



**VILLAGE OF MONROEVILLE
HURON COUNTY**

REGULAR AUDIT

FOR THE YEAR ENDED DECEMBER 31, 2023

VILLAGE OF MONROEVILLE
HURON COUNTY
DECEMBER 31, 2023

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OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT

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

To the Village Council:

Report on the Audit of the Financial Statements

Unmodified and Adverse Opinions

We have audited the financial statements of the Village of Monroeville, Huron County, Ohio (the Village), which comprises the cash balances, receipts and disbursements for each governmental and proprietary fund type as of and for the year ended December 31, 2023, and the related notes to the financial statements.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for each governmental and proprietary fund type as of and for the year ended December 31, 2023, and the related notes to the financial statements, in accordance with the financial reporting provisions which Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit, described in Note 2.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* section of our report, the accompanying financial statements do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village, as of December 31, 2023, or the changes in financial position or, where applicable, cash flows thereof for the year then ended.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Village, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 2 of the financial statements, the financial statements are prepared by the Village on the basis of the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 2 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 10, 2024, 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. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.



Keith Faber
Auditor of State
Columbus, Ohio

September 10, 2024

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Village of Monroeville
Huron County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2023

	General	Special Revenue	Debt Service	Capital Projects	Totals (Memorandum Only)
Cash Receipts					
Property and Other Local Taxes	\$220,927	\$24,772			\$245,699
Municipal Income Tax	735,796				735,796
Intergovernmental	89,214	158,867			248,081
Charges for Services	300		\$50,127		50,427
Fines, Licenses and Permits	1,346,461	3,374			1,349,835
Earnings on Investments	66,081	23,999			90,080
Miscellaneous	103,324	17			103,341
<i>Total Cash Receipts</i>	<u>2,562,103</u>	<u>211,029</u>	<u>50,127</u>		<u>2,823,259</u>
Cash Disbursements					
Current:					
Security of Persons and Property	1,078,238	26,495			1,104,733
Public Health Services	4,033	21,637			25,670
Leisure Time Activities	43,996				43,996
Community Environment	28,053			\$8,018	36,071
Transportation	171,747	56,255		8,897	236,899
General Government	358,458				358,458
Capital Outlay	7,212	95,994		63,498	166,704
Debt Service:					
Principal Retirement	35,450		58,447	7,076	100,973
Interest and Fiscal Charges	106,344			9,464	115,808
<i>Total Cash Disbursements</i>	<u>1,833,531</u>	<u>200,381</u>	<u>58,447</u>	<u>96,953</u>	<u>2,189,312</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>728,572</u>	<u>10,648</u>	<u>(8,320)</u>	<u>(96,953)</u>	<u>633,947</u>
Other Financing Receipts (Disbursements)					
Transfers In				44,000	44,000
Transfers Out	(190,660)	(16,000)			(206,660)
Advances In	572,669	3,657			576,326
Advances Out	(544,469)	(3,657)			(548,126)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(162,460)</u>	<u>(16,000)</u>		<u>44,000</u>	<u>(134,460)</u>
<i>Net Change in Fund Cash Balances</i>	566,112	(5,352)	(8,320)	(52,953)	499,487
<i>Fund Cash Balances, January 1</i>	<u>634,675</u>	<u>593,492</u>	<u>101,157</u>	<u>355,593</u>	<u>1,684,917</u>
<i>Fund Cash Balances, December 31</i>	<u>\$1,200,787</u>	<u>\$588,140</u>	<u>\$92,837</u>	<u>\$302,640</u>	<u>\$2,184,404</u>

See accompanying notes to the financial statements.

Village of Monroeville
Huron County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
Proprietary Fund Type
For the Year Ended December 31, 2023

	Proprietary Fund Type
	Enterprise
Operating Cash Receipts	
Charges for Services	\$4,919,748
Fines, Licenses and Permits	40,567
Miscellaneous	92,237
	5,052,552
Operating Cash Disbursements	
Personal Services	526,347
Employee Fringe Benefits	258,647
Contractual Services	3,545,891
Supplies and Materials	242,529
Other	10,725
	4,584,139
<i>Operating Income</i>	468,413
Non-Operating Receipts (Disbursements)	
Property and Other Local Taxes	11,009
Sale of Notes	790,000
Other Debt Proceeds	392,997
Capital Outlay	(590,309)
Principal Retirement	(1,458,567)
Interest and Other Fiscal Charges	(106,182)
Other Financing Uses	(23,781)
	(984,833)
<i>Loss before Transfers and Advances</i>	(516,420)
Transfers In	413,660
Transfers Out	(251,000)
Advances In	540,813
Advances Out	(569,013)
	(381,960)
<i>Net Change in Fund Cash Balances</i>	(381,960)
<i>Fund Cash Balances, January 1</i>	3,836,633
<i>Fund Cash Balances, December 31</i>	\$3,454,673

See accompanying notes to the financial statements.

Village of Monroeville
Huron County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 1 - Reporting Entity

The Village of Monroeville, Huron County, Ohio (the Village), is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly-elected six-member Council directs the Village. The Village provides general governmental services, water, sewer and electrical utilities, park operations, road maintenance, and police services. The Village contracts with the Huron County Sheriff's department to provide 911 emergency dispatch services for security of persons and property.

