

VILLAGE OF MENDON  
MERCER COUNTY, OHIO

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AUDITED FINANCIAL STATEMENTS  
FOR THE YEARS ENDED  
DECEMBER 31, 1999 AND 1998

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**STATE OF OHIO**  
**OFFICE OF THE AUDITOR**  
JIM PETRO, AUDITOR OF STATE

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Village of Mendon  
Mercer County, Ohio

We have reviewed the independent auditor's report of the Village of Mendon, Mercer County, prepared by E.S. Evans and Company, Certified Public Accountants, for the audit period January 1, 1998 through December 31, 1999. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Village of Mendon is responsible for compliance with these laws and regulations.

A handwritten signature in black ink, appearing to read "Jim Petro".

JIM PETRO  
Auditor of State

August 16, 2000

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VILLAGE OF MENDON  
MERCER COUNTY, OHIO

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VILLAGE OF MENDON  
MERCER COUNTY, OHIO

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ELECTED OFFICIALS  
December 31, 1999

| <u>Official</u>                | <u>Term Expires</u> | <u>Surety</u> | <u>Amount</u> |
|--------------------------------|---------------------|---------------|---------------|
| <b>Mayor</b>                   |                     |               |               |
| Alva Kiefer                    | 12-31-1999          | (A)           | \$ 5,000      |
| <b>Council Members</b>         |                     |               |               |
| Beverly Duff                   | 12-31-1999          | (A)           | 5,000         |
| Marge Trisel                   | 12-31-1999          | (A)           | 5,000         |
| Ron Griesdorn                  | 12-31-2001          | (A)           | 5,000         |
| Terry Seibert                  | 12-31-2001          | (A)           | 5,000         |
| John Siano                     | 12-31-2001          | (A)           | 5,000         |
| Nancy Reedy                    | 12-31-2001          | (A)           | 5,000         |
| <b>Clerk/Treasurer</b>         |                     |               |               |
| Tonya Hesse                    | 03-31-2000          | (A)           | 25,000        |
| <b>Board of Public Affairs</b> |                     |               |               |
| Karl Duff                      | 12-31-1999          | (A)           | 5,000         |
| Darrell Etgen                  | 12-31-1999          | (A)           | 5,000         |
| Jeff Snider                    | 12-31-2000          | (A)           | 5,000         |

Legal Council:

Judy Koesters, Attorney at Law

(A) Western Surety Company

VILLAGE OF MENDON  
MERCER COUNTY, OHIO

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INDEX OF FUNDS

GOVERNMENTAL FUND TYPES:

General Fund Type:

General Fund

Special Revenue Fund Types:

Street Construction, Maintenance and Repair Fund

State Highway Improvement Fund

Cemetery Fund

Motor Vehicle License Tax Fund

Capital Projects Fund Types:

Water Plant Improvement Fund

PROPRIETARY FUND TYPES:

Enterprise Fund Types:

Water Revenue Fund

Sewer Revenue Fund

Electric Revenue Fund

Water Tower Fund

Water Debt Fund

Sewer Debt Fund

Utility Deposit Fund

Water Replacement Fund

Sewer Replacement Fund

FIDUCIARY FUND TYPES:

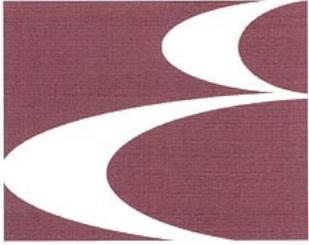
Expendable Trust Fund Type:

Christmas Fund

Non-Expendable Trust Fund Type:

Cemetery Endowment Fund

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# ***E.S. Evans and Company***

**Certified Public Accountants and Consultants**

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Robert E. Wendel, CPA • Dan F. Clifford, CPA • E.S. Evans, CPA, PFS (1930-1999)

May 19, 2000

## INDEPENDENT AUDITOR'S REPORT

Village of Mendon  
Mercer County, Ohio

and

Auditor of State of Ohio  
Columbus, Ohio

We have audited the accompanying combined financial statements of the Village of Mendon, as of and for the years ended December 31, 1999 and 1998. These combined financial statements are the responsibility of the Village of Mendon's management. Our responsibility is to express an opinion on these combined financial statements based on our audit.

We conducted our audit in accordance with Generally Accepted Auditing Standards and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the combined financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the Village of Mendon prepares its combined financial statements on the cash basis, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the combined financial statements referred to above present fairly, in all material respects, cash balances of the Village of Mendon, as of December 31, 1999 and 1998, and the revenues it received and expenditures it paid and the budgeted receipts and appropriations for the years then ended on the basis of accounting described in Note 1.

In accordance with Government Auditing Standards, we have also issued a report dated May 19, 2000 on our consideration of the Village of Mendon's internal control over financial reporting and on our tests of its' compliance with certain provisions of laws, regulations, contracts, and grants.

