



**Auditor of State
Betty Montgomery**

VILLAGE OF MONROEVILLE
HURON COUNTY

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

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

To the Village Council:

We have audited the accompanying financial statements of the Village of Monroeville (the Village) as of and for the year ended December 31, 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 and reserves for encumbrances of the Village as of December 31, 2002, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 26, 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.

Village of Monroeville
Huron County
Independent Accountants' Report
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This report is intended solely for the information and use of management, Village Council, and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

August 26, 2003

**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, 2002**

	<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	\$644,647	\$7,432			\$652,079
Special Assessments			\$5,749		5,749
Intergovernmental Receipts	141,815	208,845		\$46,200	396,860
Charges for Services	13,137				13,137
Fines, Licenses, and Permits	50,142	3,024			53,166
Earnings on Investments	61,672	14,675			76,347
Miscellaneous	61,372	21,579			82,951
Total Cash Receipts	972,785	255,555	5,749	46,200	1,280,289
Cash Disbursements:					
Current:					
Security of Persons and Property	372,361	32,422			404,783
Public Health Services	1,746				1,746
Leisure Time Activities	61,662			55,073	116,735
Community Environment	20,683	50			20,733
Transportation	81,101	108,686			189,787
General Government	131,241				131,241
Capital Outlay	142,067	344,644	27,740		514,451
Total Cash Disbursements	810,861	485,802	27,740	55,073	1,379,476
Total Receipts Over/(Under) Disbursements	161,924	(230,247)	(21,991)	(8,873)	(99,187)
Other Financing Receipts and (Disbursements):					
Sale of Fixed Assets	75	60			135
Transfers-In	78	2,547			2,625
Advances-In	142,494	388,158			530,652
Transfers-Out	(287,242)	(78)			(287,320)
Advances-Out	(388,158)	(142,494)			(530,652)
Other Sources	2,863	553	6		3,422
Other Uses	(8,170)		(567)		(8,737)
Total Other Financing Receipts/(Disbursements)	(538,060)	248,746	(561)		(289,875)
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(376,136)	18,499	(22,552)	(8,873)	(389,062)
Fund Cash Balances, January 1	803,145	270,443	53,453	9,340	1,136,381
Fund Cash Balances, December 31	\$427,009	\$288,942	\$30,901	\$467	\$747,319
Reserves for Encumbrances, December 31	\$35,285	\$36,831			\$72,116

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

**VILLAGE OF MONROEVILLE
HURON COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - PROPRIETARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2002**

	Proprietary Fund Type
	Enterprise
Operating Cash Receipts:	
Charges for Services	\$3,505,236
Miscellaneous	225
Total Operating Cash Receipts	3,505,461
Operating Cash Disbursements:	
Personal Services	447,717
Transportation	5,963
Contractual Services	2,433,346
Supplies and Materials	75,257
Capital Outlay	68,983
Total Operating Cash Disbursements	3,031,266
Operating Income	474,195
Non-Operating Cash Receipts:	
Intergovernmental Receipts	65,813
Proceeds from Notes and Bonds	1,600,000
Other Non-Operating Receipts	16,393
Total Non-Operating Cash Receipts	1,682,206
Non-Operating Cash Disbursements:	
Debt Service	1,911,870
Other Non-Operating Cash Disbursements	18,324
Total Non-Operating Cash Disbursements	1,930,194
Excess of Receipts Over Disbursements Before Interfund Transfers and Advances	226,207
Transfers-In	497,925
Transfers-Out	(213,230)
Net Receipts Over Disbursements	510,902
Fund Cash Balances, January 1	2,271,112
Fund Cash Balances, December 31	\$2,782,014
Reserve for Encumbrances, December 31	\$181,981

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, 2002**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

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

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

Ohio Municipal Electric Generation Agency Joint Venture 1 (JV1)

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

Ohio Municipal Electric Generation Agency Joint Venture 2 (JV2)

