

VILLAGE OF ROCKFORD  
MERCER COUNTY, OHIO

---

AUDITED FINANCIAL STATEMENTS  
FOR THE YEARS ENDED  
DECEMBER 31, 2000 AND 1999





**STATE OF OHIO**  
**OFFICE OF THE AUDITOR**

JIM PETRO, AUDITOR OF STATE

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Members of Council

We have reviewed the Independent Auditor's Report of the Village of Rockford, Mercer County, prepared by E.S. Evans and Company for the audit period January 1, 1999 through December 31, 2000. Based upon this review, we have accepted this report 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 Rockford is responsible for compliance with these laws and regulations.

JIM PETRO  
Auditor of State

June 29, 2001

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VILLAGE OF ROCKFORD  
MERCER COUNTY, OHIO

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VILLAGE OF ROCKFORD  
MERCER COUNTY, OHIO

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ELECTED OFFICIALS  
December 31, 2000

<u>Official</u>	<u>Term Expires</u>	<u>Surety</u>	<u>Amount</u>
<b>Mayor</b>			
Jeff Armstrong	12-31-2003	(A)	\$ 10,000
<b>Council Members</b>			
Keith Rutledge	12-31-2003		
Aaron Sutter	12-31-2003		
Robert King	12-31-2003		
Amy Joseph	12-31-2003		
Marlene Roebuck	12-31-2001		
Pat Williams	12-31-2001		
<b>Clerk/Treasurer</b>			
Amy Lyons	12-31-2003	(A)	5,000

(A) Western Surety Company

VILLAGE OF ROCKFORD  
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

Permissive License Tax

Tree City Fund

Law Enforcement Trust Fund

Drug Law Enforcement Fund

Law Enforcement Block Grant Fund

Capital Projects Fund Type:

Capital Project Equipment Fund

Main Street Project

VILLAGE OF ROCKFORD  
MERCER COUNTY, OHIO

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INDEX OF FUNDS  
(continued)

PROPRIETARY FUND TYPE:

Enterprise Fund Types:

Water Revenue Fund  
Sanitary Sewer Revenue Fund  
First Mtg Sewer Debt Fund  
First Mtg Sinking Sewer Reserve Fund  
Guaranteed Deposit Fund  
Water Note Debt Ret OWDA & OVISCA  
OWDA/OPWC Debt Service Fund  
Water Line Replacement & Repair Fund  
2<sup>nd</sup> Mtg OWDA Sewer Debt Service  
2<sup>nd</sup> Mtg OPWC Sewer Debt Service  
2<sup>nd</sup> Mtg OWDA Sup Debt Service  
Water Tower Project

FIDUCIARY FUND TYPE:

Expendable Trust Fund Type:

Pool Trust 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)

June 7, 2001

## INDEPENDENT AUDITOR'S REPORT

Village of Rockford  
Mercer County, Ohio

and

Auditor of State of Ohio  
Columbus, Ohio

We have audited the accompanying combined financial statements of the Village of Rockford, as of and for the years ended December 31, 2000 and 1999. These combined financial statements are the responsibility of the Village of Rockford'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 Rockford prepares its combined financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the combined cash, investments, and combined fund cash balances of the Village of Rockford, as of December 31, 2000 and 1999, and its combined cash receipts and disbursements and its combined budgeted and actual receipts and budgeted and actual disbursements and encumbrances, 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 June 7, 2001 on our consideration of the Village of Rockford's internal control over financial reporting and on our tests of its' compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Village of Rockford  
Auditor of State of Ohio  
June 7, 2001  
Page 2

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.

A handwritten signature in red ink, appearing to read "E. L. ...", is located in the upper right quadrant of the page.