This report is intended solely for the information and use of the officials authorized to receive this report under Section 117.26, Ohio Revised Code and is not intended to be and should not be used by anyone other than these specific parties.

*E.S. Evans and Company*

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VILLAGE OF MENDON  
MERCER COUNTY, OHIO

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COMBINED STATEMENT OF CASH, INVESTMENTS,  
AND FUND CASH BALANCES - ALL FUND TYPES

December 31, 1999 and 1998

|                                    | <u>1999</u>       | <u>1998</u>       |
|------------------------------------|-------------------|-------------------|
| <u>POOLED CASH AND INVESTMENTS</u> |                   |                   |
| Cash                               | \$ 392,846        | \$ 333,842        |
| Investments - Cash Equivalents     | <u>119,728</u>    | <u>113,888</u>    |
| Total                              | <u>\$ 512,574</u> | <u>\$ 447,730</u> |

POOLED CASH AND INVESTMENT BALANCES BY FUND TYPE

Governmental Funds:

|                       |           |           |
|-----------------------|-----------|-----------|
| General Fund          | \$ 81,045 | \$ 81,547 |
| Special Revenue Funds | 58,450    | 42,375    |

Proprietary Funds:

|                  |         |         |
|------------------|---------|---------|
| Enterprise Funds | 369,668 | 320,448 |
|------------------|---------|---------|

Fiduciary Funds:

|                            |              |              |
|----------------------------|--------------|--------------|
| Expendable Trust Funds     | 865          | 865          |
| Non-Expendable Trust Funds | <u>2,546</u> | <u>2,495</u> |

|       |                   |                   |
|-------|-------------------|-------------------|
| Total | <u>\$ 512,574</u> | <u>\$ 447,730</u> |
|-------|-------------------|-------------------|

The accompanying notes are an integral part  
of these financial statements.

VILLAGE OF MENDON  
MERCER COUNTY, OHIO

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COMBINED STATEMENT OF CASH RECEIPTS, DISBURSEMENTS,  
AND CHANGES IN FUND CASH BALANCES -  
ALL GOVERNMENTAL FUND TYPES AND SIMILAR FIDUCIARY FUNDS

For the Year Ended December 31, 1999

|  | Governmental Fund Types |                    |                    |                     |
|--|-------------------------|--------------------|--------------------|---------------------|
|  | General                 | Special<br>Revenue | Capital<br>Project | Expendable<br>Trust |
| <u>Revenue Receipts:</u>   |                         |                    |                    |                     |
| Local Taxes  | \$ 26,479               | \$ -               | \$ -               | \$ -                |
| Intergovernmental Revenues   | 30,674                  | 25,082             | -                  | -                   |
| Charges for Services   | -                       | 4,470              | -                  | -                   |
| Fines, Licenses, and Permits   | 29                      | -                  | -                  | -                   |
| Miscellaneous  | 8,684                   | 2,481              | -                  | -                   |
| Total Revenue Receipts   | 65,866                  | 32,033             | -                  | -                   |
| <u>Expenditure Disbursements:</u>  |                         |                    |                    |                     |
| Current -  |                         |                    |                    |                     |
| Security of Persons and Property   | 25,993                  | -                  | -                  | -                   |
| Public Health and Welfare  | -                       | 6,875              | -                  | -                   |
| Leisure Time Activities  | 3,559                   | -                  | -                  | -                   |
| Community Environment  | 10,845                  | -                  | -                  | -                   |
| Transportation   | 4,062                   | 12,083             | -                  | -                   |
| General Government   | 18,909                  | -                  | -                  | -                   |
| Capital Outlay   | -                       | -                  | 673,691            | -                   |
| Total Expenditure Disbursements  | 63,368                  | 18,958             | 673,691            | -                   |
| Total Revenue Receipts Over/(Under)<br>Expenditure Disbursements                   | 2,498                   | 13,075             | (673,691)          | -                   |
| <u>Other Financing Sources (Uses):</u>   |                         |                    |                    |                     |
| Operating Transfers-In   | -                       | 3,000              | -                  | -                   |
| Operating Transfers-Out  | (3,000)                 | -                  | -                  | -                   |
| Proceeds from Grant  | -                       | -                  | 255,771            | -                   |
| Proceeds from Loan   | -                       | -                  | 417,920            | -                   |
| Total Other Financing Sources (Uses)   | (3,000)                 | 3,000              | 673,691            | -                   |
| Excess of Receipts and Other Sources Over/<br>(Under) Disbursements and Other Uses | (502)                   | 16,075             | -                  | -                   |
| Fund Cash Balance - January 1, 1999  | 81,547                  | 42,375             | -                  | 865                 |
| Fund Cash Balance - December 31, 1999  | \$ 81,045               | \$ 58,450          | \$ -               | \$ 865              |

The accompanying notes are an integral part  
of these financial statements.

