VILLAGE OF MONROEVILLE
HURON COUNTY

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2009

Mary Taylor, CPA
Auditor of State

VILLAGE OF MONROEVILLE
HURON COUNTY

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Mary Taylor, CPA
Auditor of State

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

To the Village Council:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to an interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. Our Report includes an adverse opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

Mary Taylor

Mary Taylor, CPA
Auditor of State

July 16, 2010

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INDEPENDENT ACCOUNTANTS' REPORT

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

To the Village Council:

We have audited the accompanying financial statements of the Village of Monroeville, Huron County, (the Village) as of and for the years ended December 31, 2009 and 2008. 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 the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure 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 our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the Village has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Instead of the combined funds the accompanying financial statements present, GAAP require presenting entity wide statements and also presenting the Village's larger (i.e. major) funds separately. While the Village does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require villages to reformat their statements. The Village has elected not to follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2009 and 2008 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2009 and 2008, or its changes in financial position or cash flows, where applicable for the years then ended.

Also, 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 of Monroeville, Huron County, as of December 31, 2009 and 2008, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The Village has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 16, 2010, 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 grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Mary Taylor

Mary Taylor, CPA
Auditor of State

July 16, 2010

VILLAGE OF MONROEVILLE
HURON COUNTY

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2009

	Governmental Fund Types			
	General	**Special Revenue**	**Capital Projects**	**Totals (Memorandum Only)**
Cash Receipts:				
Property and Local Taxes	$246,261	$5,879		$252,140
Municipal Income Tax	442,286			442,286
Intergovernmental	126,915	86,981		213,896
Special Assessments	3,024		$4,967	7,991
Charges for Services	13,748			13,748
Fines, Licenses and Permits	80,211	1,273		81,484
Earnings on Investments	77,511	27,229	407	105,147
Miscellaneous	24,562	9,641	4,073	38,276
Total Cash Receipts	1,014,518	131,003	9,447	1,154,968
Cash Disbursements:				
Current:				
Security of Persons and Property	386,771	11,885	1,908	400,564
Public Health Services	1,414			1,414
Leisure Time Activities	56,644			56,644
Community Environment	17,288			17,288
Transportation	72,220	41,754		113,974
General Government	138,454			138,454
Debt Service:				
Redemption of Principal			99,535	99,535
Capital Outlay	16,182	17,519	1,199,059	1,232,760
Total Cash Disbursements	688,973	71,158	1,300,502	2,060,633
Total Receipts Over/(Under) Disbursements	325,545	59,845	(1,291,055)	(905,665)
Other Financing Receipts / (Disbursements):				
Sale of Fixed Assets	690			690
Transfers-In		878	43,344	44,222
Transfers-Out	(235,956)	(4,659)	(878)	(241,493)
Advances-In		7,898		7,898
Advances-Out	(7,898)			(7,898)
Other Financing Sources	2,171			2,171
Other Financing Uses	(12,425)			(12,425)
Total Other Financing Receipts / (Disbursements)	(253,418)	4,117	42,466	(206,835)
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	72,127	63,962	(1,248,589)	(1,112,500)
Fund Cash Balances, January 1	1,149,510	475,321	1,481,694	3,106,525
Fund Cash Balances, December 31	**$1,221,637**	**$539,283**	**$233,105**	**$1,994,025**
Reserve for Encumbrances, December 31	$433			$433

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, 2009

	Proprietary Fund Type
	Enterprise
Operating Cash Receipts:	
Charges for Services	$5,299,890
Miscellaneous	2,828
Total Operating Cash Receipts	5,302,718
Operating Cash Disbursements:	
Personal Services	537,511
Contractual Services	4,403,976
Supplies and Materials	118,051
Other	6,372
Total Operating Cash Disbursements	5,065,910
Operating Income	236,808
Non-Operating Cash Receipts:	
Sale of Notes	835,000
Sale of Fixed Assets	1,011
Other Non-Operating Cash Receipts	18,654
Total Non-Operating Cash Receipts	854,665
Non-Operating Cash Disbursements:	
Capital Outlay	551,992
Redemption of Principal	1,068,093
Interest and Other Fiscal Charges	218,901
Other Non-Operating Cash Disbursements	221,874
Total Non-Operating Cash Disbursements	2,060,860
Excess of Receipts Under Disbursements Before Interfund Transfers	(969,387)
Transfers-In	373,896
Transfers-Out	(176,625)
Net Receipts Under Disbursements	(772,116)
Fund Cash Balances, January 1	3,482,470
Fund Cash Balances, December 31	**$2,710,354**