Joint Ventures, Jointly Governed Organizations, and Public Entity Risk Pools

The Village participates in two jointly governed organizations, several joint ventures, and two public entity risk pools. Notes 6, 12, and 14 to the financial statements provide additional information for these entities.

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

Note 2 - Summary of Significant Accounting Policies

Basis of Presentation

The Village's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types and a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for the proprietary fund type which are all organized on a fund type basis.

Fund Accounting

The Village uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Village are presented below:

General Fund The General Fund accounts for and reports all financial resources not accounted for and reported in another fund. The General Fund balance is available to the Village for any purpose provided it is expended or transferred according to the general laws of Ohio.

Special Revenue Funds These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Village had the following significant Special Revenue Fund:

Street Construction Maintenance and Repair The Street Construction Maintenance and Repair Fund accounts for and reports that portion of the state gasoline tax and motor vehicle license registration fees restricted for construction, maintenance, and repair of streets within the Village.

Debt Service Funds These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. The Village had the following significant Debt Service Fund:

Village of Monroeville
Huron County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Sanitary Sewer Rehab Fund The Sanitary Sewer Rehab Fund accounts for the monthly collection of monies from the Village's sanitary sewer customers as a portion of the principal payment of an Ohio Water Development Authority loan.

Capital Projects Funds These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Village had the following significant Capital Projects Funds:

Street Capital Reserve Fund The Street Capital Reserve Fund accounts for the accumulation of monies set aside for purchasing vehicles and major pieces of equipment.

General Fund Capital Reserves Fund The General Fund Capital Reserves Fund accounts for the accumulation of monies set aside for purchasing equipment, vehicles, and major building maintenance for General Fund purposes.

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 Operating Fund The Electric Operating Fund accounts for the provision of electric service to residential and commercial users. The fund receives charges for services from residents, non-residential and commercial users.

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Rev. Code Section 117.38 and Ohio Admin. Code Section 117-2-03(C). 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 financial reporting provisions of Ohio Rev. Code Section 117.38 and Ohio Admin. Code Section 117-2-03(C) permit.

Budgetary Process

The Ohio Revised Code requires each fund be budgeted annually.

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. Appropriations lapse at year end.

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

Village of Monroeville
Huron County
Notes to the Financial Statements
For the Year Ended December 31, 2023

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

A summary of 2023 budgetary activity appears in Note 3.

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's investment in STAR Ohio is measured at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

Capital Assets

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

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.

Settlement Monies

Ohio has reached settlement agreements with various distributors of opioids which are subject to the OneOhio memorandum of understanding. The original settlement was reached in 2021 with annual payments anticipated through 2038. For 2023, distributions of \$1,049 are reflected in the Opioid Settlement Special Revenue Fund in the accompanying financial statements.

Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Village must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

Nonspendable The Village classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact. For regulatory purposes nonspendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the Village and the nonexpendable portion of the corpus in permanent funds.

Restricted Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

Village of Monroeville
Huron County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Committed Council can *commit* amounts via formal action (resolution). The Village must adhere to these commitments unless the Council amends the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

Assigned Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. For regulatory purposes, assigned fund balance in the General Fund is limited to encumbrances outstanding at year end.

Unassigned Unassigned fund balance is the residual classification for the General Fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Village applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

For regulatory purposes, limited disclosure related to fund balance is included in Note 15.

Note 3 - Budgetary Activity

Budgetary activity for the year ended December 31, 2023 follows:

2023 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$3,631,294	\$3,134,772	(\$496,522)
Special Revenue	233,078	214,686	(18,392)
Debt Service	52,000	50,127	(1,873)
Capital Projects	97,028	44,000	(53,028)
Enterprise	7,519,390	7,201,031	(318,359)
Total	\$11,532,790	\$10,644,616	(\$888,174)

2023 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$2,924,837	\$2,568,660	\$356,177
Special Revenue	329,811	220,038	109,773
Debt Service	58,450	58,447	3
Capital Projects	153,752	96,953	56,799
Enterprise	9,046,338	7,582,991	1,463,347
Total	\$12,513,188	\$10,527,089	\$1,986,099

Village of Monroeville
Huron County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 4 - Deposits and Investments

To improve cash management, cash received by the Village is pooled. Monies for all funds are maintained in this pool. The Ohio Revised Code prescribes allowable deposits and investments. A summary of the Village's deposit and investment accounts are as follows:

	2023
<i>Cash Management Pool (the Pool):</i>	
Demand deposits	\$781,485
Certificates of deposit	3,498,062
Total deposits	4,279,547
STAR Ohio (Investments)	1,359,230
Cash on hand	300
Total carrying amount of deposits and investments held in the Pool	\$5,639,077

The Village does not use a separate payroll clearing account. The expenditures included in the accompanying financial statements reflect net payroll plus all remitted payroll withholdings. At December 31, 2023 the Village is holding no unremitted employee payroll withholdings.

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

Investments

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

Note 5 - Taxes

Property Taxes

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 non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction 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.