Totals  
(Memorandum  
Only)

\$ 26,479  
55,756  
4,470  
29  
11,165  
97,899

25,993  
6,875  
3,559  
10,845  
16,145  
18,909  
673,691  
756,017

(658,118)

3,000  
(3,000)  
255,771  
417,920  
673,691

15,573  
124,787  
\$ 140,360

VILLAGE OF COLDWATER  
MERCER COUNTY, OHIO

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COMBINED STATEMENT OF CASH RECEIPTS, DISBURSEMENTS,  
AND CHANGES IN FUND CASH BALANCES -  
ALL GOVERNMENTAL FUND TYPES AND SIMILAR FIDUCIARY FUNDS

For the Year Ended December 31, 1998

|  | Governmental Fund Types |                    |                    |                     |
|--|-------------------------|--------------------|--------------------|---------------------|
|  | General                 | Special<br>Revenue | Capital<br>Project | Expendable<br>Trust |
| <u>Revenue Receipts:</u>   |                         |                    |                    |                     |
| Local Taxes  | \$ 45,467               | \$ -               | \$ -               | \$ -                |
| Intergovernmental Revenues   | 37,716                  | 24,246             | -                  | -                   |
| Charges for Services   | -                       | 4,800              | -                  | -                   |
| Fines, Licenses, and Permits   | 10                      | -                  | -                  | -                   |
| Miscellaneous  | 17,550                  | 2,262              | -                  | -                   |
| Total Revenue Receipts   | <u>100,743</u>          | <u>31,308</u>      | <u>-</u>           | <u>-</u>            |
| <u>Expenditure Disbursements:</u>  |                         |                    |                    |                     |
| Current -  |                         |                    |                    |                     |
| Security of Persons and Property   | 17,998                  | -                  | -                  | -                   |
| Public Health and Welfare  | -                       | 6,107              | -                  | -                   |
| Leisure Time Activities  | 1,374                   | -                  | -                  | -                   |
| Community Environmnet  | -                       | -                  | -                  | -                   |
| Basic Utility Services   | 132                     | -                  | -                  | -                   |
| Transportation   | -                       | 22,406             | -                  | -                   |
| General Government   | 36,084                  | 1,535              | -                  | -                   |
| Capital Outlay   | 16,279                  | -                  | 103,424            | -                   |
| Total Expenditure Disbursements  | <u>71,867</u>           | <u>30,048</u>      | <u>103,424</u>     | <u>-</u>            |
| Total Revenue Receipts Over/(Under)  |                         |                    |                    |                     |
| Expenditure Disbursements  | <u>28,876</u>           | <u>1,260</u>       | <u>(103,424)</u>   | <u>-</u>            |
| <u>Other Financing Sources (Uses):</u>   |                         |                    |                    |                     |
| Operating Transfers-In   | -                       | 3,000              | -                  | -                   |
| Operating Transfers-Out  | (3,000)                 | -                  | -                  | -                   |
| Proceeds from Grant  | -                       | -                  | 94,229             | -                   |
| Proceeds from Loan   | -                       | -                  | 9,195              | -                   |
| Total Other Financing Sources (Uses)   | <u>(3,000)</u>          | <u>3,000</u>       | <u>103,424</u>     | <u>-</u>            |
| Excess of Receipts and Other Sources Over/<br>(Under) Disbursements and Other Uses | 25,876                  | 4,260              | -                  | -                   |
| <u>Fund Cash Balance - January 1, 1998</u>   | <u>55,671</u>           | <u>38,115</u>      | <u>-</u>           | <u>865</u>          |
| <u>Fund Cash Balance - December 31, 1998</u>                                       | <u>\$ 81,547</u>        | <u>\$ 42,375</u>   | <u>\$ -</u>        | <u>\$ 865</u>       |

The accompanying notes are an integral part  
of these financial statements.

Totals  
(Memorandum  
Only)

\$ 45,467  
61,962  
4,800  
10  
19,812  
132,051

17,998  
6,107  
1,374  
-  
132  
22,406  
37,619  
119,703  
205,339

(73,288)

3,000  
(3,000)  
94,229  
9,195  
103,424

30,136  
94,651  
\$ 124,787

VILLAGE OF MENDON  
MERCER COUNTY, OHIO

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COMBINED STATEMENT OF CASH RECEIPTS, DISBURSEMENTS,  
AND CHANGES IN FUND CASH BALANCES -  
ALL PROPRIETARY FUND TYPES AND SIMILAR FIDUCIARY FUNDS

