

**VILLAGE OF ROCKFORD
MERCER COUNTY, OHIO**

**AUDITED FINANCIAL STATEMENTS
FOR THE YEARS ENDED
DECEMBER 31, 2002 AND 2001**



**Auditor of State
Betty Montgomery**

Village Council
Village of Rockford
Rockford, Ohio

We have reviewed the Independent Auditor's Report of the Village of Rockford, Mercer County, prepared by Bastin & Company, LLC, for the audit period January 1, 2001 through December 31, 2002. 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 Rockford is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Betty Montgomery".

BETTY MONTGOMERY
Auditor of State

July 31, 2003

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**VILLAGE OF ROCKFORD
MERCER COUNTY, OHIO**

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Bastin & Company, LLC

Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

Village of Rockford
Mercer County
303 W. Main Street
Rockford, Ohio 45828

To the Village Council:

We have audited the accompanying financial statements of the Village of Rockford, Mercer County, Ohio, (the Village) as of and for the years ended December 31, 2002 and 2001. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

As discussed in Note 1, the Village prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Village as of December 31, 2002 and 2001, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 17, 2003 on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

Bastin & Company, LLC

Cincinnati, Ohio
June 17, 2003

**VILLAGE OF ROCKFORD
MERCER COUNTY
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,
AND CHANGES IN FUND CASH BALANCES – ALL GOVERNMENTAL FUND TYPES
For The Year Ended December 31, 2002**

	<u>Governmental Fund Types</u>			<u>Fiduciary Fund</u>	<u>Total</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Expendable Trust</u>	<u>(Memorandum Only)</u>
<i>Cash Receipts:</i>					
Local Taxes	\$228,760	\$ 3,064	\$ -	\$ -	\$231,824
Intergovernmental Receipts	69,894	55,642	-	-	125,536
Charges for Services	10,831	-	-	-	10,831
Fines, Licenses and Permits	28,909	6,136	-	-	35,045
Interest Receipts	15,337	1,234	-	-	16,571
Miscellaneous	<u>33,149</u>	<u>134</u>	<u>-</u>	<u>25</u>	<u>33,308</u>
Total Cash Receipts	<u>386,880</u>	<u>66,210</u>	<u>-</u>	<u>25</u>	<u>453,115</u>
<i>Cash Disbursements:</i>					
Current:					
Security of Persons and Property	165,808	5,130	-	-	170,938
Public Health and Welfare	2,387	-	-	-	2,387
Leisure Time Activities	35,005	-	-	-	35,005
Community Environment	12	2,800	-	-	2,812
Basic Utility Services	2,530	-	-	-	2,530
Transportation	135,638	41,190	-	-	176,828
General Government	94,467	-	12,535	-	107,002
Capital Outlay	4,460	-	284	-	4,744
Debt service:					
Principle payments	137,150	-	-	-	137,150
Interest payments	<u>5,545</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,545</u>
Total Cash Disbursements	<u>583,002</u>	<u>49,120</u>	<u>12,819</u>	<u>-</u>	<u>644,941</u>
Total Receipts Over/(Under) Disbursements	<u>(196,122)</u>	<u>17,090</u>	<u>(12,819)</u>	<u>25</u>	<u>(191,826)</u>
<i>Other Financing Receipts/(Disbursements):</i>					
Proceeds from note	123,575	-	-	-	123,575
Operating Transfers - In	-	2,800	150,000	-	152,800
Operating Transfers - Out	<u>(55,300)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(55,300)</u>
Total Other Financing Receipts/ (Disbursements)	<u>68,275</u>	<u>2,800</u>	<u>150,000</u>	<u>-</u>	<u>221,075</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements And Other Financing Disbursements	(127,847)	19,890	137,181	25	29,249
Fund Cash Balance, January 1, 2002	<u>326,186</u>	<u>135,567</u>	<u>3,568</u>	<u>1,582</u>	<u>466,903</u>
Fund Cash Balance, December 31, 2002	<u>\$198,339</u>	<u>\$155,457</u>	<u>\$140,749</u>	<u>\$1,607</u>	<u>\$496,152</u>
Reserves for Encumbrances, December 31, 2002	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

**VILLAGE OF ROCKFORD
MERCER COUNTY
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,
AND CHANGES IN FUND CASH BALANCES – ALL GOVERNMENTAL FUND TYPES
For The Year Ended December 31, 2001**