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 ALL GOVERNMENTAL FUND TYPES FOR THE YEAR ENDED DECEMBER 31, 2008

	Governmental Fund Types			
	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
Cash Receipts:				
Property and Local Taxes	$249,288	$6,178		$255,466
Municipal Income Tax	468,650			468,650
Intergovernmental	169,062	94,960	$49,882	313,904
Special Assessments			5,935	5,935
Charges for Services	14,769			14,769
Fines, Licenses and Permits	62,433	400		62,833
Earnings on Investments	109,030	37,050	1,661	147,741
Miscellaneous	16,981	9,641	1,979	28,601
Total Cash Receipts	1,090,213	148,229	59,457	1,297,899
Cash Disbursements:				
Current:				
Security of Persons and Property	373,653	11,418		385,071
Public Health Services	1,438	0		1,438
Leisure Time Activities	56,012	0		56,012
Community Environment	28,464	0		28,464
Transportation	68,003	62,141	47,720	177,864
General Government	163,208			163,208
Capital Outlay	9,084	10,604	50,710	70,398
Total Cash Disbursements	699,862	84,163	98,430	882,455
Total Receipts Over/(Under) Disbursements	390,351	64,066	(38,973)	415,444
Other Financing Receipts / (Disbursements):				
Proceeds from Sale of Public Debt:				
Sale of Notes			1,224,000	1,224,000
Transfers-In	6,495		47,528	54,023
Transfers-Out	(240,670)	(4,659)	(6,495)	(251,824)
Advances-In	65,128			65,128
Advances-Out			(65,128)	(65,128)
Other Financing Sources	4,028			4,028
Other Financing Uses	(19,648)		(25,581)	(45,229)
Total Other Financing Receipts / (Disbursements)	(184,667)	(4,659)	1,174,324	984,998
Excess of Cash Receipts and Other Financing Receipts Over Cash Disbursements and Other Financing Disbursements	205,684	59,407	1,135,351	1,400,442
Fund Cash Balances, January 1	943,826	415,914	346,343	1,706,083
Fund Cash Balances, December 31	**$1,149,510**	**$475,321**	**$1,481,694**	**$3,106,525**
Reserve for Encumbrances, December 31	$7,231	$150	$123,058	$130,439

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 - ALL PROPRIETARY AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2008

	Proprietary Fund Type	Fiduciary Fund Type	
	Enterprise	Agency	Totals (Memorandum Only)
Operating Cash Receipts:			
Charges for Services	$4,617,069		$4,617,069
Miscellaneous	54,274		54,274
Total Operating Cash Receipts	4,671,343		4,671,343
Operating Cash Disbursements:			
Personal Services	516,717		516,717
Contractual Services	3,421,717		3,421,717
Supplies and Materials	106,113		106,113
Other	6,186		6,186
Total Operating Cash Disbursements	4,050,733		4,050,733
Operating Income	620,610		620,610
Non-Operating Cash Receipts:			
Property and Other Local Taxes	6		6
Sale of Notes	945,000		945,000
Other Non-Operating Cash Receipts	17,102	12,000	29,102
Total Non-Operating Cash Receipts	962,108		974,108
Non-Operating Cash Disbursements:			
Capital Outlay	70,919		70,919
Redemption of Principal	1,170,276		1,170,276
Interest and Other Fiscal Charges	221,554		221,554
Other Non-Operating Cash Disbursements	226,382	12,000	238,382
Total Non-Operating Cash Disbursements	1,689,131		1,701,131
Excess of Receipts Under Disbursements Before Interfund Transfers	(106,413)		(106,413)
Transfers-In	351,904		351,904
Transfers-Out	(154,103)		(154,103)
Net Receipts Over Disbursements	91,388		91,388
Fund Cash Balances, January 1	3,391,082		3,391,082
Fund Cash Balances, December 31	**$3,482,470**		**$3,482,470**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of Monroeville, Huron County, (the Village) as a body corporate and politic. A publicly-elected six-member Council directs the Village. The Village provides water and sewer utilities, park operations, and police services

The Village participates in one jointly governed organization, four joint ventures, and one public entity risk pool. Notes 8, 9, 10, 11, 12 and 13 to the financial statements provides additional information for these entities. These organizations are:

Jointly Governed Organization:
The Huron River Joint Fire District provides fire protection and rescue services to surrounding communities.