VILLAGE OF ROCKFORD  
MERCER COUNTY, OHIO

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

December 31, 2000 and 1999

	<u>2000</u>	<u>1999</u>
<u>POOLED CASH AND INVESTMENTS</u>		
Cash	\$ <u>808,744</u>	\$ <u>855,754</u>

POOLED CASH AND INVESTMENT BALANCES BY FUND TYPE

Governmental Funds:

General Fund	\$ 286,268	\$ 308,867
Special Revenue Funds	122,011	89,106
Capital Projects Funds	140	26,167

Proprietary Funds:

Enterprise Funds	398,743	423,362
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Fiduciary Funds:

Expendable Trust Funds	<u>1,582</u>	<u>8,252</u>
Total	\$ <u>808,744</u>	\$ <u>855,754</u>

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

VILLAGE OF ROCKFORD  
MERCER COUNTY, OHIO

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, 2000

	Governmental Fund Types		
	General	Special Revenue	Capital Project
<u>Revenue Receipts:</u>			
Local Taxes	\$ 225,698	\$ 3,320	\$ -
Intergovernmental Revenues	114,225	61,050	316,321
Charges for Services	10,118	-	-
Fines, Licenses, and Permits	49,852	-	-
Interest Revenues	52,309	-	-
Miscellaneous	11,474	985	-
Total Revenue Receipts	<u>463,676</u>	<u>65,355</u>	<u>316,321</u>
<u>Expenditure Disbursements:</u>			
Current -			
Security of Persons and Property	157,718	5,008	-
Public Health and Welfare	2,241	-	-
Leisure Time Activities	26,204	-	-
Community Environment	-	1,400	-
Basic Utility Services	3,000	-	-
Transportation	110,338	28,842	-
General Government	65,451	-	-
Capital Outlay	500	-	28,300
Intergovernmental Outlay	-	-	316,321
Debt Service	165,780	-	18,113
Total Expenditure Disbursements	<u>531,232</u>	<u>35,250</u>	<u>362,734</u>
Total Revenue Receipts Over/(Under)			
Expenditure Disbursements	<u>(67,556)</u>	<u>30,105</u>	<u>(46,413)</u>
<u>Other Financing Sources (Uses):</u>			
Proceeds from Bank Note	123,575	-	-
Operating Transfers-In	-	2,800	20,386
Operating Transfers-Out	<u>(73,186)</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>50,389</u>	<u>2,800</u>	<u>20,386</u>
Excess of Receipts and Other Sources Over/ (Under) Disbursements and Other Uses	(17,167)	32,905	(26,027)
<u>Fund Cash Balance - January 1, 2000</u>	<u>303,435</u>	<u>89,106</u>	<u>26,167</u>
<u>Fund Cash Balance - December 31, 2000</u>	<u>\$ 286,268</u>	<u>\$ 122,011</u>	<u>\$ 140</u>

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

Fiduciary Fund	Totals
Expendable Trust	(Memorandum Only)
\$ -	\$ 229,018
-	491,596
-	10,118
-	49,852
-	52,309
23	12,482
23	845,375
-	162,726
-	2,241
-	26,204
-	1,400
-	3,000
-	139,180
-	65,451
6,693	35,493
-	316,321
-	183,893
6,693	935,909
(6,670)	(90,534)
-	123,575
-	23,186
-	(73,186)
-	73,575
(6,670)	(16,959)
8,252	426,960
\$ 1,582	\$ 410,001

VILLAGE OF ROCKFORD  
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 Revenue	Capital Project
<u>Revenue Receipts:</u>			
Local Taxes	\$ 213,580	\$ 3,297	\$ -
Intergovernmental Revenues	119,307	63,292	444,626
Charges for Services	8,782	-	-
Fines, Licenses, and Permits	66,251	225	-
Interest Revenues	39,243	-	-
Miscellaneous	48,269	347	7,096
Total Revenue Receipts	495,432	67,161	451,722
<u>Expenditure Disbursements:</u>			
Current -			
Security of Persons and Property	160,942	6,764	-
Public Health and Welfare	2,250	-	-
Leisure Time Activities	82,169	-	-
Community Environment	16	2,504	-
Basic Utility Services	2,000	-	-
Transportation	59,403	64,569	-
General Government	70,266	-	4,250
Capital Outlay	50	-	225,943
Intergovernmental Outlay	-	-	341,626
Debt Service	128,950	-	-
Total Expenditure Disbursements	506,046	73,837	571,819
Total Revenue Receipts Over/(Under)			
Expenditure Disbursements	(10,614)	(6,676)	(120,097)
<u>Other Financing Sources (Uses):</u>			
Proceeds from Bank Note	123,575	-	52,500
Operating Transfers-In	-	2,238	10,000
Operating Transfers-Out	(12,238)	-	-
Total Other Financing Sources (Uses)	111,337	2,238	62,500
Excess of Receipts and Other Sources Over/ (Under) Disbursements and Other Uses	100,723	(4,438)	(57,597)
<u>Fund Cash Balance - January 1, 1999</u>	208,144	93,544	83,764
<u>Fund Cash Balance - December 31, 1999</u>	\$ 308,867	\$ 89,106	\$ 26,167