For the Year Ended December 31, 1999

|  | Enterprise | Non-Expendable<br>Trust | Totals<br>(Memorandum<br>Only) |
|--|------------|-------------------------|--------------------------------|
| <u>Operating Receipts:</u>   |            |                         |                                |
| Charges for Services   | \$ 482,187 | \$ -                    | \$ 482,187                     |
| Miscellaneous  | 1,569      | 126                     | 1,695                          |
| Total Operating Receipts   | 483,756    | 126                     | 483,882                        |
| <u>Operating Disbursements:</u>  |            |                         |                                |
| Personnel Services   | 65,344     | -                       | 65,344                         |
| Travel Transportation  | 264        | -                       | 264                            |
| Contractual Services   | 259,205    | 75                      | 259,280                        |
| Material and Supplies  | 33,998     | -                       | 33,998                         |
| Capital Outlay   | -          | -                       | -                              |
| Total Operating Disbursements  | 358,811    | 75                      | 358,886                        |
| Excess of Cash Operating Receipts Over/<br>(Under) Operating Disbursements | 124,945    | 51                      | 124,996                        |
| <u>Non-Operating Receipts/(Disbursements):</u>                             |            |                         |                                |
| Debt Service   | (75,725)   | -                       | (75,725)                       |
| Excess of Net Cash Receipts Over/(Under)<br>Disbursements                  | 49,220     | 51                      | 49,271                         |
| <u>Fund Cash Balance - January 1, 1999</u>                                 | 320,448    | 2,495                   | 322,943                        |
| <u>Fund Cash Balance - December 31, 1999</u>                               | \$ 369,668 | \$ 2,546                | \$ 372,214                     |

The accompanying notes are an integral part  
of these financial statements.

VILLAGE OF MENDON  
MERCER COUNTY, OHIO

COMBINED STATEMENT OF CASH RECEIPTS, DISBURSEMENTS,  
AND CHANGES IN FUND CASH BALANCES -  
ALL PROPRIETARY FUND TYPES AND SIMILAR FIDUCIARY FUNDS

For the Year Ended December 31, 1998

|  | Enterprise        | Non-Expendable<br>Trust | Totals<br>(Memorandum<br>Only) |
|--|-------------------|-------------------------|--------------------------------|
| <u>Operating Receipts:</u>   |                   |                         |                                |
| Charges for Services   | \$ 452,172        | \$ -                    | \$ 452,172                     |
| Miscellaneous  | 11,634            | 2,570                   | 14,204                         |
| Total Operating Receipts   | <u>463,806</u>    | <u>2,570</u>            | <u>466,376</u>                 |
| <u>Operating Disbursements:</u>  |                   |                         |                                |
| Personnel Services   | 57,713            | -                       | 57,713                         |
| Travel Transportation  | 329               | -                       | 329                            |
| Contractual Services   | 261,519           | 75                      | 261,594                        |
| Material and Supplies  | 46,631            | -                       | 46,631                         |
| Capital Outlay   | 12,943            | -                       | 12,943                         |
| Total Operating Disbursements  | <u>379,135</u>    | <u>75</u>               | <u>379,210</u>                 |
| Excess of Cash Operating Receipts Over/<br>(Under) Operating Disbursements | <u>84,671</u>     | <u>2,495</u>            | <u>87,166</u>                  |
| <u>Non-Operating Receipts/(Disbursements):</u>                             |                   |                         |                                |
| Debt Service   | <u>(41,769)</u>   | <u>-</u>                | <u>(41,769)</u>                |
| Excess of Net Cash Receipts Over/(Under)<br>Disbursements                  | 42,902            | 2,495                   | 45,397                         |
| Fund Cash Balance - January 1, 1998  | <u>277,546</u>    | <u>-</u>                | <u>277,546</u>                 |
| Fund Cash Balance - December 31, 1998                                      | <u>\$ 320,448</u> | <u>\$ 2,495</u>         | <u>\$ 322,943</u>              |

The accompanying notes are an integral part  
of these financial statements

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VILLAGE OF MENDON  
MERCER COUNTY, OHIO

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COMBINED STATEMENT OF RECEIPTS - BUDGET AND ACTUAL

For the Years Ended December 31, 1999 and 1998

| <u>Fund Types/Funds:</u>       | 1999                |                     |  |
|--------------------------------|---------------------|---------------------|--|
|                                | Budget              | Actual              | Variance<br>Favorable<br>(Unfavorable) |
| <u>Governmental:</u>           |                     |                     |  |
| General                        | \$ 65,874           | \$ 65,866           | \$ (8)                                 |
| Special Revenue                | 31,505              | 32,033              | 528                                    |
| Capital Projects               | 649,000             | 673,691             | 24,691                                 |
| Expendable Trust               | -                   | -                   | -                                      |
| <u>Proprietary:</u>            |                     |                     |  |
| Enterprise                     | 446,750             | 483,756             | 37,006                                 |
| Non-Expendable Trust           | -                   | 126                 | 126                                    |
| <u>Total (Memorandum Only)</u> | <u>\$ 1,193,129</u> | <u>\$ 1,255,472</u> | <u>\$ (62,343)</u>                     |
| <br>                           |                     |                     |  |
| <u>Fund Types/Funds:</u>       | 1998                |                     |  |
|                                | Budget              | Actual              | Variance<br>Favorable<br>(Unfavorable) |
| <u>Governmental:</u>           |                     |                     |  |
| General                        | \$ 66,007           | \$ 100,743          | \$ 34,736                              |
| Special Revenue                | 28,500              | 31,308              | 2,808                                  |
| Capital Projects               | 700,000             | 103,424             | (596,576)                              |
| Expendable Trust               | -                   | -                   | -                                      |
| <u>Proprietary:</u>            |                     |                     |  |
| Enterprise                     | 404,400             | 463,806             | 59,406                                 |
| Non-Expendable Trust           | -                   | 2,570               | 2,570                                  |
| <u>Total (Memorandum Only)</u> | <u>\$ 1,198,907</u> | <u>\$ 701,851</u>   | <u>\$ 497,056</u>                      |

The accompanying notes are an integral part  
of these financial statements.