Joint Ventures:
The Village is a member of JV1, JV2, JV5 and JV6 which are all joint ventures with several other governments to produce and distribute electric power. These joint ventures are managed by American Municipal Power (AMP-Ohio).

Public Entity Risk Pool:
The Ohio Municipal Joint Self-Insurance Pool provides casualty and liability coverage to several Ohio governments.

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

B. Accounting Basis

These financial statements follow the accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The Village recognizes receipts when received in cash rather than when earned, and recognizes disbursements 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 the Auditor of State prescribes or permits.

C. Deposits and Investments

The Village's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

The Village values certificates of deposit at cost. Money market mutual funds (including STAR Ohio) are recorded at share values the mutual funds report.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

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 reports all financial resources except those required to be accounted for in another fund.

2. Special Revenue Funds

These funds account for proceeds from specific sources (other than from capital project and enterprise funds) 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 account for receipts restricted to acquiring or constructing major capital projects (except those financed through enterprise funds). The Village had the following significant Capital Project Funds:

Municipal Building Fund – This fund received proceeds of general obligation bonds. The proceeds were to be used to construct a new municipal building.

Ohio Public Works Commission Route 20 Culvert Project Fund – This fund received proceeds of an Ohio Public Works Commission grant and the local match from the Village. The proceeds are being used to repair a culvert at Route 20.

General Capital Projects – This fund receives transfers from the General Fund. The proceeds were used to purchase a police cruiser.

4. Enterprise Funds

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

D. Fund Accounting – (Continued)

5. Fiduciary Funds

Fiduciary funds include private purpose trust funds and agency funds. Trust funds account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Village's own programs.

Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Village disburses these funds as directed by the individual, organization or other government. The Village's agency fund accounts for fire insurance funds held on behalf of a property owner.

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 fund, function or object level of control, and appropriations may not exceed estimated resources. The Village 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 individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 2009 and 2008 budgetary activity appears in Note 3.

F. Property, Plant, and Equipment

The Village records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

G. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

2. EQUITY IN POOLED DEPOSITS AND INVESTMENTS

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

	2009	2008
Demand deposits	$146,813	$1,581,175
Certificates of deposit	3,757,722	3,656,785
Cash on Hand	200	200
Total deposits	3,904,735	5,238,160
STAR Ohio	799,644	1,350,835
Total deposits and investments	$4,704,379	$6,588,995

Deposits: Deposits are insured by the Federal Depository Insurance Corporation or 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 2009 and 2008 follows:

2009 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	$1,086,000	$1,017,379	($68,621)
Special Revenue	157,468	139,779	(17,689)
Capital Projects	100,360	52,791	(47,569)
Enterprise	6,632,960	6,531,279	(101,681)
Total	$7,976,788	$7,741,228	($235,560)

3. BUDGETARY ACTIVITY – (CONTINUED)

2009 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	$1,056,104	$945,685	$110,419
Special Revenue	139,960	75,817	64,143
Capital Projects	1,335,789	1,301,380	34,409
Enterprise	8,573,803	7,303,395	1,270,408
Total	$11,105,656	$9,626,277	$1,479,379

2008 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	$1,190,338	$1,165,864	($24,474)
Special Revenue	152,300	148,229	(4,071)
Capital Projects	1,313,664	1,330,985	17,321
Enterprise	6,132,923	5,985,355	(147,568)
Total	$8,789,225	$8,630,433	($158,792)

2008 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	$1,023,883	$967,411	$56,472
Special Revenue	131,841	88,972	42,869
Capital Projects	391,763	318,692	73,071
Enterprise	6,344,499	5,893,967	450,532
Total	$7,891,986	$7,269,042	$622,944

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which the Council adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, 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.