The County is responsible for assessing property and for billing, collecting, and distributing all property taxes on behalf of the Village.

Village of Monroeville
Huron County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Income Taxes

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.

Note 6 - Risk Management

Risk Pool Membership - Property and Liability

The Village belongs to the Ohio Plan Risk Management, Inc. (OPRM) (the Plan), an unincorporated non-profit association providing formalized, jointly administered self-insurance risk management programs and other administrative services to Ohio governments (Members). The Plan is legally separate from its member governments.

Pursuant to Section 2744.081 of the Ohio Revised Code, the Plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio.

Effective November 1, 2016, the OPRM elected to participate in a property loss corridor deductible. The property corridor includes losses paid between 70% and 75%. In 2018, the casualty loss corridor was eliminated and the property corridor was adjusted to losses paid between 65% and 70%. Effective November 1, 2019, the property loss corridor was adjusted to losses between 60% and 67.5% and has remain unchanged. OPRM had 801 members as of December 31, 2023.

The Plan's audited financial statements conform with accounting principles generally accepted in the United States of America, with the exception of a qualified opinion related to recording premiums and membership fees earned in full as of December 31, 2023. Those premiums and fees should be earned pro-rata over the individual coverage and membership periods of each policy. The financial statements reported the following assets, liabilities and equity at December 31, 2023.

Assets	\$ 23,113,696
Liabilities	<u>(16,078,587)</u>
Members' Equity	<u>\$ 7,035,109</u>

You can read the complete audited financial statements for OPRM at the Plan's website, www.ohioplan.org.

Risk Pool Membership - Health Insurance

The Village contracts with the Ohio Valley Public Employees Joint Self-Insurance Cooperative (OV-InsCo-op), which is a sub-pool of Jefferson Health Plan, to provide medical and prescription drug coverage. The OV-InsCo-op organized pursuant to Ohio Rev. Code Section 9.833 was established for the public purpose of enabling its members to obtain insurance coverage, provide methods for paying claims and provide a formalized jointly administered self-insurance pool.

Village of Monroeville
Huron County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Each member of OV-InsCo-op is obligated to pay a fee based on an estimate of the member's share of OV-InsCo-op costs for the year. Included in this estimate are claims by eligible employees, which are payable by each member, the member's share of the medical, prescription, vision and dental premiums, and their proportionate share of the administrative costs of OV-InsCo-op. If a member is in a deficit position, the participating member has two fiscal years to make up a negative reserve amount or an insufficient IBNR and three fiscal years to make up insufficient claims fluctuation reserves. Members are required to provide six months' notice of withdrawal from OV-InsCo-op for the termination, allowing OV-InsCo-op time to determine any withdrawal balance owed to or by the departing employer. Any outstanding reserve balances are held by OV-InsCo-op for a maximum period of six months to satisfy the payment of claims incurred before termination. The terminating member has the option to pay all of claims incurred prior to the termination of membership so that any reserves could be released sooner. Employers found to be in a deficit position wishing to leave OV-InsCo-op will be required to repay the deficit in full within 90 days of the effective withdrawal date. Additionally, such terminating member will be required to pay any claims incurred prior to termination notification.

OV-InsCo-op reported the following summary of assets and actuarially-measured liabilities available to pay those liabilities as of December 31, 2023:

	<u>2023</u>
Cash and investments	\$680,657
Actuarial liabilities	\$205,000

Note 7 - Defined Benefit Pension Plans

Ohio Public Employees Retirement System

Some Village employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the Village contributed an amount equaling 14 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2023.

Ohio Police and Fire Retirement System

The Village's full-time police officers belong to the Ohio Police and Fire Pension Fund (OP&F). OP&F is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25 percent of their wages. The Village contributed to OP&F an amount equal to 19.5 percent of full-time police officers' wages. The Village has paid all contributions required through December 31, 2023.

Social Security

Other Village employees contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Village of Monroeville
Huron County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Employees contributed 6.2 percent of their gross salaries. The Village contributed an amount equal to 6.2 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2023.

Note 8 - Postemployment Benefits

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans. OPERS offers a health reimbursement arrangement (HRA) allowance to benefit recipients meeting certain age and service credit requirements. The HRA is an account funded by OPERS that provides tax-free reimbursement for qualified medical expenses such as monthly post-tax insurance premiums, deductibles, co-insurance, and co-pays incurred by eligible benefit recipients and their dependents. OP&F uses a stipend-based health care model. A stipend funded by OP&F is placed in individual Health Reimbursement Accounts that retirees use to be reimbursed for health care expenses. For calendar year 2023, the portion of OPERS employer contributions allocated to health care was 0 percent for members in the traditional pension plan and 2 percent for members in the combined plan. For 2023, the portion of employer contributions OPERS allocated to health care for members in the member-directed plan was 4.0 percent; however, a portion of the health care rate was funded with reserves. OP&F contributes 0.5 percent to fund these benefits.

Note 9 - Construction and Contractual Commitments

As of December 31, 2023, the Village has a remaining contractual commitment for the completion of the Waterline System Improvement Project.