	<u>Governmental Fund Types</u>			<u>Fiduciary Fund</u>	Total
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Expendable Trust</u>	(Memorandum Only)
<i>Cash Receipts:</i>					
Local Taxes	\$231,848	\$ 3,045	\$ -	\$ -	\$234,893
Intergovernmental Receipts	94,425	58,928	-	-	153,353
Charges for Services	10,196	-	-	-	10,196
Fines, Licenses and Permits	35,384	282	-	-	35,666
Interest Receipts	38,575	-	-	-	38,575
Miscellaneous	<u>30,403</u>	<u>2,558</u>	<u>-</u>	<u>-</u>	<u>32,961</u>
Total Cash Receipts	<u>440,831</u>	<u>64,813</u>	<u>-</u>	<u>-</u>	<u>505,644</u>
<i>Cash Disbursements:</i>					
Current:					
Security of Persons and Property	159,631	7,938	-	-	167,569
Public Health and Welfare	2,300	-	-	-	2,300
Leisure Time Activities	21,696	-	-	-	21,696
Community Environment	23	4,597	-	-	4,620
Basic Utility Services	2,530	-	-	-	2,530
Transportation	104,076	41,522	-	-	145,598
General Government	87,415	-	6,572	-	93,987
Capital Outlay	3,657	-	-	-	3,657
Debt service:					
Principle payments	123,575	-	-	-	123,575
Interest payments	<u>6,785</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,785</u>
Total Cash Disbursements	<u>511,688</u>	<u>54,057</u>	<u>6,572</u>	<u>-</u>	<u>572,317</u>
Total Receipts Over/(Under) Disbursements	<u>(70,857)</u>	<u>10,756</u>	<u>(6,572)</u>	<u>-</u>	<u>(66,673)</u>
<i>Other Financing Receipts/(Disbursements):</i>					
Proceeds from note	123,575	-	-	-	123,575
Operating Transfers - In	-	2,800	10,000	-	12,800
Operating Transfers - Out	<u>(12,800)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(12,800)</u>
Total Other Financing Receipts/ (Disbursements)	<u>110,775</u>	<u>2,800</u>	<u>10,000</u>	<u>-</u>	<u>123,575</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements And Other Financing Disbursements	39,918	13,556	3,428	-	56,902
Fund Cash Balance, January 1, 2001	<u>286,268</u>	<u>122,011</u>	<u>140</u>	<u>1,582</u>	<u>410,001</u>
Fund Cash Balance, December 31, 2001	<u>\$326,186</u>	<u>\$135,567</u>	<u>\$ 3,568</u>	<u>\$1,582</u>	<u>\$466,903</u>
Reserves for Encumbrances, December 31, 2001	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

**VILLAGE OF ROCKFORD
MERCER COUNTY
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,
AND CHANGES IN FUND CASH BALANCES – ENTERPRISE FUND TYPES
For The Years Ended December 31, 2002 And 2001**

	<u>2002</u>	<u>2001</u>
<i>Operating Cash Receipts:</i>		
Charges for Services	<u>\$398,425</u>	<u>\$393,086</u>
Total Operating Cash Receipts	<u>398,425</u>	<u>393,086</u>
<i>Operating Cash Disbursements:</i>		
Personnel Services	91,117	76,670
Contractual Services	48,784	46,909
Materials and Supplies	73,273	71,381
Capital Outlay	<u>68,081</u>	<u>11,362</u>
Total Operating Cash Disbursements	<u>281,255</u>	<u>206,322</u>
Excess of Operating Cash Receipts Over Operating Cash Disbursements	117,170	186,764
<i>Non-Operating Cash Disbursements:</i>		
Operating Transfers - Out	(270,440)	(170,105)
Operating Transfers - In	172,940	170,105
Debt Principal Payments	(89,287)	(87,226)
Debt Interest Payments	<u>(58,693)</u>	<u>(61,793)</u>
Net Cash Receipts Over/(Under) Cash Disbursements	(128,310)	37,745
Fund Cash Balance, January 1	<u>436,488</u>	<u>398,743</u>
Fund Cash Balance, December 31	<u>\$308,178</u>	<u>\$436,488</u>
Reserves for Encumbrances, December 31	<u>\$ -</u>	<u>\$ -</u>

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

VILLAGE OF ROCKFORD
MERCER COUNTY
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2002 And 2001

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Village of Rockford, Mercer County, (the Village) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly elected, six-member Council directs the Village. The Village provides general government services, including public safety, health, recreation, street maintenance, water and sewer facilities street maintenance, park operations, and police services. The Village appropriates general fund money to support a volunteer fire department.

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

B. Basis of Accounting

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

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

C. Cash and Investments

Investments, if owned by the Village, are included in the fund cash balances. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

D. Fund Accounting

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

1. General Fund

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

2. Special Revenue Funds

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

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

State Highway Improvement Fund - This fund receives gasoline tax and motor vehicle tax money for constructing, maintaining and repairing State Highways within the Village.