6. DEBT

Debt outstanding at December 31, 2009 was as follows:

	Principal	Interest Rate
Ohio Water Development Authority Loans	$ 880,579	0-6.36%
Ohio Public Works Commission Loan	15,639	0.00%
American Municipal Power- Ohio Loan	835,000	3.80%
Omega JV5 Loan	925,400	2-5%
Mortgage Revenue Bonds	1,782,000	4.75%
Total	$ 4,438,618	

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

The Ohio Public Works Commission (OPWC) zero interest 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) and Omega JV5 loans relate to the purchase of Ohio Municipal Electric Generation Agency Joint Venture 2 (OMEGA-JV2) and Joint Venture 5 (OMEGA-JV5). OMEGA-JV2 and JV5 are distributive generation projects.

The Mortgage Revenue Bonds relate to acquisition and construction improvements to the Village's water treatment plant, water storage facilities, and water distribution and supply system. As required by the mortgage revenue bond covenant, the Village has established and funded a debt service reserve fund, included as an enterprise fund. The balance in the fund at December 31, 2009, is $54,752.

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

6. DEBT – (CONTINUED)

Year ending December 31:	OWDA Loans	OPWC Loan	AMP-Ohio Loan	Mortgage Revenue Bonds	Omega JV5 Loan
2010	$80,495	$6,256	$866,730	$109,645	$93,041
2011	80,495	6,256		109,458	93,062
2012	80,495	3,128		109,448	93,082
2013	80,495			109,940	93,029
2014	80,495			109,563	93,103
2015-2019	398,787			547,365	466,795
2020-2024	315,251			545,724	372,297
2025-2029	29,000			548,076	
2030-2034				547,461	
2035-2039				547,410	
2040-2044				218,657	
Total	$1,145,513	$15,639	$866,730	$3,502,746	$1,304,409

7. RETIREMENT SYSTEMS

The Village's full-time Police Officers belong to the Police and Fire Pension Fund (OP&F). Other employees belong to the Ohio Public Employees Retirement System (OPERS). OP&F and OPERS are cost-sharing, multiple-employer plans. The Ohio Revised Code prescribes these plans' benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2009 and 2008, OP&F participants contributed 10% of their wages. For 2009 and 2008, the Village contributed to OP&F an amount equal to 19.5% of full-time police members' wages, respectively. For 2009 and 2008, OPERS members contributed 10%, respectively, of their gross salaries and the Village contributed an amount equaling 14%, respectively, of participants' gross salaries. The Village has paid all contributions required through December 31, 2009.

8. RISK MANAGEMENT

Risk Pool Membership

The Village belongs to the Ohio Municipal Joint Self-Insurance Pool, (the "Pool"), an unincorporated non-profit association available to municipal corporations and their instrumentalities. The Pool is a separate legal entity per Section 2744 of the Ohio Revised Code. The Pool provides property and casualty insurance for its members. The Pool pays judgments, settlements and other expenses resulting for covered claims that exceed the members' deductibles.

The Pool cedes certain premiums to reinsurers or excess reinsurers. The Pool is contingently liable should any reinsurer be unable to meet its reinsurance obligations.

Members may withdraw at the end of any coverage period upon 60 days' prior notice to the Pool. A withdrawing member not providing the required notification remains responsible for its unpaid

8. RISK MANAGEMENT – (CONTINUED)

claims, and also remains liable for additional assessments (if any) for years during which they were members.

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, 2008 and 2007 (the latest information available):

	2008	2007
Assets	$2,552,519	$ 2,405,834
Liabilities	(2,814,306)	(2,877,385)
Accumulated deficit	($261,787)	($471,551)

9. JOINTLY GOVERNED ORGANIZATION

Huron River Joint Fire District

The Village is a member of the Huron River Joint Fire District. A four-member Board of Trustees governs the District with each member of the District appointing one board member. The member subdivisions are the Village of Monroeville, Peru Township, Ridgefield Township, and Sherman Township, all of which are located in Huron County. The District provides fire protection and rescue services within the District and by contract to areas outside the District. Financial information can be obtained by contacting the District fiscal officer at 55 Monroe Street, Monroeville, Ohio, 44847 or by calling (419) 465-2721.

10. 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 State Auditor's website at www.auditor.state.oh.us.