Note 10 - Contingent Liabilities

Amounts grantor agencies pay to the Village are subject to audit and adjustment by the grantor. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

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Village of Monroeville
Huron County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 11 - Debt

Debt outstanding at December 31, 2023 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Ohio Water Development Authority		
WWTP Improvements Loan #2159	\$25,389	5.77%
Sandusky St. Sewer/CSO Reg Removal Loan #4524	48,333	0.00%
Elevated Storage Tank Rehab Loan #5949	125,284	2.00%
WWTP Improvements Loan #6229	1,810,102	0.00%
Monroe St. Sanitary Sewer Line Repl. Loan #7117	970,766	3.19%
Emergency Water Interconnect #8313	80,415	0.00%
Broad St. Sanitary Sewer Improvements Loan #9075	923,482	0.50%
Water Meter Replacement Loan #9076	194,988	0.50%
Route 20 Waterline Replacement Loan #9510	624,843	0.23%
Water System Improvements Loan #10216	392,997	2.08%
Ohio Public Works Commission		
WWTP Improvements Loan #CT23O	242,880	0.00%
North St. Embankment Repair Loan #CT23P	33,255	0.00%
North St. Reconstruction Loan #CI48Q	54,410	0.00%
American Municipal Power - Electric System Improvement BAN	790,000	4.50%
G.O. Water Bond	1,220,000	3.25%
Omega JV5 Loan	516,225	Various
Municipal Building Loan	<u>2,188,628</u>	5.19%
Total	<u><u>\$10,241,997</u></u>	

The Ohio Water Development Authority (OWDA) loans relate to water and sewer line replacements, wastewater treatment plant rehabilitation and improvements, CSO regulator removal, storage tank rehabilitation projects, an emergency interconnect project, a water meter replacement project, and a waterline improvement project. All OWDA loans are collateralized by water and sewer user fees and are repaid in semiannual installments. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

The Ohio Public Works Commission (OPWC) loans relate to wastewater treatment plant improvements, a North Street embankment repair project, a North Street reconstruction project and River Road / Milan Street Resurfacing project. The loans are interest free and will be repaid through semiannual installments through year 2043.

Village of Monroeville
Huron County
Notes to the Financial Statements
For the Year Ended December 31, 2023

The G.O. Water System Refunding, Series 2016 bonds were issued to refinance the Mortgage Revenue Bonds, which were related to the acquisition and construction improvements to the Village’s water treatment plant, water storage facilities and water distribution and supply system. The bonds are scheduled to be repaid in semiannual installments over 25 years.

The American Municipal Power - Electric System Improvement BAN (AMP) relates to the final electrical distribution line upgrade and improvements to the Village’s substation equipment. Principal payments are established annually by a motion and majority vote of Village Council.

The Omega JV5 loan relates to the purchase of Ohio Municipal Electronic Generation Agency Joint Venture (OMEGA JV5). OMEGA JV5 is a distributive generation project. An amortization schedule for the repayment of the loan is currently not available due to fluctuating principal payments and, therefore, is not included in the schedule below.

The building loan relates to a loan obtained for the construction of a municipal complex completed during 2021.

Amortization

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

Year Ending December 31:	OWDA Loans	OPWC Loans	General Obligation Bonds	AMP Ohio BAN	Municipal Building Loan
2024	\$411,801	\$20,902	\$89,650	\$790,000	\$154,684
2025	385,647	20,902	93,025		154,684
2026	375,980	20,902	91,238		154,684
2027	366,314	20,902	89,450		154,684
2028	366,314	20,902	92,663		154,684
2029-2033	1,797,519	102,761	453,577		2,030,257
2034-2038	841,394	67,223	453,164		
2039-2043	599,196	56,049	266,413		
2044-2048	123,486				
Total	<u>\$5,267,651</u>	<u>\$330,543</u>	<u>\$1,629,180</u>	<u>\$790,000</u>	<u>\$2,803,677</u>

Note 12 - Joint Ventures

OMEGA JV2 (36 Members): OMEGA JV2 owns 138.65 MW of distributed generation, consisting of two 32 MW gas-fired turbines, one 11 MW gas-fired turbine and thirty-four 1.825 MW diesel generators. AMP is responsible for the operation of the JV2 Project. OMEGA JV2 has no debt outstanding. 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 JV2 debt service and any other outstanding senior lien electric system revenue obligations. As of December 2023, Village has met its debt coverage obligation. Complete financial statements for OMEGA JV2 can be obtained from AMP at 1111 Schrock Road, Columbus, Ohio 43229, or from the State Auditor’s website at www.ohioauditor.gov.