VILLAGE OF MENDON  
MERCER COUNTY, OHIO

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COMBINED STATEMENT OF DISBURSEMENTS AND  
ENCUMBRANCES COMPARED WITH EXPENDITURE AUTHORITY

For the Years Ended December 31, 1999 and 1998

| <u>Fund Types/Funds:</u>       | <u>Prior Year<br/>Carryover<br/>Appropriation</u> | <u>1999<br/>Appropriation</u> | <u>Total</u>        |
|--------------------------------|---|-------------------------------|---------------------|
| <u>Governmental:</u>           |   |                               |                     |
| General                        | \$ -  | \$ 147,576                    | \$ 147,576          |
| Special Revenue                | -   | 73,879                        | 73,879              |
| Capital Projects               | -   | 649,000                       | 649,000             |
| Expendable Trust               | -   | 865                           | 865                 |
| <u>Proprietary:</u>            |   |                               |                     |
| Enterprise                     | -   | 767,230                       | 767,230             |
| Non - Expendable Trust         | -   | 2,425                         | 2,425               |
| <u>Total (Memorandum Only)</u> | <u>\$ -</u>                                       | <u>\$ 1,640,975</u>           | <u>\$ 1,640,975</u> |

| <u>Fund Types/Funds:</u>       | <u>Prior Year<br/>Carryover<br/>Appropriation</u> | <u>1998<br/>Appropriation</u> | <u>Total</u>        |
|--------------------------------|---|-------------------------------|---------------------|
| <u>Governmental:</u>           |   |                               |                     |
| General                        | \$ -  | \$ 110,752                    | \$ 110,752          |
| Special Revenue                | -   | 63,832                        | 63,832              |
| Capital Projects               | -   | 700,000                       | 700,000             |
| Expendable Trust               | -   | 865                           | 865                 |
| <u>Proprietary:</u>            |   |                               |                     |
| Enterprise                     | -   | 682,581                       | 682,581             |
| Non - Expendable Trust         | -   | -                             | -                   |
| <u>Total (Memorandum Only)</u> | <u>\$ -</u>                                       | <u>\$ 1,558,030</u>           | <u>\$ 1,558,030</u> |

The accompanying notes are an integral part  
of these financial statements.

| <u>1999<br/>Actual<br/>Disbursements</u> | <u>Encumbrances<br/>Outstanding<br/>at 12-31-99</u> | <u>Total</u>        | <u>Variance<br/>Favorable<br/>(Unfavorable)</u> |
|--|---|---------------------|---|
| \$ 63,368                                | \$ -  | \$ 63,368           | \$ 84,208                                       |
| 18,958                                   | -   | 18,958              | 54,921  |
| 673,691                                  | -   | 673,691             | (24,691)  |
| -  | -   | -                   | 865   |
| 434,536                                  | -   | 434,536             | 332,694   |
| <u>75</u>                                | <u>-</u>  | <u>75</u>           | <u>2,350</u>                                    |
| <u>\$ 1,190,628</u>                      | <u>\$ -</u>   | <u>\$ 1,190,628</u> | <u>\$ 450,347</u>                               |

| <u>1998<br/>Actual<br/>Disbursements</u> | <u>Encumbrances<br/>Outstanding<br/>at 12-31-98</u> | <u>Total</u>      | <u>Variance<br/>Favorable<br/>(Unfavorable)</u> |
|--|---|-------------------|---|
| \$ 71,867                                | \$ -  | \$ 71,867         | \$ 38,885                                       |
| 30,048                                   | -   | 30,048            | 33,784  |
| 103,424                                  | -   | 103,424           | 596,576   |
| -  | -   | -                 | 865   |
| 420,904                                  | -   | 420,904           | 261,677   |
| <u>75</u>                                | <u>-</u>  | <u>75</u>         | <u>(75)</u>                                     |
| <u>\$ 626,318</u>                        | <u>\$ -</u>   | <u>\$ 626,318</u> | <u>\$ 931,712</u>                               |

VILLAGE OF MENDON  
MERCER COUNTY, OHIO

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NOTES TO FINANCIAL STATEMENTS

December 31, 1999 and 1998

Note 1 - Summary of Significant Accounting Policies

Description of the Entity

The Village of Mendon is a political and corporate body established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village operates under a council/mayor form of government and provides the following services: public safety, health, recreation, street maintenance, water, sewer and electric facilities, and general administrative services.