11. OHIO MUNICIPAL ELECTRIC GENERATION AGENCY JOINT VENTURE (OMEGA JV2)

The Village of Monroeville is a Non-Financing Participant and an Owner Participant with an ownership percentage of .57% and shares participation with thirty-five other subdivisions within the State of Ohio in the Ohio Municipal Electric Generation Agency (OMEGA JV2). Owner Participants own undivided interests, as tenants in common, in the OMEGA JV2 Project in the amount of their respective Project Shares. Purchaser Participants agree to purchase the output associated with their respective Project shares, ownership of which is held in trust for such Purchaser Participants.

Pursuant to the OMEGA JV2 Agreement, the participants jointly undertook as either Financing Participants or Non-Financing Participants and as either Owner Participants or Purchaser Participants, the acquisition, construction, and equipping of OMEGA JV2, including such portions of

11. OHIO MUNICIPAL ELECTRIC GENERATION AGENCY JOINT VENTURE (OMEGA JV2) – (CONTINUED)

OMEGA JV2 as have been acquired, constructed or equipped by AMP and to pay or incur the costs of the same in accordance with the JV2 Agreement.

OMEGA JV2 was created to provide additional sources of reliable, reasonably priced electric power and energy when prices are high or during times of generation shortages or transmission constraints, and to improve the reliability and economic status of the participants' respective municipal electric utility system. The Project consists of 138.65 MW of distributed generation of which 134.081MW is the participants entitlement and 4.569MW are held in reserve. On dissolution of OMEGA JV2, the net assets will be shared by the participants on a percentage of ownership basis. OMEGA JV2 is managed by AMP, which acts as the joint venture's agent. During 2001, AMP issued $50,260,000 of 20 year fixed rate bonds on behalf of the Financing Participants of OMEGA JV2. The net proceeds of the bond issue of $45,904,712 were contributed to OMEGA JV2. The Village's net investment in OMEGA JV2 was $196,471 at December 31, 2009. Complete financial statements for OMEGA JV2 may be obtained from AMP or from the State Auditor's website at www.auditor.state.oh.us.

The thirty-six participating subdivisions and their respective ownership shares at December 31, 2009 are:

Municipality	Percent Ownership	Kw Entitlement	Municipality	Percent Ownership	Kw Entitlement
Hamilton	23.87%	32,000	Grafton	0.79%	1,056
Bowling Green	14.32%	19,198	Brewster	0.75%	1,000
Niles	11.49%	15,400	Monroeville	0.57%	764
Cuyahoga Falls	7.46%	10,000	Milan	0.55%	737
Wadsworth	5.81%	7,784	Oak Harbor	0.55%	737
Painesville	5.22%	7,000	Elmore	0.27%	364
Dover	5.22%	7,000	Jackson Center	0.22%	300
Galion	4.29%	5,753	Napoleon	0.20%	264
Amherst	3.73%	5,000	Lodi	0.16%	218
St. Mary's	2.98%	4,000	Genoa	0.15%	199
Montpelier	2.98%	4,000	Pemberville	0.15%	197
Shelby	1.89%	2,536	Lucas	0.12%	161
Versailles	1.24%	1,660	South Vienna	0.09%	123
Edgerton	1.09%	1,460	Bradner	0.09%	119
Yellow Springs	1.05%	1,408	Woodville	0.06%	81
Oberlin	0.91%	1,217	Haskins	0.05%	73
Pioneer	0.86%	1,158	Arcanum	0.03%	44
Seville	0.79%	1,066	Custar	0.00%	4
	95.20%	127,640		4.80%	6,441
			Grand Total	100.00%	134,081

12. OHIO MUNICIPAL ELECTRIC GENERATION AGENCY JOINT VENTURE 5 (JV5)

The Village of Monroeville is a Financing Participant with an ownership percentage of 1.02 %, and shares participation with forty-one other subdivisions within the State of Ohio in the Ohio Municipal Electric Generation Agency Joint Venture 5 (OMEGA JV5). Financing Participants own undivided interests, as tenants in common, without right of partition in the OMEGA JV5 Project.

Pursuant to the OMEGA Joint Venture JV5 Agreement (Agreement), the participants jointly undertook as Financing Participants, the acquisition, construction, and equipping of OMEGA JV5, including such portions of OMEGA JV5 as have been acquired, constructed or equipped by AMP.