Village of Monroeville
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For the Year Ended December 31, 2023

OMEGA JV5 (42 Members): In 1993, OMEGA JV5 assigned to a trustee the obligations of its participants to make payments for their respective ownership shares in the "Belleville Project," a 42 MW run-of-the-river hydroelectric generating facility on an Army Corps dam near Parkersburg, West Virginia, an associated transmission line in Ohio and backup diesel generation owned by OMEGA JV5. AMP is responsible for operation of the Belleville Project. The hydroelectric generation associated with the Belleville Project has been operational since June 1999. The Federal Energy Regulatory Commission license for the Belleville Project runs through August 31, 2039. As of December, 2022, \$44,735,574 of the 2001 Belleville Beneficial Interest Certificates ("2001 BICs") with a final maturity of 2030 was outstanding. The 2001 BICs are capital appreciation bonds with a final aggregate maturity amount of \$56,125,000. In addition, on February 15, 2014, AMP redeemed \$70,990,000 of the 2004 Belleville Beneficial Interest Certificates with the proceeds of a draw on the Line of Credit, which draw was evidenced by the proceeds of a note (the JV5 Note). On January 29, 2016, OMEGA JV5 caused the issuance of \$49,745,000 Belleville Beneficial Interest Refunding Certificates, Series 2016 (the "2016 BICs") to pay a portion of the outstanding balance of the JV5 Note and to pay costs of issuance. The balance of the JV5 Note has since been retired. The 2016 BICs bear interest at a variable rate, mature on February 1, 2024 and are subject to redemption and mandatory tender at the option of the holder commencing February 15, 2021. The balance has since been retired. The 2001 BICs and 2016 BICs are non-recourse to AMP. 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, 2023, Village has met its debt coverage obligation. Complete financial statements for OMEGA JV5 can be obtained from AMP at 1111 Schrock Road, Columbus, Ohio 43229, or from the State Auditor's website at www.ohioauditor.gov.

OMEGA JV6 (10 Members): OMEGA JV6 owns four 1.8 MW wind turbines located in Bowling Green, Ohio. AMP is responsible for the operation of the N6 assets. OMEGA JV6 has no debt outstanding. Complete financial statements for OMEGA JV6 can be obtained from AMP at 1111 Schrock Road, Columbus, Ohio 43229, or from the State Auditor's website at www.ohioauditor.gov.

Note 13 - Electric Operating Fund AMP Projects Participation

Prairie State Energy Campus (68 Members): On December 20, 2007, AMP acquired a 23.26% undivided ownership interest (the *PSEC Ownership Interest*) in the Prairie State Energy Campus (*PSEC*), a two unit, supercritical coal-fired power plant designed to have a net rated capacity of approximately 1,582 MW 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. Unit 1 of the PSEC commenced operations in the second quarter of 2012 and Unit 2 of the PSEC commenced operations in the fourth quarter of 2012.

From July 2008 through September 2010, AMP issued five series of Prairie State Energy Campus Revenue Bonds (collectively, the *Initial Prairie State Bonds*) to finance PSEC project costs and PSEC related expenses. The Initial Prairie State Bonds consist of tax-exempt, taxable and tax advantaged Build America Bonds issued in the original aggregate principal amount of \$1,696,800,000. In 2015, 2017 and 2019, AMP issued bonds (the *Prairie State Refunding Bonds* and, together with the Initial Prairie State Bonds, the *Prairie State Bonds*) to refund all of the callable tax-exempt Initial Prairie State Bonds issued in 2008 and 2009, certain of callable outstanding Initial Prairie State Bonds issued as Build America Bonds and certain of the bonds issued in 2015 to refund the Initial Prairie State Bonds. As of December 31, 2023, AMP had \$1,315,450,000 aggregate principal amount of Prairie State Bonds.

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AMP sells 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 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.

AMP Fremont Energy Center (86 Members). On July 28, 2011, AMP acquired from FirstEnergy Generation Corporation (*FirstEnergy*) the Fremont Energy Center (*AFEC*), a combined cycle, natural gas fueled electric generating plant, then nearing completion of construction and located in Fremont, Sandusky County, Ohio. Following completion of the commissioning and testing, AMP declared AFEC to be in commercial operation as of January 20, 2012. AFEC has a capacity of 512 MW (unfired)/675 MW (fired) and consists of two combustion turbines, two heat recovery steam generators and one steam turbine and condenser.

AMP subsequently sold a 5.16% undivided ownership interest in AFEC to the Michigan Public Power Agency and entered into a power sales contract with the Central Virginia Electric Cooperative for the output associated with a 4.15% undivided ownership interest in AFEC. The output of AFEC associated with the remaining 90.69% undivided ownership interest (the "*90.69% Interest*") is sold to AMP Members pursuant to a take-or-pay power sales contract with 86 of its Members (the "*AFEC Power Sales Contract*").

In 2012, to provide permanent financing for the 90.69% Interest, AMP issued, in two series, \$546,085,000 of its AMP Fremont Energy Center Project Revenue Bonds (the *2012 AFEC Bonds*), consisting of taxable and tax-exempt obligations. The AFEC Bonds are net revenue obligations of AMP, secured by a master trust indenture and payable from amounts received by AMP under the AFEC Power Sales Contract. In 2017, AMP issued bonds (the *AFEC Refunding Bonds* and, together with the 2012 AFEC Bonds, the *AFEC Bonds*) to refund a portion of the 2012 AFEC Bonds. As of December 31, 2023, \$378,790,000 aggregate principal amount of AFEC Bonds was outstanding.