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

Fiduciary Fund	Totals
<u>Expendable Trust</u>	<u>(Memorandum Only)</u>
\$ -	\$ 216,877
-	627,225
-	8,782
-	66,476
-	39,243
11	55,723
<u>11</u>	<u>1,014,326</u>
-	167,706
-	2,250
-	82,169
-	2,520
-	2,000
-	123,972
-	74,516
-	225,993
-	341,626
-	128,950
<u>-</u>	<u>1,151,702</u>
<u>11</u>	<u>(137,376)</u>
-	176,075
-	12,238
<u>-</u>	<u>(12,238)</u>
<u>-</u>	<u>176,075</u>
11	38,699
<u>8,241</u>	<u>393,693</u>
\$ <u><u>8,252</u></u>	<u><u>432,392</u></u>

VILLAGE OF ROCKFORD  
MERCER COUNTY, OHIO

COMBINED STATEMENT OF CASH RECEIPTS, DISBURSEMENTS,  
AND CHANGES IN FUND CASH BALANCE - PROPRIETARY FUND TYPES

For the Years Ended December 31, 2000 and 1999

	Proprietary Fund Types	
	Enterprise	
	2000	1999
<u>Operating Receipts:</u>		
Charges for Services	\$ 399,493	\$ 408,013
Miscellaneous	-	567
Total Operating Receipts	<u>399,493</u>	<u>408,580</u>
<u>Operating Disbursements:</u>		
Personnel Services	73,055	70,540
Contractual Services	43,877	44,551
Material and Supplies	56,427	53,930
Capital Outlay	99,403	83,158
Total Operating Disbursements	<u>272,762</u>	<u>252,179</u>
Excess of Cash Operating Receipts Over/ (Under) Operating Disbursements	<u>126,731</u>	<u>156,401</u>
<u>Non-Operating Receipts/(Disbursements):</u>		
Proceeds from Bank Note	-	50,000
Miscellaneous	100	1,560
Debt Service	(200,292)	(148,840)
Other	(1,158)	(1,220)
Total Non-Operating Receipts/(Disbursements)	<u>(201,350)</u>	<u>(98,500)</u>
Excess of Cash Receipts Over/(Under) Disbursements Before Interfund Transfers and Advances	<u>(74,619)</u>	<u>57,901</u>
Operating Transfers-Out	-	-
Operating Transfers-In	50,000	-
Total Transfers and Advances	<u>50,000</u>	<u>-</u>
Excess of Net Cash Receipts Over/(Under) Disbursements	(24,619)	57,901
<u>Fund Cash Balance</u> - January 1,	<u>423,362</u>	<u>365,461</u>
<u>Fund Cash Balance</u> - December 31,	<u>\$ 398,743</u>	<u>\$ 423,362</u>

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

VILLAGE OF ROCKFORD  
MERCER COUNTY, OHIO

COMBINED STATEMENT OF RECEIPTS - BUDGET AND ACTUAL

For the Years Ended December 31, 2000 and 1999

	2000		Variance Favorable (Unfavorable)
	Budget	Actual	
<u>Fund Types/Funds:</u>			
<u>Governmental:</u>			
General	\$ 767,178	\$ 587,251	\$ (179,927)
Special Revenue	139,081	65,355	(73,726)
Capital Projects	36,027	316,321	280,294
<u>Proprietary:</u>			
Enterprise	878,638	399,593	(479,045)
<u>Fiduciary:</u>			
Expendable Trust	8,252	23	(8,229)
<u>Total (Memorandum Only)</u>	<u>\$ 1,829,176</u>	<u>\$ 1,368,543</u>	<u>\$ (460,633)</u>
	1999		Variance Favorable (Unfavorable)
	Budget	Actual	
<u>Governmental:</u>			
General	\$ 539,384	\$ 619,007	\$ 79,623
Special Revenue	148,732	67,161	(81,571)
Capital Projects	14,164	504,222	490,058
<u>Proprietary:</u>			
Enterprise	760,161	460,140	(300,021)
<u>Fiduciary:</u>			
Expendable Trust	8,241	11	(8,230)
<u>Total (Memorandum Only)</u>	<u>\$ 1,470,682</u>	<u>\$ 1,650,541</u>	<u>\$ 179,859</u>