OMEGA JV5 was created to construct a 42 Megawatt (MW) run-of-the-river hydroelectric plant (including 40MW of backup generation) and associated transmission facilities (on the Ohio River near the Bellville, West Virginia Locks and Dam) and sells electricity from its operations to OMEGA JV5 Participants.

Pursuant to the Agreement each participant has an obligation to pay its share of debt service on the Beneficial Interest Certificates (Certificates) from the revenues of its electric system, subject only to the prior payment of Operating & Maintenance Expenses (O&M) of each participant's System, and shall be on a parity with any outstanding and future senior electric system revenue bonds, notes or other indebtedness payable from any revenues of the System. On dissolution of OMEGA JV5, the net assets will be shared by the financing participants on a percentage of ownership basis. Under the terms of the Agreement each participant is to fix, charge and collect rates, fees and charges at least sufficient in order to maintain a debt coverage ratio equal to 110% of the sum of OMEGA JV5 debt service and any other outstanding senior lien electric system revenue obligations. As of December 31, 2009 Monroeville has met their debt coverage obligation.

The Agreement provides that the failure of any JV5 participant to make any payment due by the due date thereof constitutes a default. In the event of a default, OMEGA JV5 may take certain actions including the termination of a defaulting JV5 Participant's entitlement to Project Power. Each Participant may purchase a pro rata share of the defaulting JV5 Participant's entitlement to Project Power, which together with the share of the other non-defaulting JV5 Participants, is equal to the defaulting JV5 Participant's ownership share of the Project, in kilowatts ("Step Up Power") provided that the sum of any such increases shall not exceed, without consent of the non-defaulting JV5 Participant, an accumulated maximum kilowatts equal to 25% of such non-defaulting JV5 Participant's ownership share of the project prior to any such increases.

OMEGA JV5 is managed by AMP, which acts as the joint venture's agent. During 1993 and 2001 AMP issued $153,415,000 and $13,899,981 respectively of 30 year fixed rate Beneficial Interest Certificates (Certificates) on behalf of the Financing Participants of OMEGA JV5. The 2001 Certificates accrete to a value of $56,125,000 on February 15, 2030. The net proceeds of the bond issues were used to construct the OMEGA JV5 Project. On February 17, 2004 the 1993 Certificates were refunded by issuing 2004 Beneficial Interest Refunding Certificates in the amount of $116,910,000, which resulted in a savings to the membership of $34,951,833 from the periods 2005 through 2024.

The Village's net investment to date in OMEGA JV5 was $122,268 at December 31, 2009. Complete financial statements for OMEGA JV5 may be obtained from AMP or from the State Auditor's website at www.auditor.state.oh.us.

13. OHIO MUNICIPAL ELECTRIC GENERATION AGENCY JOINT VENTURE 6 (JV6)

The Village of Monroeville is a Financing Participant with an ownership percentage of 1.39%, and shares participation with nine other subdivisions within the State of Ohio in the Ohio Municipal Electric Generation Agency Joint Venture 6 (OMEGA JV6). Financing Participants, after consideration of the potential risks and benefits can choose to be Owner Participants or Purchaser Participants. Owner Participants own undivided interests, as tenants in common in the Project in the amount of its Project Share. Purchaser Participants purchase the Project Power associated with its Project Share.

Pursuant to the OMEGA Joint Venture JV6 Agreement (Agreement), the participants agree jointly to plan, acquire, construct, operate and maintain the Project, and hereby agree, to pay jointly for the electric power, energy and other services associated with the Project.

OMEGA JV6 was created to construct four (4) wind turbines near Bowling Green Ohio. Each turbine has a nominal capacity of 1.8 MW and sells electricity from its operations to OMEGA JV6 Participants.

Pursuant to the Agreement each participant has an obligation to pay its share of debt service on the Adjustable Rate Revenue Bonds (Bonds) from the revenues of its electric system, subject only to the prior payment of Operating & Maintenance Expenses (O&M) of each participant's System, and shall be on a parity with any outstanding and future senior electric system revenue bonds, notes or other indebtedness payable from any revenues of the System. On dissolution of OMEGA JV6, any excess funds shall be refunded to the Non-Financing Participants in proportion to each Participant's Project Share and to Financing Participant's respective obligations first by credit against the Financing Participant's respective obligations. Any other excess funds shall be paid to the Participants in proportion to their respective Project Shares. Under the terms of the Agreement each financing participant is to fix, charge and collect rates, fees, charges, including other available funds, at least sufficient in order to maintain a debt coverage ratio equal to 110% of the sum of OMEGA JV6 debt service and any other outstanding senior lien electric system revenue obligations. As of December 31, 2009 Monroeville has met their debt coverage obligation.