Combined Hydroelectric Projects (79 Members). AMP owns and operates three hydroelectric projects, the Cannelton, the Smithland and the Willow Island hydroelectric generating facilities (the *Combined Hydroelectric Projects*), all on the Ohio River, with an aggregate generating capacity of approximately 208 MW. Each of the Combined Hydroelectric Projects is in commercial operation and consists of run-of-the-river hydroelectric generating facilities on existing Army Corps dams and includes associated transmission facilities. AMP holds the licenses from FERC for the Combined Hydroelectric Projects.

To provide financing for, or refinance certain obligations incurred in respect of, the Combined Hydroelectric Projects, AMP has issued ten series of its Combined Hydroelectric Projects Revenue Bonds (the *Combined Hydroelectric Bonds*), in an original aggregate principal amount of \$2,142,071,461 and consisting of taxable, tax-exempt and tax advantaged obligations (Build America Bonds, Clean Renewable Energy Bonds and New Clean Renewable Energy Bonds). The Combined Hydroelectric Bonds are secured by a master trust indenture and payable from amounts received by AMP under a take or-pay power sales contract with 79 of its Members. As of December 31, 2023, \$2,059,888,824 aggregate principal amount of the Combined Hydroelectric Bonds were outstanding under the indenture securing the Combined Hydroelectric Bonds.

Village of Monroeville
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For the Year Ended December 31, 2023

Meldahl Hydroelectric Project (48 Members). AMP owns and, together with the City of Hamilton, Ohio, an AMP Member, developed and constructed a 108.8 MW, three-unit hydroelectric generation facility on the Captain Anthony Meldahl Locks and Dam, an existing Army Corps dam on the Ohio River, and related equipment and associated transmission facilities (the *Meldahl Project*). The Meldahl Project is operated by the City of Hamilton.

In order to finance the construction of the Meldahl Project and related costs, AMP issued seven series of its Meldahl Hydroelectric Project Revenue Bonds (*Meldahl Bonds*) in an original aggregate principal amount of \$820,185,000 consisting of taxable, tax-exempt and tax advantaged obligations (Build America Bonds, Clean Renewable Energy Bonds and New Clean Renewable Energy Bonds). The Meldahl Bonds are secured by a master trust indenture and payable from amounts received by AMP under a take-or-pay power sales contract with 48 of its Members. As of December 31, 2023, \$632,385,000 aggregate principal amount of the Meldahl Bonds were outstanding under the indenture securing the Meldahl Bonds.

On August 14, 2017, AMP filed a lawsuit in the U.S. District Court for the Southern District of Ohio against Voith Hydro, Inc. (*Voith*), which was the supplier of major powerhouse equipment, including the turbines and generators for the Combined Hydroelectric Projects and the Meldahl Project. In the lawsuit, AMP alleges, among other things that Voith failed to deliver equipment on a timely basis and that certain of the equipment delivered was materially defective, causing significant delays. AMP has alleged proven damages of at least \$40 million. On October 16, 2017, Voith filed its answer, denying each of AMP's claims, and asserting two counterclaims seeking the payment of amounts it claims are due under the contract, amounts currently held by AMP as purported liquidated damages and \$40 million in damages, plus interest and legal fees. On December 1, 2017, AMP filed its answer to the Voith counterclaims, denying all liability to Voith.

On February 1, 2023, AMP and Voith executed a Settlement Agreement and Mutual Release resolving all claims between the parties, and the Court dismissed the case with prejudice. Pursuant to the terms of the Settlement Agreement and Mutual Release: Voith will provide to AMP, at Voith's cost, certain equipment, parts, and services; AMP will make payments to Voith totaling \$25 million; and the future purchase and sale of goods and services for the Projects will be governed by agreed-upon terms and conditions.

Resolution of the claims pursuant to the Settlement Agreement and Mutual Release will not result in an impact that is material to the financial condition of AMP, the Projects, or the Participants in either of the Projects.

Greenup Hydroelectric Project (47 Members). In connection with the development of the Meldahl Project, Hamilton agreed to sell and AMP agreed to purchase a 48.6% undivided ownership interest (the *AMP Interest*) in the Greenup Hydroelectric Facility. On May 11, 2016, AMP issued \$125,630,000 aggregate principal amount of its Greenup Hydroelectric Project Revenue Bonds, Series 2016A (the *2016 Greenup Bonds*) and, with a portion of the proceeds thereof, acquired the AMP Interest. The 2016 Greenup Bonds are secured by a separate power sales contract that has been executed by the same Members (with the exception of Hamilton, which retained title to a 51.4% ownership interest in the Greenup Hydroelectric Facility) that executed the Meldahl Power Sales Contract. As of December 31, 2023, \$116,830,000 aggregate principal amount of the 2016 Greenup Bonds were outstanding under the indenture securing the Greenup Bonds.

Village of Monroeville
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For the Year Ended December 31, 2023

Napoleon Solar Project (3 Members). AMP owns the Napoleon Solar Project, a 3.54 MW solar installation, located in Napoleon, Ohio. The Napoleon Solar Project entered commercial operation in August 2012. The output of the Napoleon Solar Project is sold pursuant to the terms of a take-or-pay power sales contract with three of AMP's Members. The cost of the Napoleon Solar Project was financed with the proceeds of a draw on the Line of Credit. As of December 31, 2023, \$3,469,991 on AMP's Line of Credit was allocable to the financing or refinancing of costs related to the Napoleon Solar Project.