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

VILLAGE OF ROCKFORD  
MERCER COUNTY, OHIO

COMBINED STATEMENT OF DISBURSEMENTS AND  
ENCUMBRANCES COMPARED WITH EXPENDITURE AUTHORITY

For the Years Ended December 31, 2000 and 1999

<u>Fund Types/Funds:</u>	<u>Prior Year Carryover Appropriation</u>	<u>2000 Appropriation</u>	<u>Total</u>
<u>Governmental:</u>			
General	\$ 4,096	\$ 602,619	\$ 606,715
Special Revenue	145	120,980	121,125
Capital Projects	40,317	25,304	65,621
<u>Proprietary:</u>			
Enterprise	9,702	803,115	812,817
<u>Fiduciary:</u>			
Expendable Trust	-	8,200	8,200
<u>Total (Memorandum Only)</u>	<u>\$ 54,260</u>	<u>\$ 1,560,218</u>	<u>\$ 1,614,478</u>

<u>Fund Types/Funds:</u>	<u>Prior Year Carryover Appropriation</u>	<u>1999 Appropriation</u>	<u>Total</u>
<u>Governmental:</u>			
General	\$ -	\$ 512,221	\$ 512,221
Special Revenue	-	129,339	129,339
Capital Projects	81,600	156,483	238,083
<u>Proprietary:</u>			
Enterprise	-	629,177	629,177
<u>Fiduciary:</u>			
Expendable Trust	-	8,200	8,200
<u>Total (Memorandum Only)</u>	<u>\$ 81,600</u>	<u>\$ 1,435,420</u>	<u>\$ 1,517,020</u>

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

<u>2000 Actual Disbursements</u>	<u>Encumbrances Outstanding at 12-31-00</u>	<u>Total</u>	<u>Variance Favorable (Unfavorable)</u>
\$ 531,232	\$ 2,058	\$ 533,290	\$ 73,425
35,250	579	35,829	85,296
362,734	-	362,734	(297,113)
474,212	4,553	478,765	334,052
<u>6,693</u>	<u>-</u>	<u>6,693</u>	<u>1,507</u>
<u>\$ 1,410,121</u>	<u>\$ 7,190</u>	<u>\$ 1,417,311</u>	<u>\$ 197,167</u>

<u>1999 Actual Disbursements</u>	<u>Encumbrances Outstanding at 12-31-99</u>	<u>Total</u>	<u>Variance Favorable (Unfavorable)</u>
\$ 506,046	\$ 4,096	\$ 510,142	\$ 2,079
73,837	145	73,982	55,357
571,829	40,317	612,146	(374,063)
402,239	9,702	411,941	217,236
<u>-</u>	<u>-</u>	<u>-</u>	<u>8,200</u>
<u>\$ 1,553,951</u>	<u>\$ 54,260</u>	<u>\$ 1,608,211</u>	<u>\$ (91,191)</u>

VILLAGE OF ROCKFORD  
MERCER COUNTY, OHIO

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NOTES TO FINANCIAL STATEMENTS  
December 31, 2000 and 1999

Note 1 - Summary of Significant Accounting Policies

Description of the Entity

The Village of Rockford 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 and sewer 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 the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Consequently, revenues are recognized when received rather than when earned, and 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. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

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

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.

VILLAGE OF ROCKFORD  
MERCER COUNTY, OHIO

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NOTES TO FINANCIAL STATEMENTS  
December 31, 2000 and 1999

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

Fund Accounting - (continued)

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.

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).

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.

Fiduciary Funds

Expendable Trust Funds

Fiduciary funds are used to account for assets held by the Village in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. The Village's fiduciary funds include an expendable trust fund. Expendable trust funds are accounted for in essentially the same manner as governmental funds.