The Agreement provides that the failure of any JV6 participant to make any payment due by the due date constitutes a default. In the event of a default and one in which the defaulting Participant failed to cure its default as provided for in the Agreement, the remaining participants would acquire the defaulting Participant's interest in the project and assume responsibility for the associated payments on a pro rata basis up to a maximum amount equal to 25% of such non-defaulting Participant's Project share ("Step Up Power").

OMEGA JV6 is managed by American Municipal Power, Inc., which acts as the joint venture's agent. On July 30, 2004 AMP issued $9,861,000 adjustable rate bonds that mature on August 15, 2019. The interest rate on the bonds will be set every six months until maturity. No fixed amortization schedule exists. The net proceeds of the bond issues were used to construct the OMEGA JV6 Project.

13. OHIO MUNICIPAL ELECTRIC GENERATION AGENCY JOINT VENTURE 6 (OMEGA JV6) – (CONTINUED)

The Village's net investment to date in OMEGA JV6 was $116,320 at December 31, 2009. Complete financial statements for OMEGA JV6 may be obtained from AMP or from the State Auditor's website at www.auditor.state.oh.us.

The ten participating subdivisions and their respective ownership shares at December 31, 2009 are:

Participant	KW Amount	% of Financing
Bowling Green	4,100	56.94%
Cuyahoga Falls	1,800	25.00%
Napoleon	300	4.17%
Oberlin	250	3.47%
Wadsworth	250	3.47%
Edgeton	100	1.39%
Elmore	100	1.39%
Montpelier	100	1.39%
Pioneer	100	1.39%
Monroeville	100	1.39%
Total	7,200	100.00%

14. PRAIRIE STATE ENERGY CAMPUS

Prairie State Energy Campus (68 Members). On December 20, 2007, AMP acquired an effective 23.26% undivided ownership interest (the "*PSEC Ownership Interest*") in the Prairie State Energy Campus, a planned 1,600 MW coal-fired power plant and associated facilities in southwest Illinois. The PSEC Ownership Interest is held by AMP 368 LLC, a single-member Delaware limited liability company ("*AMP 368 LLC*"). AMP is the owner of the sole membership interest in AMP 368 LLC. Construction of the PSEC commenced in October 2007.

On July 2, 2008, AMP issued $760,655,000 Prairie State Energy Campus Revenue Bonds, Series 2008A (the "*2008A Prairie State Bonds*"). AMP used the proceeds of the 2008A Prairie State Bonds to refund a portion of the Initial CP allocable to the acquisition of the PSEC Ownership Interest and other PSEC expenditures, finance additional PSEC project costs, fund capitalized interest on the 2008A Prairie State Bonds for a period extending six months past the scheduled in-service dates of each unit of the PSEC and pay the costs of issuance.

On March 31, 2009, AMP issued $166,565,000 aggregate principal amount of its Prairie State Energy Campus Project Revenue Bonds, Series 2009A (the "*2009A Prairie State Bonds*"), the net proceeds of which, after the funding of various reserves and a deposit to a capitalized interest account to pay interest on the 2009A Prairie State Bonds, were used to refund its $120,000,000 of its Prairie State Project Revenue Bond Anticipation Notes, Series 2008, the proceeds of which were used to provide temporary financing for certain PSEC expenditures.

14. PRAIRIE STATE ENERGY CAMPUS – (CONTINUED)

On October 15, 2009, AMP issued $469,580,000 aggregate principal amount of its Prairie State Energy Campus Project Revenue Bonds, Series 2009B (Federally Taxable) and Series 2009C (Federally Taxable – Issuer Subsidy – Build America Bonds) (the "*Series 2009B and C Prairie State Bonds*" and, collectively with the 2008A Prairie State Bonds and 2009A Prairie State Bonds, the "*Prairie State Bonds*") to finance additional PSEC project costs, fund capitalized interest on the Series 2009B and C Prairie State Bonds for a period extending six months past the scheduled in-service dates of each unit of the PSEC, fund deposits to a debt service reserve and pay the costs of issuance.