Solar Electricity Prepayment Project (22 Members). In 2016, AMP entered into the NextEra PPA pursuant to the terms of which AMP agreed to purchase and a subsidiary of NextEra agreed to sell all of the power and energy generated by solar generation facilities (each, a *System*), each of which is located behind the meter of an AMP Member's Electric System. Under the terms of the NextEra PPA, AMP is required to prepay for twenty-five years of energy to be generated by each System at a "P90" confidence interval, meaning that, in any given year, the probability of exceeding such level of production is ninety percent (90%), and assuming a 0.5% degradation factor. Sixteen Systems with a rated capacity of approximately 58.325 MW have entered commercial operation. AMP has issued two series of Bonds consisting of the Series 2019A and 2020A in the amount of \$80,675,000 to provide financing for the project. As of December 31, 2023, approximately \$73,155,000 of Bonds and an additional \$3.47 million aggregate principal amount of subordinate obligations on AMP's Line of Credit was outstanding.

AMPGS (81 Members). Until November 2009, AMP had been developing a 960 MW twin unit, supercritical boiler, coal-fired, steam and electric generating facility, to be known as the American Municipal Power Generating Station (*AMPGS*), in Meigs County, in southeastern Ohio, on the Ohio River. AMP had planned for AMPGS to enter commercial operation in 2014 at a total capital cost of approximately \$3 billion. In the fourth quarter of 2009, however, the estimated capital costs increased by 37% and Bechtel Power Corporation (*Bechtel*), the EPC (engineer, procure and construct) contractor, would not guarantee that the costs would not continue to escalate. As a result of the estimated cost increases and prior to the commencement of major construction at the project site, the 81 AMP Members that had subscribed for capacity from AMPGS (*AMPGS Participants*) voted to cease development of AMPGS as a coal fired project.

In August 2016, AMP and Bechtel engaged in court-ordered mediation to resolve disputes raised in litigation relating to the cancellation of the AMPGS Project. Following the mediation, AMP and Bechtel reached a comprehensive settlement which resolved all claims. The terms of such settlement are confidential.

As of December 31, 2023, \$1,777,944 on AMP's Line of Credit was allocable to the stranded costs recoverable from the AMPGS Participants and \$3,661,454 on AMP's Line of Credit was allocable to plant held for future use.

Note 14 - Jointly Governed Organizations

Huron River Joint Fire District

The Village is a member of Huron River Joint Fire District (the District). A four-member Board of Trustees governs the District, with each member of the District appointing on 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 of the District. Financial information can be obtained by contacting the District Fiscal Officer at 155 Monroe Street, Monroeville, Ohio 44847.

Village of Monroeville
Huron County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Regional Income Tax Agency

The Regional Income Tax Agency (RITA) is a regional council of governments formed to establish a central collection facility for the purpose of administering the income tax laws of the members and for the purpose of collecting income taxes on behalf of each member. RITA currently has approximately 350 members in the council of governments. Each member has one representative to the council of governments and is entitled to one vote on items under consideration. RITA is administered by a nine-member board of trustees elected by the members of the council of governments. The board exercises total control over RITA's operation including budgeting, appropriating, contracting and designating management. Each participant's degree of control is limited to its representation on the council. For 2023, the Village paid RITA \$19,192 for income tax collection services.

Note 15 - Fund Balances

The fund balance of Special Revenue funds is either restricted or committed. The fund balance of Debt Service funds and Capital Projects funds are restricted, committed, or assigned. The Village did not have any outstanding encumbrances at December 31, 2023.

Note 16 - Subsequent Events

On April 17, 2024 the AMP Ohio BAN rolled over in the amount of \$640,000 with a 4.5% interest rate.

Note 17 - AMP Revenue Coverage

To provide electric service to the citizens, the Village is a member of Ohio Municipal Electric Generation Agency (OMEGA) Joint Ventures as described in Note 12. The Village is liable for debt related to the financing of the OMEGA joint ventures. The activity is accounted for in the Village's Electric Operating Fund, which is reported as part of the combined Enterprise Fund Type in the financial statements. Summary financial information for the Electric Operating Fund is presented below:

Village of Monroeville
Huron County
Notes to the Financial Statements
For the Year Ended December 31, 2023