The Village is a participant with thirty-six subdivisions within the State of Ohio in a joint venture for the costs of acquisition, construction and installation of the distributive generation to provide supplemental reserve electric power to the participants on a cooperative basis. Of the 36 participants, 16 are financing participants and 20 are non-financing participants. The financing participants will pay their portion to a debt service reserve fund on a monthly basis and the non-financing participants will pay their portion in a lump sum cash payment. The Ohio Municipal Electric Generation Agency Joint Venture 2 (JV2) was created for that purpose and includes the buyout of the Ohio Municipal Electric Generation Agency Joint Venture 3 (JV3). On dissolution of the joint venture, the net assets of the JV2 will be shared by the participants on a percentage basis. The JV2 is managed by AMP-Ohio who acts as the joint venture's agent. The participants are obligated by the agreement to remit monthly costs incurred from using electricity generated by the joint venture and a portion of the \$50,260,000 bonds, by which a monthly payment is made to fund the debt service reserve fund for those financing participants. The Village is a non-financing participant in the JV2. The Village's net investment and its share of the operating results of JV2 ownership share of the project is .57 percent. Complete financial statements for JV2 can be obtained from AMP-Ohio at 2600 Airport Drive, Columbus, Ohio 43219, or from the Village's Administrator.

Ohio Municipal Electric Generation Agency Joint Venture 5 (JV5)

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

**VILLAGE OF MONROEVILLE
HURON COUNTY**

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

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

Year	Principle	Interest	Total	Village's Share
2003	\$ 3,445,000	\$ 7,467,361	\$ 10,912,361	\$ 111,306
2004	3,620,000	7,295,111	10,915,111	111,334
2005	3,800,000	7,110,491	10,910,491	111,287
2006	4,000,000	6,910,991	10,910,991	111,292
2007	4,215,000	6,695,991	10,910,991	111,292
2008-2024	119,340,000	66,171,894	185,511,894	1,892,221
Total	<u>\$ 138,420,000</u>	<u>\$ 101,651,839</u>	<u>\$ 240,071,839</u>	<u>\$ 2,448,732</u>

B. Basis of Accounting

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

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

C. Cash and Investments

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

Certificates of deposit are valued at cost. The investment in STAR Ohio (the State Treasurer's investment pool) is valued at amounts reported by the State Treasurer.

D. Fund Accounting

The Village uses fund accounting to segregate cash and investments that are restricted as to use. The Village classifies its funds into the following types:

**VILLAGE OF MONROEVILLE
HURON COUNTY**

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

1. General Fund

The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

2. Special Revenue Fund

These funds are used to account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. The Village had the following significant Special Revenue Funds:

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

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

3. Capital Project Funds

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

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

4. Enterprise Funds

These funds account for operations that are similar to private business enterprises where management intends that the significant costs of providing certain goods or services will be recovered through user charges. The Village had the following significant Enterprise Funds:

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

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

Herbert Substation Fund - This fund receives loan proceeds for the purpose of upgrading the electric substation.

6. Fiduciary Funds (Trust and Agency Funds)

Trust funds are used to account for resources restricted by legally binding trust agreements. If the agreement requires the Village to maintain the corpus of the trust, the fund is classified as a nonexpendable trust fund. Other trust funds are classified as expendable. The Village had the following significant fiduciary funds:

**VILLAGE OF MONROEVILLE
HURON COUNTY**

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

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

E. Budgetary Process

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

1. Appropriations

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

A summary of 2002 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

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

G. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Village's basis of accounting.

2. EQUITY IN POOLED CASH AND INVESTMENTS

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

**VILLAGE OF MONROEVILLE
HURON COUNTY**

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

	2002
Demand deposits	\$ 762,220
Certificates of deposit	1,766,043
Total deposits	2,528,263
STAR Ohio	1,001,070
Total investments	1,001,070
Total deposits and investments	\$ 3,529,333

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

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

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2002 follows:

2002 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 990,877	\$ 975,801	\$ (15,076)
Special Revenue	557,070	258,715	(298,355)
Capital Projects	3,600	5,755	2,155
Enterprise	5,719,079	5,685,592	(33,487)
Fiduciary	46,200	46,200	-
Total	\$ 7,316,826	\$ 6,972,063	\$ (344,763)

2002 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 1,229,134	\$ 1,141,558	\$ 87,576
Special Revenue	652,228	522,711	129,517
Capital Projects	43,913	28,307	15,606
Enterprise	5,811,611	5,356,671	454,940
Fiduciary	55,540	55,073	467
Total	\$ 7,792,426	\$ 7,104,320	\$ 688,106

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

**VILLAGE OF MONROEVILLE
HURON COUNTY**

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

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 one percent on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village.