With the issuance of the Series 2009B and C Prairie State Bonds, AMP does not currently anticipate the need to issue additional bonds or notes to pay additional costs of the PSEC. As of October 1, 2009, AMP estimated that the total capital costs of placing its PSEC Ownership Interest into service to be approximately $1.397 billion.

AMP will sell the power and energy from the PSEC Ownership Interest pursuant to a take-or-pay power sales contract (the *"Prairie State Power Sales Contract*") with 68 Members (the *"Prairie State Participants*"). The Prairie State Power Sales Contract is, in all material respects, comparable to the Power Sales Contract for the Project. The Prairie State Bonds are net revenue obligations of AMP, secured by a master trust indenture, payable primarily from the payments to be made by the Prairie State Participants under the terms of the Prairie State Power Sales Contract.

15. SEGMENT INFORMATION FOR ENTERPRISE FUND

Included in the services provided by the Village financed primarily by user charges are water treatment and distribution, wastewater collection and treatment, electric utility services. The key financial information for the electric utility services for the years ended December 31, 2009 and 2008, is indicated below:

15. SEGMENT INFORMATION FOR ENTERPRISE FUND – (CONTINUED)

	Electric Fund	Electric Reserve Fund	Other Enterprise Funds	Total Enterprise Funds
As of December 31, 2008:				
Operating Cash Receipts	$3,938,040		$733,303	$4,671,343
Operating Cash Disbursements	3,552,177		498,556	4,050,733
Operating Income	385,863		234,747	620,610
Non-Operating Receipts	945,189		16,919	962,108
Capital Outlay	51,067	5,040	14,812	70,919
Debt Service	1,199,630		192,200	1,391,830
Other Non-Operating Disbursements	209,714		16,668	226,382
Transfers in	197,801	26,000	128,103	351,904
Transfers out	26,000		128,103	154,103
Fund Cash Balances at 12/31/09	2,449,808	170,796	861,866	3,482,470
Net Receipts over Disbursements	42,442	20,960	27,986	91,388

	Electric Fund	Electric Reserve Fund	Other Enterprise Funds	Total Enterprise Funds
As of December 31, 2009:				
Operating Cash Receipts	$4,570,878		$731,840	$5,302,718
Operating Cash Disbursements	4,435,748		630,162	5,065,910
Operating Income	135,130		101,678	236,808
Non-Operating Receipts	836,168		18,497	854,665
Capital Outlay	533,095		18,897	551,992
Debt Service	1,090,458		196,536	1,286,994
Other Non-Operating Disbursements	208,472		13,402	221,874
Transfers in	197,271	28,250	148,375	373,896
Transfers out	28,250		148,375	176,625
Fund Cash Balances at 12/31/09	1,758,102	199,046	753,206	2,710,354
Net Receipts over/(under) Disbursements	(691,706)	28,250	(108,660)	(772,116)

INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

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

To the Village Council:

We have audited the financial statements of the Village of Monroeville, Huron County, (the Village) as of and for the years ended December 31, 2009 and 2008, and have issued our report thereon dated July 16, 2010, wherein we noted the Village prepared its financial statements using accounting practices the Auditor of State prescribes or permits rather than accounting principles generally accepted in the United States of America. 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 the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of opining on the effectiveness of the Village's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Village's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the Government's financial statements will not be prevented, or detected and timely corrected.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

Compliance and Other Matters

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect 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 an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We did note a certain matter not requiring inclusion in this report that we reported to the Village's management in a separate letter dated July 16, 2010.

We intend this report solely for the information and use of management, the audit committee, Council and others within the Village. We intend it for no one other than these specified parties.

Mary Taylor

Mary Taylor, CPA
Auditor of State

July 16, 2010

VILLAGE OF MONROEVILLE
HURON COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2009 AND 2008

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; ***Explain***
2007-001	The Village did not submit information to Nationally Recognized Municipal Security Information Repositories (NRMSIRs) or to the State Information Depository (SID) as required by 17 C.F.R 240.15c2-12.	Yes	

Mary Taylor, CPA
Auditor of State

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
AUGUST 5, 2010

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