The Village's management believes the financial statements included in this report represent all of the funds of the Village over which the Village has the ability to exercise direct operating control.

Basis of Accounting

The Village prepares its financial statements on a basis of cash receipts and disbursements. Consequently, certain revenues and the related assets are recognized when received rather than when earned, and certain expenditures are recognized when paid rather than when the obligation is incurred. A general fixed asset group and long-term debt group of accounts are not recorded on the financial statements by the Village under the basis of accounting used. This basis of accounting is prescribed in the Ohio Administrative Code Section 117-5-01 to 117-5-18 and is permitted by the Auditor of State of Ohio.

Fund Accounting

The accounting system is organized and operated on a fund basis. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations or limitations. The Village uses the following major fund types:

Governmental Funds

General Fund

The General Fund accounts for all the revenues and expenditures of the Village that are not required to be accounted for in other funds.

Special Revenue Fund

The Special Revenue Fund is used to account for the proceeds of specific revenue sources (other than capital projects and expendable trusts), the expenditures for which are legally restricted to for specific purposes.

VILLAGE OF MENDON  
MERCER COUNTY, OHIO

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NOTES TO FINANCIAL STATEMENTS  
December 31, 1999 and 1998

Note 1 - Summary of Significant Accounting Policies - (continued)

Fund Accounting - (continued)

Capital Project Fund

The Capital Project Fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by Proprietary and Trust Funds).

Expendable Trust Fund

Expendable Trust funds are used to account for fiduciary relationships in which both the trust principal and earnings thereon may be expended for the purposes of the trust.

Proprietary Funds

Enterprise Funds

Enterprise Funds are used to account for the operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purpose.

Non-Expendable Trust Fund

The Nonexpendable Trust fund is used to account for a fiduciary relationship in which the trust principal may not be expended but must be kept intact. Earnings on the principal may be expended for the sole purpose as described in the trust document.

Budgets

The Village is required by state law to adopt annual budgets for all funds. Each budget is presented on the cash basis of accounting. The tax budget of estimated cash receipts and disbursements is required to be submitted to the County Auditor, as secretary of the County Budget Commission, by July 20 of each year, for the following year.

VILLAGE OF MENDON  
MERCER COUNTY, OHIO

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NOTES TO FINANCIAL STATEMENTS  
December 31, 1999 and 1998

Note 1 - Summary of Significant Accounting Policies - (continued)

Estimated Resources

The County Budget Commission certifies its actions to the Village by September 1. As part of this certification, the Village receives the official certificate of estimated resources which states the projected receipts of each fund. On or about January 1, this certificate is amended to include any unencumbered balances from the preceding year. Prior to December 31, the Village must revise its budget so that the total contemplated expenditures from a fund during the ensuing fiscal year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriation measure. Budget receipts as shown in the accompanying financial statements do not include January 1, 1998 or January 1, 1999 unencumbered fund balances. However, those fund balances are available for appropriations.

Appropriations

A temporary appropriation measure to control cash disbursements may be passed on or about January 1 of each year for the period January to March. An annual appropriation measure must be passed by April 1 of each year for the period January 1 to December 31. The appropriation measure may be amended or supplemented during the year as new information becomes available. Appropriations may not exceed estimated resources.

Encumbrances

The Village is required to use the encumbrance method of accounting by virtue of Ohio law. Under this system, purchase orders, contracts and other commitments for the expenditure of funds are recorded in order to reserve the portion of the applicable appropriation. At the close of each fiscal year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriations. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year.

Property, Plant and Equipment

Fixed assets acquired or constructed for general governmental service are recorded as expenditures. Depreciation is not recorded for these fixed assets.

Total Columns on Financial Statements

Total columns on the financial statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. This data is not comparable to a consolidation. Interfund-type eliminations have not been made in the aggregation of this data.

VILLAGE OF MENDON  
MERCER COUNTY, OHIO

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NOTES TO FINANCIAL STATEMENTS

December 31, 1999 and 1998

Note 2 - Cash and Investments

The Village maintains a cash and investment pool used by all funds. Each fund type's portion of this pool is displayed on the Combined Statement of Cash and Investments as "Pooled Cash and Investments Balances By Fund Type".

Legal Requirements

Statutes require the classification of moneys held by the Village into three categories:

Category 1 - consists of "active" moneys, those moneys required to be kept in a "cash" or "near-cash" status for immediate use by the Village. Such moneys must be maintained either as cash in the Village's treasury or in depository accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts.

Category 2 - consists of "inactive" moneys, those moneys not required for use within the current two year period of designation of depositories. Inactive moneys may be deposited or invested only as certificates of deposit maturing not later than the end of the current period of designation of depositories.

