jim Petro
Auditor of State

March 30, 2001

**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, 2000**

	<u>Governmental Fund Types</u>			<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Expendable Trust</u>	
Cash Receipts:					
Property Tax and Other Local Taxes	\$446,100	\$5,969			\$452,069
Special Assessments			\$3,314		3,314
Intergovernmental Receipts	130,717	77,654			208,371
Fines, Licenses, and Permits	63,394	4,095			67,489
Miscellaneous	133,166	18,990			152,156
	<u>773,377</u>	<u>106,708</u>	<u>3,314</u>		<u>883,399</u>
Cash Disbursements:					
Current:					
Security of Persons and Property	347,205	23,320			370,525
Public Health Services	1,714				1,714
Leisure Time Activities	70,880				70,880
Community Environment	18,093				18,093
Transportation	108,821	61,598			170,419
General Government	357,261	132			357,393
Debt Service:					
Debt Service	46,902		33		46,935
Capital Outlay		28,108	9,939		38,047
	<u>950,876</u>	<u>113,158</u>	<u>9,972</u>		<u>1,074,006</u>
Total Cash Disbursements	<u>950,876</u>	<u>113,158</u>	<u>9,972</u>		<u>1,074,006</u>
Total Disbursements Over Receipts	<u>(177,499)</u>	<u>(6,450)</u>	<u>(6,658)</u>		<u>(190,607)</u>
Other Financing Receipts/(Disbursements):					
Transfers-In		4,067			4,067
Transfers-Out	(4,067)				(4,067)
Total Other Financing Receipts/(Disbursements)	<u>(4,067)</u>	<u>4,067</u>			
Excess of Cash Receipts and Other Financing Receipts (Under) Cash Disbursements and Other Financing Disbursements	(181,566)	(2,383)	(6,658)		(190,607)
Fund Cash Balances, January 1	<u>825,296</u>	<u>250,846</u>	<u>74,553</u>	<u>\$25,000</u>	<u>1,175,695</u>
Fund Cash Balances, December 31	<u>\$643,730</u>	<u>\$248,463</u>	<u>\$67,895</u>	<u>\$25,000</u>	<u>\$985,088</u>
Reserves for Encumbrances, December 31	<u>\$26,913</u>	<u>\$1,416</u>			<u>\$28,329</u>

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

**VILLAGE OF MONROEVILLE
HURON COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCE - PROPRIETARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2000**

	Proprietary Fund Type
	Enterprise
Operating Cash Receipts:	
Charges for Services	\$3,187,164
Miscellaneous	<u>160</u>
Total Operating Cash Receipts	<u>3,187,324</u>
Operating Cash Disbursements:	
Personal Services	375,505
Fringe Benefits	2,988
Contractual Services	2,426,327
Supplies and Materials	71,607
Capital Outlay	<u>2,107,320</u>
Total Operating Cash Disbursements	<u>4,983,747</u>
Operating Loss	<u>(1,796,423)</u>
Non-Operating Cash Receipts:	
Proceeds from Notes and Bonds	3,597,583
Other Non-Operating Receipts	<u>9,836</u>
Total Non-Operating Cash Receipts	<u>3,607,419</u>
Non-Operating Cash Disbursements:	
Debt Service	78,301
Other Non-Operating Cash Disbursements	<u>4,539</u>
Total Non-Operating Cash Disbursements	<u>82,840</u>
Net Receipts Over Disbursements	1,728,156
Fund Cash Balances, January 1	<u>1,422,016</u>
Fund Cash Balances, December 31	<u><u>\$3,150,172</u></u>
Reserve for Encumbrances, December 31	<u><u>\$1,131,865</u></u>

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, 2000**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Village of Monroeville, Huron County, (the Village) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village is directed by a publicly-elected six-member Council. The Village provides general governmental services, including water and sewer utilities, park operations (leisure time activities), and police 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

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. Amounts on deposit with Huron County are valued at the County Treasurer's carrying amount.

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.