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 15 of each year, for the following year.

VILLAGE OF ROCKFORD  
MERCER COUNTY, OHIO

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NOTES TO FINANCIAL STATEMENTS  
December 31, 2000 and 1999

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, 1999 or January 1, 2000 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. The encumbered appropriation balance is carried forward to the succeeding fiscal year and need not be reappropriated.

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.

VILLAGE OF ROCKFORD  
MERCER COUNTY, OHIO

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NOTES TO FINANCIAL STATEMENTS  
December 31, 2000 and 1999

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

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.

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.

VILLAGE OF ROCKFORD  
MERCER COUNTY, OHIO

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NOTES TO FINANCIAL STATEMENTS  
December 31, 2000 and 1999

Note 2 - Cash and Investments – (continued)

Legal Requirements – (continued)

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, 2000 and 1999, the carrying amount of the Village of Rockford’s deposits were \$808,744 and \$855,754, and the bank balances were \$855,220 and \$884,203, respectively. The Village was insured for \$200,000 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 ROCKFORD  
MERCER COUNTY, OHIO

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NOTES TO FINANCIAL STATEMENTS  
December 31, 2000 and 1999

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, 2000 and 1999 was \$4.80 per \$1,000 of assessed valuation. After adjustment of the rate for inflationary increases in property values, the effective tax rate was \$4.1366 and \$3.7211 per \$1,000 of assessed valuation for real property classified as residential/agricultural for 1999 and 2000, respectively, and \$4.6225 and \$4.8 per \$1,000 of assessed valuation for all other real property for 1999 and 2000, respectively. 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, 2000 and 1999 was \$4.80 per \$1,000 of assessed valuation.

	<u>2000</u>	<u>1999</u>
Real Property - Valuation		
Residential/Agricultural	\$ 7,211,390	\$ 5,750,440
Commercial/Industrial	1,918,640	1,839,480
Tangible Personal Property		
General - Valuation	2,412,440	2,126,710
Public Utilities	<u>465,670</u>	<u>491,960</u>
Total Valuation	<u>\$ 12,008,140</u>	<u>\$ 10,208,590</u>

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.

VILLAGE OF ROCKFORD  
MERCER COUNTY, OHIO

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NOTES TO FINANCIAL STATEMENTS  
December 31, 2000 and 1999

Note 4 - Local Income Tax

The Village of Rockford levies income taxes of one percent of gross salaries, wages and other personal service compensation earned by residents and to earnings of nonresidents employed within the Village. The income tax also applies to net income of businesses operating within the Village.

Note 5 - Debt Obligations

Debt outstanding at December 31, 2000 and 1999 consisted of the following:

	<u>Principal Balance</u>	
	<u>2000</u>	<u>1999</u>
First Mortgage Revenue Bonds	\$ 268,000	\$ 282,000
The Peoples Bank Co.	123,575	123,575
Ohio Public Works Commission	232,851	246,548
Ohio Water Development Authority	1,113,346	1,162,297
Ohio Water Development Authority	151,001	157,590
The Peoples Bank Co.	-	50,000
Community First Bank and Trust	-	52,500
Total	<u>\$ 1,888,773</u>	<u>\$ 2,074,510</u>

6.50%, First Mortgage Revenue Bonds were issued in 1987 by the Village of Rockford for a sewer line project totaling \$400,000. Bonds are retired annually ranging from \$16,000 in 2001 to \$31,000 in 2012.

5.50%, The Peoples Bank Co. note was issued for acquisition of land. The face of the note is \$123,575, with a term of one year, due June 22, 2001. The note contains a refinancing provision allowing for annual interest payments only until principal can be provided for.

0.00%, Ohio Public Works Commission. The Village was a recipient of an interest free loan for a sewer separation project. Term of this loan is 20 years with semi-annual payments of \$6,849 beginning 7/1/1998 and final payment due 1/1/2018.

VILLAGE OF ROCKFORD  
MERCER COUNTY, OHIO

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NOTES TO FINANCIAL STATEMENTS  
December 31, 2000 and 1999

Note 5 - Debt Obligations - (continued)

3.54%, Ohio Water Development Authority loan approved in 1996 for a sanitary sewer improvement project. The total draw on this loan was \$1,277,416. Payments are due semi-annually, beginning 1/1/1998 for a 20 year term with the last payment due 7/1/2017.