Category 3 - consists of "interim" moneys, those moneys which are not needed for immediate use but which will be needed before the end of the current period of depositories. Interim moneys may be invested or deposited in the following securities:

1. Bonds, notes, or other obligations of or guaranteed by the United States, or those for which the faith of the United States is pledged for the payment of principal and interest;
2. Bonds, notes, debentures, or other obligations or securities issued by any federal government agency, or the Export-Import Bank of Washington;
3. Repurchase agreements in the securities enumerated above;
4. Interim deposits in the eligible institutions applying for interim moneys;
5. Bonds and other obligations of the State of Ohio; and
6. The State Treasurer's investment pool.

Deposits

At December 31, 1999 and 1998, the carrying amount of the Village of Mendon's deposits were \$392,696 and \$333,692, and the bank balances were \$395,698 and \$383,377, respectively. The Village was insured for \$100,000 by the federal depository insurance. The remaining balance was covered by collateral deposit of securities with qualified trustee as pledged to the Village.

VILLAGE OF MENDON  
MERCER COUNTY, OHIO

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NOTES TO FINANCIAL STATEMENTS

December 31, 1999 and 1998

Note 2 - Cash and Investments - (continued)

Investments

The Village of Mendon invests in the State of Ohio treasurer's investment pool, "Star Ohio". Star Ohio is unclassified under the Governmental Accounting Standards Board statement number 3.

|   | <u>Carrying<br/>Value</u> | <u>Market<br/>Value</u> |
|---|---------------------------|-------------------------|
| <u>December 31, 1999</u>  |                           |                         |
| Investment in State Treasurer's investment pool -<br>Star Ohio (unclassified) | \$ <u>119,728</u>         | \$ <u>119,728</u>       |
| <u>December 31, 1998</u>  |                           |                         |
| Investment in State Treasurer's investment pool -<br>Star Ohio (unclassified) | \$ <u>113,888</u>         | \$ <u>113,888</u>       |

Note 3 - Property Tax

Real property taxes become a lien on all non-exempt real property located in the county on January 1. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31 with the remainder payable by June 20 of the following year. Under certain circumstances, state statute permits later payment dates to be established.

The full tax rate applied to real property for the calendar years ended December 31, 1999 and 1998 was \$6.80 per \$1,000 of assessed valuation. After adjustment of the rate for inflationary increases in property values, the effective tax rate was \$6.7088 per \$1,000 of assessed valuation for real property classified as residential/agricultural and \$6.7490 per \$1,000 of assessed valuation for all other real property. Real property owners' tax bills are further reduced by homestead and rollback deductions, when applicable. The amount of these homestead and rollback reductions is reimbursed to the Village by the State of Ohio, and are reflected in the financial statements as intergovernmental receipts.

Owners of tangible personal property are required to file a list of such property including costs, by April 30 of each year. The property is assessed for tax purposes at varying statutory percentages of cost. The tax rate applied to tangible personal property for the calendar years ended December 31, 1999 and 1998 was \$6.80 per \$1,000 of assessed valuation.

VILLAGE OF MENDON  
MERCER COUNTY, OHIO

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NOTES TO FINANCIAL STATEMENTS  
December 31, 1999 and 1998

Note 3 - Property Tax - (continued)

|                            | 1999         | 1998         |
|----------------------------|--------------|--------------|
| Real Property - Valuation  |              |              |
| Residential/Agricultural   | \$ 3,230,820 | \$ 3,218,110 |
| Commercial/Industrial      | 255,430      | 255,430      |
| Tangible Personal Property |              |              |
| General - Valuation        | 718,040      | 312,230      |
| Public Utilities           | 58,430       | 58,430       |
| Total Valuation            | \$ 4,262,720 | \$ 3,844,200 |

The Mercer County Treasurer collects property tax on behalf of all taxing districts within the County. The Mercer County Auditor periodically remits to the taxing districts their portions of the taxes collected.

Note 4 - Debt Obligations

Debt outstanding at December 31, 1999 and 1998 consisted of the following:

|                                       | 1999       | 1998       |
|---------------------------------------|------------|------------|
| First Mortgage Revenue Bonds -        |            |            |
| Sanitary Sewer System                 |            |            |
| Principal Outstanding                 | \$ 383,258 | \$ 413,487 |
| Interest Rate                         | 6.00 %     | 6.00 %     |
| Ohio Water Development Authority Loan |            |            |
| Principal Outstanding                 | \$ 422,571 | \$ 9,211   |
| Interest Rate - Blended               | 4.612 %    | 4.612 %    |

VILLAGE OF MENDON  
MERCER COUNTY, OHIO

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NOTES TO FINANCIAL STATEMENTS

December 31, 1999 and 1998

Note 4 - Debt Obligations - (continued)