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, 2000
(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 Fund:

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

3. Capital Project Funds

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through enterprise or trust funds). The Village had the following significant capital project fund:

Sidewalk Fund - This fund receives proceeds from special assessments paid by certain Village residents for 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 loan proceeds and grant monies for the purpose of upgrading the water treatment plant, rehabilitating the dam and constructing a reservoir.

Herbert Substation 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:

F.S. Clark Trust Fund - To account for money donated to the Village for the purpose of creating a park.

E. Budgetary Process

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

**VILLAGE OF MONROEVILLE
HURON COUNTY**

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

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or 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. The Village did not encumber all commitments required by Ohio law.

A summary of 2000 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. Unpaid Vacation and Sick Leave

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the cash basis of accounting used by the Village.

2. EQUITY IN POOLED CASH AND INVESTMENTS

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

	<u>2000</u>
Demand deposits	\$1,795,340
Cash on Hand	200
Huron County Treasurer	9,994
Certificates of deposit	<u>1,746,859</u>
Total deposits	3,552,393
STAR Ohio	<u>582,867</u>
Total deposits and investments	<u><u>\$4,135,260</u></u>

**VILLAGE OF MONROEVILLE
HURON COUNTY**

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

Deposits: Deposits are either insured by (1) the Federal Depository Insurance Corporation or (2) collateralized by the financial institution's public entity deposit pool. The money held by the Huron County Treasurer cannot be identified as an investment or deposit since it is held in a pool made up of all funds held by the County.

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, 2000 follows:

2000 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$785,000	\$773,377	(\$11,623)
Special Revenue	106,186	110,775	4,589
Capital Projects	3,700	3,314	(386)
Enterprise	6,711,000	6,794,743	83,743
Fiduciary	3,381		(3,381)
Total	\$7,609,267	\$7,682,209	\$72,942

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,150,812	\$981,856	\$168,956
Special Revenue	258,809	114,574	144,235
Capital Projects	71,188	9,972	61,216
Enterprise	3,888,644	6,198,452	(2,309,808)
Fiduciary	25,000		25,000
Total	\$5,394,453	\$7,304,854	(\$1,910,401)

The Village had expenditures that exceeded appropriations in the Law Enforcement Block Grant, County Permissive Tax, Reservoir and Herbert Substation Funds which violates Ohio Revised Code § 5705.41(B).

The Village did not always certify expenditures in accordance with Ohio Revised Code §5705.41(D).

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, 2000
(Continued)**

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, 2000 was as follows:

	Principal	Interest Rate
Ohio Water Development Authority Loan	\$768,246	5.54 - 6.36%
Ohio Public Works Commission Loan	71,940	0%
AMP Ohio Loan	1,800,000	4.95%
Total	\$2,640,186	

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

In addition to the OWDA loans scheduled, The Ohio Water Development Authority (OWDA) also provided a loan for interim funding for the purchase of a water reservoir in the amount of \$1,940,000. The loan will be refinance by the Rural Development Authority (RDA). The loan will be repaid upon the receipt of financing from RDA. The loan agreement requires repayment within two years.

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 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.

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

Year ending December 31:	OWDA Loan	OPWC Loan	AMP Ohio Loan
2001	\$30,976	\$3,128	\$228,574
2002	61,952	6,256	228,574
2003	61,952	6,256	228,574
2004	61,952	6,256	228,574
2005	61,944	6,256	228,574
Subsequent	1,117,144	43,788	1,142,870
Total	\$1,395,920	\$71,940	\$2,285,740

**VILLAGE OF MONROEVILLE
HURON COUNTY**

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

6. RETIREMENT SYSTEMS

The Village's law enforcement officers belong to the Ohio Police and Fire Pension Fund (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 2000, members of OP&F contributed 10% of their wages to the OP&F. The Village contributed an amount equal to 19.5% of their wages. PERS members contributed 8.5% of their gross salaries. The Village contributed an amount equal to 10.84% of participants' gross salaries. The Village has paid all contributions required through December 31, 2000.