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

6. DEBT

Debt outstanding at December 31, 2002 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Ohio Water Development Authority Loan	\$ 722,652	3.72-6.36%
Ohio Public Works Commission Loan	59,428	0.00%
American Municipal Power- Ohio Loan	1,600,000	1.85%
Mortgage Revenue Bonds	<u>1,929,000</u>	4.75%
Total	<u>\$ 4,311,080</u>	

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

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

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

The Mortgage Revenue Bonds relate to acquisition and construction improvements to the Village's water treatment plant, water storage facilities, and water distribution and supply system. As required by the mortgage revenue bond covenant, the Village has established and funded a debt service

**VILLAGE OF MONROEVILLE
HURON COUNTY**

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

reserve fund, included as an enterprise fund. The balance in the fund at December 31, 2002 is \$85,832.

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

Year ending December 31:	OWDA Loan	OPWC Loan	AMP Ohio Loan	Mortgage Revenue Bonds
2003	\$ 61,162	\$ 6,256	\$ 1,629,600	\$ 109,628
2004	61,162	6,256		110,021
2005	61,162	6,256		109,870
2006	61,162	6,255		109,920
2007	61,162	6,255		109,923
2008-2012	305,809	31,278		548,451
2013-2017	305,809			547,612
2018-2022	271,299			546,697
2023-2027	96,502			547,327
2028-2032				548,242
2033-2037				546,933
2038-2041				437,384
Total	<u>\$ 1,285,229</u>	<u>\$ 62,556</u>	<u>\$ 1,629,600</u>	<u>\$ 4,272,008</u>

7. RETIREMENT SYSTEMS

The Village's law enforcement officers belong to the Ohio Police and Fire Pension Funds (OP&F). Other full-time employees belong to the Ohio Public Employees Retirement System (OPERS) of Ohio. OP&F and OPERS are cost-sharing, multiple-employer plans. These plans provide retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2002, OP&F participants contributed 10 percent of their wages. The Village contributed an amount equal to 19.5 percent of police participant wages. OPERS members contributed 8.5 percent of their wages. The Village contributed an amount equal to 13.55 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2002.

8. RISK MANAGEMENT

The Village belongs to the Ohio Municipal Joint Self-Insurance Pool, (the Pool), an unincorporated non-profit association available to municipal corporations and their instrumentalities. Pursuant to § 2744.081 of the Ohio Revised Code, the Plan is deemed a separate legal entity. The Pool provides a program of property and casualty insurance for its members. The Plan pays judgments, settlements and other expenses resulting for covered claims that exceed the members' deductibles.

Casualty excess-of-loss contracts at December 31, 2002 and 2001 generally protect against individual losses exceeding \$150,000 for policies issued prior to April 1, 2000; \$100,000 for policies issued between April 1, 2000 and March 31, 2002; and \$125,000 for policies issued April 1, 2002 or later.

**VILLAGE OF MONROEVILLE
HURON COUNTY**

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

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

The Pool cedes reinsurance to reinsurers or excess reinsurers. The Pool is contingently liable should any reinsurer become unable to meet its obligations under the reinsurance agreements.

The Pool's financial statements (audited by other auditors) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained deficit at December 31, 2002 and 2001:

	<u>2002</u>	<u>2001</u>
Assets	\$ 1,852,060	\$ 3,354,251
Liabilities	<u>(3,627,321)</u>	<u>(4,851,866)</u>
Retained Deficit	<u>\$ (1,775,261)</u>	<u>\$ (1,497,615)</u>

9. JOINTLY GOVERNED ORGANIZATION

The Village is a member of AMP-Ohio which is a jointly governed organization between 80 municipalities throughout Ohio, two municipalities in West Virginia, three municipalities in Pennsylvania and one municipality in Michigan. The purpose of AMP-Ohio is to provide electric capacity and energy and to furnish other services to its members.

AMP-Ohio is governed by a Board of Trustees consisting of sixteen members. Each member designates its own representative to the Board of Trustees. Eight of the trustee members are selected by their fellow AMP-Ohio members in each of the service groups. The other eight Board members are elected at large. The main source of revenue is from the sale of electric power. In 2002, the Village paid \$2,222,578 to AMP-Ohio.



**Auditor of State
Betty Montgomery**

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

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

To the Village Council:

We have audited the accompanying financial statements of the Village of Monroeville, Huron County, (the Village) as of and for the year ended December 31, 2002, and have issued our report thereon dated August 26, 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 no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the Village in a separate letter dated August 26, 2003.

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 26, 2003

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 that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

August 26, 2003



**Auditor of State
Betty Montgomery**

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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
OCTOBER 9, 2003**