	<u>2023</u>
Total Fund Cash Balance	\$1,539,257
Total Long-Term Debt	\$1,306,225
 Condensed Operating Information:	
Operating Receipts	
Charges for Services	\$3,785,238
Other Operating Receipts	68,928
Total Operating Receipts	<u>3,854,166</u>
 Operating Expenses	
Personal Services	189,856
Employee Fringe Benefits	102,029
Contractual Services	3,344,852
Supplies and Materials	96,420
Total Operating Expenses	<u>3,733,157</u>
 Operating Income	 121,009
 Nonoperating Receipts (Disbursements)	
Property and Other Local Taxes	11,009
Principal Payments	(1,030,494)
Interest Payments	(20,608)
Other Nonoperating Receipts	624,151
Transfers	<u>(37,340)</u>
Change in Fund Cash Balance	(332,273)
Beginning Fund Cash Balance	<u>1,871,530</u>
Ending Fund Cash Balance	<u><u>\$1,539,257</u></u>
 Condensed Cash Flows Information:	
	<u>2023</u>
Net Cash Provided (Used) by:	
Operating Activities	\$121,009
 Noncapital Financing Activities	
Other Noncapital Financing Activities	<u>(37,340)</u>
 Capital and Related Financing Activities	
Proceeds of Capital and Related Debt	790,000
Principal Payments on Capital and Related Debt	(1,030,494)
Interest Payments on Capital and Related Debt	(20,608)
Other Capital and Related Financing Activities	<u>(154,840)</u>
Net Cash Used by Capital and Related Financing Activities	(415,942)
 Net Increase (Decrease)	 (332,273)
Beginning Fund Cash Balance	<u>1,871,530</u>
Ending Fund Cash Balance	<u><u>\$1,539,257</u></u>

OHIO AUDITOR OF STATE KEITH FABER



65 East State Street
Columbus, Ohio 43215
ContactUs@ohioauditor.gov
800-282-0370

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

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

To the Village Council:

We have audited, in accordance with the 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 (*Government Auditing Standards*), the financial statements of the cash balances, receipts, and disbursements for each governmental and proprietary fund type as of and for the year ended December 31, 2023 and the related notes to the financial statements of the Village of Monroeville, Huron County, Ohio (the Village), and have issued our report thereon dated September 10, 2024, wherein we noted the Village followed financial reporting provisions Ohio Rev. Code § 117.38 and Ohio Admin. Code § 117-2-03(C) permit.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Village's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Village's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying schedule of findings as item 2023-001 that we consider to be a material weakness.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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 or other matters that are required to be reported under *Government Auditing Standards*.

Village's Response to Finding

Government Auditing Standards requires the auditor to perform limited procedures on the Village's response to the finding identified in our audit and described in the accompanying schedule of findings. The Village's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Keith Faber
Auditor of State
Columbus, Ohio

September 10, 2024

**VILLAGE OF MONROEVILLE
HURON COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2023**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2023-001

Material Weakness - Financial Reporting

In our audit engagement letter, as required by AU-C Section 210, Terms of Engagement, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error as discussed in AU-C Section 210 paragraphs .A14 & .A16.

The following errors were identified in the accompanying financial statements and notes to the financial statements:

- The Debt note to the financial statements omitted the December 31, 2023 Municipal Building Loan outstanding balance in the amount of \$2,188,628. The Debt note amortization table also omitted \$2,030,257 in year 2029-2033 principal and interest repayments associated with this loan; and
- General Fund budgeted receipts were increased in the amount of \$240,000 in order to bring the amount reported in the Budgetary Activity note to the financial statements in line with authorized budget amount.

These errors were not identified and corrected prior to the Village preparing its financial statements and notes to the financial statements due to deficiencies in the Village's internal controls over financial statement monitoring. The failure to adequately monitor the financial statements and notes to the financial statements could allow for misstatements to occur and go undetected. The accompanying notes to the financial statements have been adjusted to reflect these changes. In addition to the adjustments noted above, we also identified additional immaterial misstatements ranging from \$6,500 to \$28,682 that we have brought to the Village's attention.

The Village should adopt policies and procedures, including a final review of the financial statements and notes to the financial statements by the Fiscal Officer and Village Council to help identify and correct errors and omissions.

Officials' Response:

Please be advised that errors noted in the Schedule of Findings 2023-001 were due to financial oversight. The Municipal Building Loan debt note was not included on the amortization schedule when compiling the Village's annual financial statements and notes, and the General Fund budgeted receipts were not in line with the authorized budget amount. The Municipal Building Loan debt has now been incorporated into the loan amortization schedule, and the oversight was found for the budgeted receipts. The Fiscal Officer and staff will work harder to ensure such errors do not occur in subsequent reporting years.



Village of Monroeville
 21 North Main Street ~ P.O. Box 156
 Monroeville, Ohio 44847

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**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
 DECEMBER 31, 2023**

Finding Number	Finding Summary	Status	Additional Information
2022-001	Material weakness and noncompliance with Ohio Rev. Code § 5705.14(B) for an unallowable transfer.	Fully corrected.	
2022-002	Material weakness for errors in financial reporting initially reported as Finding 2016-001.	Not corrected and reissued as Finding 2023-001 in this report.	The Municipal Building Loan debt has now been incorporated into the loan amortization schedule, and the oversight was found for the budgeted receipts. The Fiscal Officer and staff will work harder to ensure such errors do not occur in subsequent reporting years.

OHIO AUDITOR OF STATE KEITH FABER



VILLAGE OF MONROEVILLE

HURON COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

This is a true and correct copy of the report, which is required to be filed pursuant to Section 117.26, Revised Code, and which is filed in the Office of the Ohio Auditor of State in Columbus, Ohio.



Certified for Release 9/24/2024

65 East State Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at
www.ohioauditor.gov