7. RISK MANAGEMENT

The Village is a member of the Ohio Municipal League Joint Self Insurance Pool (the Pool). The Pool assumes the risk of loss up to the limits of the Village's policy. The Pool may assess supplemental premiums. The following risks are covered by the Pool:

- General liability and casualty;
- Public official's liability; and
- Vehicle

The Village also provides health insurance and dental and vision coverage to full-time employees through a private carrier.

8. RELATED PARTY TRANSACTIONS

A Village council member is the owner of a company from which the Village purchased gasoline for vehicles during the year. The Village paid \$7,821 for gasoline purchases.

Another Village council member is the owner of a company from which the Village purchased tires for vehicles during the year. The Village paid \$2,943 for tire purchases.

The Village contracted with a tree trimming company owned by the brother of two village council members. The Village paid \$12,300 for tree trimming services.

**VILLAGE OF MONROEVILLE
HURON COUNTY**

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2000**

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program Title	Pass Through Entity Number	Federal CFDA Number	Disbursements
U.S. DEPARTMENT OF AGRICULTURE			
Water and Waste Disposal Systems for Rural Communities	-	10.760	<u>\$1,797,583</u>
U.S. DEPARTMENT OF JUSTICE <i>Passed Through Ohio Department of Justice:</i>			
Local Law Enforcement Block Grants Program	1999-LE-LE-3091	16.592	2,835
Public Safety Partnership and Community Policing Grant			
Community Oriented Policing - MORE Grant	98CMWX1225	16.710	2,220
Community Oriented Policing - Universal Hiring Program	1999UMWX2714		15,174
			<hr/>
Total Public Safety Partnership and Community Policing Grant			<u>17,394</u>
Total U.S. Department of Justice			<u>20,229</u>
Total Federal Assistance			<u>\$1,817,812</u>

The accompanying notes are an integral part of this schedule.

**VILLAGE OF MONROEVILLE
HURON COUNTY**

**NOTES TO SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FISCAL YEAR ENDED DECEMBER 31, 2000**

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
Room 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

To the Village Council:

We have audited the financial statements of Village of Monroeville as of and for the year ended December 31, 2000, and have issued our report thereon dated March 30, 2001. We conducted our audit in accordance with generally accepted auditing standards 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 of Monroeville'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 2000-30539-001, 2000-30539-002 and 2000-30539-003. We also noted certain immaterial instances of noncompliance that we have reported to management of the Village in a separate letter dated March 30, 2001.

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 March 30, 2001.

Village of Monroeville
Huron County
Report of Independent Accountants 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.

Jim Petro
Auditor of State

March 30, 2001



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

One Government Center
Room 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 EACH MAJOR FEDERAL PROGRAM 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

To the Village Council:

Compliance

We have audited the compliance of the Village of Monroeville 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, 2000. 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 generally accepted auditing standards; 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, 2000.

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.

Village of Monroeville
Huron County
Report of Independent Accountants on Compliance with Requirements
Applicable to the Major Federal Program and 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.

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.

Jim Petro
Auditor of State

March 30, 2001

**VILLAGE OF MONROEVILLE
HURON COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
DECEMBER 31, 2000**

1. SUMMARY OF AUDITOR'S RESULTS

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

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

FINDING NUMBER 2000-30539-001

Noncompliance Citation

Ohio Revised Code § 731.12, states that no member of the legislative authority shall be interested in any contract with the village. Ohio Revised Code § 102.03(C) states that no public official shall participate within the scope of duties as a public official, except through ministerial functions as defined in division (A) of this section, in any license or rate-making proceeding that directly affects the license or rates of any person to whom the public official or employee or immediate family, or a partnership, trust, business trust, corporation or association of which the public official or the public official's immediate family owns or controls more than five percent, unless the public official or employee has filed a written statement acknowledging that sale with the clerk or secretary of the public agency and the statement is entered in any public record of the agency's proceedings.