The annual requirements to amortize all debt outstanding as of December 31, 1999, including interest payments of \$539,359 are as follows:

| <u>Year Ending<br/>December 31,</u> | <u>First<br/>Mortgage<br/>Bonds</u> | <u>OWDA<br/>Loans</u> |
|-------------------------------------|-------------------------------------|-----------------------|
| 2000                                | \$ 29,995                           | \$ 41,449             |
| 2001                                | 29,575                              | 41,449                |
| 2002                                | 30,095                              | 41,449                |
| 2003                                | 29,615                              | 41,449                |
| 2004                                | 30,075                              | 41,449                |
| Thereafter                          | <u>596,733</u>                      | <u>414,487</u>        |
|                                     | <u>\$ 746,088</u>                   | <u>\$ 621,732</u>     |

Note 5 - Pension and Retirement Plans

Public Employees Retirement System (PERS)

The Public Employees Retirement System of Ohio (PERS) is a state operated cost sharing, multiple employer public employee retirement system. Full-time permanent employees of the Village of Mendon belong to Public Employees Retirement System. Public Employees Retirement System provides retirement benefits to employees who are eligible to retire based upon years of service. Public Employees Retirement System also provides survivor and disability benefits to vested employees.

Employees contribute 8.5 percent of gross salary. The employer matching share is 13.55 percent. The pension contribution requirement for the Village, for the year ended December 31, 1999, was \$14,517 which consisted of \$5,596 from employees and \$8,921 from the employer, and for the year ended December 31, 1998, the Village contribution was \$12,630 which consisted of \$4,869 from employees and \$7,761 from the employer. The Village has paid all required contributions through December 31, 1999.

VILLAGE OF MENDON  
MERCER COUNTY, OHIO

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NOTES TO FINANCIAL STATEMENTS

December 31, 1999 and 1998

Note 6- Accrued Vacation and Sick Pay

Accumulated unpaid vacation and sick pay is not accrued under the cash basis of accounting described in Note 1. At December 31, 1999 and 1998, management estimated that the accrued vacation and sick pay was \$6,517 and \$4,864, respectively. All leave will either be absorbed by time off from work, or within certain limitations, be paid to employees. It is not practical to determine the actuarial value of the benefits at December 31, 1999 or 1998.

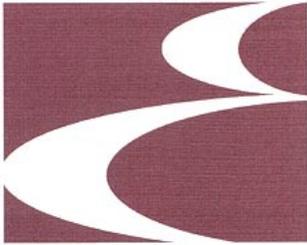
Note 7 - Risk Management

The Village maintains comprehensive insurance coverage with private insurers for all real and personal property, including automobile coverage. The Village has both general and automobile liability coverage.

Note 8 - Contingencies

The Village is party to legal proceedings. The Village is a plaintiff, along with 10 other villages, in a lawsuit against Dayton Power & Light. It is the Village Solicitor's opinion that there is no potential out of pocket loss to the Village. Any judgement would result in either nothing or credits to the Village regarding electricity costs.

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# ***E.S. Evans and Company***

**Certified Public Accountants and Consultants**

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Robert E. Wendel, CPA • Dan F. Clifford, CPA • E.S. Evans, CPA, PFS (1930-1999)

May 19, 2000

**REPORT ON COMPLIANCE AND ON INTERNAL  
CONTROL OVER FINANCIAL REPORTING BASED ON  
AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Village of Mendon  
Mercer County, Ohio

and

Auditor of State of Ohio  
Columbus, Ohio

We have audited the combined financial statements of the Village of Mendon, Mercer County, Ohio as of and for the years ended December 31, 1999 and 1998, and have issued our report thereon dated May 19, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

### Compliance

As part of obtaining reasonable assurance about whether the Village of Mendon's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of noncompliance, which we have reported to management of the Village of Mendon in a separate letter dated May 19, 2000.

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Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village of Mendon's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting, which we have reported to management of the Village of Mendon in a separate letter dated May 19, 2000.

This report is intended solely for the information and use of the audit committee, management, Council, Auditor of State of Ohio and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in red ink, appearing to read "E. L. Green and Company".

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VILLAGE OF MENDON  
MERCER COUNTY, OHIO

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Status of Prior Year Findings  
December 31, 1999 and 1998

| <u>Finding Number</u> | <u>Present Status</u>   |
|-----------------------|---|
| 1997-30254-001        | Finding repaid by Village on September 12, 1998.  |
| 1997-30254-002        | Finding repaid to the Village in four installments over the period of August 14, 1998 to September 9, 1998.   |
| 1997-30254-003        | Condition substantially corrected during 1998 & 1999.<br>No certificates found in our sample dated after invoice date that was not properly classified as "then and now". |
| 1997-30254-004        | Condition corrected during this audit period  |
| 1997-30254-005        | Condition substantially improved during current audit.<br>Council now receives detailed financial records for their review at each monthly meeting.                       |





STATE OF OHIO  
OFFICE OF THE AUDITOR

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800-282-0370

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**VILLAGE OF MENDON**

**MERCER 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  
SEPTEMBER 21, 2000**