3.62%, Ohio Water Development Authority loan, a supplemental loan for the sanitary sewer improvement project. Total of the loan was \$173,067 with the first semi-annual payment due 1/1/98. The term of the loan is 20 years with the final payment due 7/1/2017.

The annual requirements to amortize all debt outstanding as of December 31, 2000, including interest payments of \$549,476 are as follows:

<u>Year Ending December 31,</u>	<u>Bank Note</u>	<u>OWDA Loans</u>	<u>OPWC Loan</u>	<u>First Mortgage Rev Bonds</u>
2001	\$ 130,372	\$ 101,902	\$ 13,697	\$ 33,420
2002	-	101,902	13,697	32,380
2003	-	101,902	13,697	33,340
2004	-	101,902	13,697	33,170
2005	-	101,902	13,697	31,935
Thereafter	-	1,171,881	164,366	229,390
	<u>\$ 130,372</u>	<u>\$ 1,681,391</u>	<u>\$ 232,851</u>	<u>\$ 393,635</u>

Note 6 - 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 Rockford 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.

VILLAGE OF ROCKFORD  
MERCER COUNTY, OHIO

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NOTES TO FINANCIAL STATEMENTS  
December 31, 2000 and 1999

Note 6 - Pension and Retirement Plans – (continued)

Public Employees Retirement System (PERS) – (continued)

Employees contribute 8.5 percent of gross salary. The employer matching share was 13.55 percent from January 1, 1999 through June 30, 2000, and was 8.13 percent from July 1, 2000 through December 31, 2000. The pension contribution requirement for the Village, for the year ended December 31, 2000, was \$31,965 which consisted of \$14,192 from employees and \$17,773 from the employer, and for the year ended December 31, 1999, the Village contribution was \$34,964 which consisted of \$13,478 from employees and \$21,486 from the employer. The Village has paid all required contributions through December 31, 2000.

Police and Firemen's Disability and Pension Fund

The Village of Rockford uniformed police employees participating in the police and firemen's disability and pension fund is a multi-employer cost sharing public employees retirement system created by the State of Ohio. The fund provides pension disability and health care to qualified police personnel and survivors and death benefits to qualified spouses, children and dependent parents.

Employees contribute 10.0 percent of gross salaries and the employer contributes 19.5 percent of gross salaries. The required contribution for the Village for the year ended December 31, 2000 was \$17,980 which consisted of \$6,095 from the employees and \$11,885 from the employer. For the year ended December 31, 1999, the required contribution was \$16,449 of which \$5,576 was from the employees and \$10,873 was from the employer. The Village has paid all required contributions through December 31, 2000.

Note 7 - 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, 2000 and 1999, management estimated that the accrued vacation and sick pay was \$2,498 and \$3,120, 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, 2000 or 1999.

VILLAGE OF ROCKFORD  
MERCER COUNTY, OHIO

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NOTES TO FINANCIAL STATEMENTS  
December 31, 2000 and 1999

Note 8 - Risk Management

The Village maintains comprehensive insurance coverage with private insurers for all real and personal property, including automobile coverage for the following risks: general liability, auto liability, uninsured motorists, property coverage, wrongful acts coverage, inland marine, EDP coverage, and public officials liability.

The Village has medical and life insurance coverage for full-time employees through a commercial insurer.

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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)

June 7, 2001

**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 Rockford  
Mercer County, Ohio

and

Auditor of State of Ohio  
Columbus, Ohio

We have audited the combined financial statements of the Village of Rockford, Mercer County, Ohio as of and for the years ended December 31, 2000 and 1999, and have issued our report thereon dated June 7, 2001. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

### Compliance

As part of obtaining reasonable assurance about whether the Village of Rockford'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 Village of Rockford in a separate letter dated June 7, 2001.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village of Rockford'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 Village of Rockford in a separate letter dated June 7, 2001.

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

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STATE OF OHIO  
OFFICE OF THE AUDITOR  

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JIM PETRO, AUDITOR OF STATE

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800-282-0370  
Facsimile 614-466-4490

**VILLAGE OF ROCKFORD**

**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  
JULY 17, 2001**