**FINDING NUMBER 2000-30539-001
(Continued)**

Ohio Revised Code § 102.03 (D) states no public official or employee shall use or authorize the use of the authority or influence of his office or employment to secure anything of value or the promise or offer of anything of value that is of such a character as to manifest a substantial and improper influence upon him with respect to his duties. Ohio Revised Code § 102.03(J) states that this division does not allow a public official who is a member of an organization to participate, formally or informally, in deliberations, discussions or voting on a matter or to use his official position with regard to the interests of the organization on the matter if the public official has assumed a particular responsibility in the organization with respect to the matter or if the matter would affect that person’s personal, pecuniary interests.

Council Members Tom and Mike Sitterly’s brother owns Sitterly Tree Service. The Village contracted with this service for tree trimming. The Village paid \$12,300 to Sitterly Tree Service. Council Members Tom and Mike Sitterly approved the billings to the Tree Service. We recommend Village Council bid tree trimming services. Council members related to the owner of the business should abstain from approving the contract for tree trimming service.

FINDING NUMBER 2000-30539-002

Noncompliance Citation

Ohio Revised Code § 5705.41(B) states no subdivision shall make any expenditure of money unless it has been lawfully appropriated. Supplemental appropriations were not approved by Village Council. The following funds had expenditures that exceeded appropriations:

<u>Fund</u>	<u>Appropriations</u>	<u>Expenditures plus Encumbrances</u>	<u>Variance</u>
Law Enforcement Trust Fund	\$18,512	\$25,924	(\$7,412)
County Permissive Tax Fund		15,000	(15,000)
Reservoir Fund		1,797,583	(1,797,583)
Herbert Substation Fund		1,127,317	(1,127,317)

We recommend appropriation measures be compared with the latest amended certificate of estimated resources and appropriate modifications be made prior to submitting it to the County Auditor. In addition, Village Council should request a certification from the County Auditor for each appropriation measure after it has been approved by the Board.

FINDING NUMBER 2000-30539-003

Noncompliance Citation

Ohio Revised Code § 5705.41(D) states that no subdivision or taxing unit shall make any expenditure of money unless it has been appropriated. Also, no orders or contracts involving the expenditure of money is to be made unless there is attached thereto a certificate of the fiscal officer certifying that the amount required for the order or contract has been lawfully appropriated and is in the treasurer or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. Every such contract made without such a certificate shall be null and void and no warrant shall be issued in payment of any amount due thereon.

**FINDING NUMBER 2000-30539-003
(Continued)**

This section also provides two "exceptions" to the above requirement:

- A. Then an Now Certificate - 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, the Board may authorize the issuance of a warrant in payment of the amount due upon such contract or order by resolution within thirty days from the receipts of such certificate, if such certificate is otherwise valid.
- B. If the amount involved is less than one thousand dollars, the fiscal officer may authorize it to be paid without the affirmation of the Board.

The Clerk-Treasurer did not sign certificates prior to expenditure and then and now certificates were not used in twenty-eight percent of the items tested. This procedure is not only required by Ohio law, but it is also a key control in the disbursement process to help assure that purchase commitments receive prior approval and to help reduce the possibility of the Village funds being over-expended. To improve controls over disbursements, we recommend that all Village disbursements receive certification of the fiscal officer that the funds are available or will be available.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS
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None.

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**VILLAGE OF MONROEVILLE
HURON COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2000**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
1999-30539-001	The Clerk-Treasurer was overcompensated by \$327.	Yes	The Clerk Treasurer repaid the village.
1999-30539-002	The Assistant Clerk was overcompensated in the amount of \$219.34.	Yes	The Assistant Clerk repaid the Village.
1999-30539-003	The Village Administrator was overcompensated in the amount of \$945.	No	The Village administrator has signed a promissory note in which he agreed to pay fifty dollars per month to repay the village. The balance remaining to be paid is \$745.
1999-30539-004	The Clerk-Treasurer was not certifying the availability of funds prior to expenditures and "then and now" certificates were not issued.	No	The Village recently purchased a "Then and Now" certificate stamp to be used beginning in fiscal year 2001.



STATE OF OHIO
OFFICE OF THE AUDITOR

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
MAY 22, 2001**