3. Capital Project Funds

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

Capital Project Equipment Fund – This fund receives revenues to cover the cost of acquiring capital equipment.

4. Enterprise Funds

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

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

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

5. Fiduciary Funds (Expendable Trust Fund)

Trust funds are used to account for resources restricted by legally binding trust agreements. Other trust funds are classified as expendable. The Village had the following Expendable Trust Fund:

Pool Trust Fund – This fund receives donations for specific costs of the Village pool.

E. Budgetary Process

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

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The Council must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year-end.

2. Estimated Resources

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

3. Encumbrances

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

A summary of 2002 and 2001 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

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

G. Accumulated Leave

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

H. 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

2. EQUITY IN POOLED CASH AND INVESTMENTS

The Village maintains a cash pool used by all funds. The Village did not have any investments as of December 31, 2002. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash and investments at December 31, 2001 was as follows:

	<u>2002</u>	<u>2001</u>
Demand deposits	\$804,330	\$903,391
Investments	<u>-</u>	<u>-</u>
Total deposits and investments	<u><u>\$804,330</u></u>	<u><u>\$903,391</u></u>

Demand deposits are either insured by the Federal Depository Insurance Corporation, or collateralized by the financial institution’s public entity deposit pool.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2002 and 2001 follows:

2002 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$480,035	\$510,455	\$30,420
Special Revenue	58,750	69,010	10,260
Capital Projects	-	150,000	150,000
Expendable Trust	-	25	25
Enterprise	396,800	571,365	174,565
Total	<u>\$935,585</u>	<u>\$1,300,855</u>	<u>\$365,270</u>

2002 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$746,348	\$638,302	\$108,046
Special Revenue	155,288	49,120	106,168
Capital Projects	150,000	12,819	137,181
Expendable Trust	1,500	-	1,500
Enterprise	800,569	699,675	100,894
Total	<u>\$1,853,705</u>	<u>\$1,399,916</u>	<u>\$453,789</u>

2001 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$503,575	\$564,406	\$60,831
Special Revenue	62,185	67,613	5,428
Capital Projects	-	10,000	10,000
Expendable Trust	-	-	-
Enterprise	401,800	563,191	161,391
Total	<u>\$967,560</u>	<u>\$1,205,210</u>	<u>\$237,650</u>

2001 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$656,958	\$524,488	\$132,470
Special Revenue	149,947	54,057	95,890
Capital Projects	10,000	6,572	3,428
Expendable Trust	1,500	-	1,500
Enterprise	794,898	525,446	269,452
Total	<u>\$1,613,303</u>	<u>\$1,110,563</u>	<u>\$502,740</u>

Unencumbered cash balances at the beginning of the year are not reflected in the above and are part of estimated resources available for appropriation. The Village's appropriation authority did not exceed total available estimated resources (budgeted receipts plus unencumbered cash balances).

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by Village Council. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to make semiannual payments, the first half is due December 31. The second half payment is due the following June 20.

Public utilities are also taxed on personal and real property located within the Village.

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

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

5. LOCAL INCOME TAX

The Village levies a municipal income tax of 1.0 percent on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village.

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

6. DEBT

Debt outstanding at December 31, 2002 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
The Peoples Bank Note	\$110,000	4.00%
First Mortgage Revenue Bonds	236,000	6.50%
Ohio Public Works Commission	205,459	0.00%
Ohio Water Development Authority	1,010,136	3.50%
OWDA - Supplemental	137,090	3.62%
Total	<u><u>\$1,698,685</u></u>	

The Peoples Bank Note was originally issued in 1999 for the acquisition of land in the total amount of \$123,575. The note has been extended on a yearly basis and requires only the payment of interest until such time that the Village can provide payment of principle. In addition to the annual retirement and re-issuance of the note, \$13,575 of the note's principle was retired during 2002. The current note with a remaining balance of \$110,000 expires on June 21, 2003 and carries an interest rate of 4 percent.

The Village issued the First Mortgage Revenue Bonds in 1987 for a sewer line project totaling \$400,000. Bonds are retired annually ranging from \$18,000 in 2003 to \$31,000 in 2012

The Village received an interest free loan from the Ohio Public Works Commission for a sewer separation project. The loan was issued in 1998 and requires semi-annual payment of \$6,849 through 2018.

The Ohio Water Development Authority (OWDA) loan and the OWDA Supplemental loan relates to a sanitary sewer improvement project. These loans originated in 1998 in initial amounts totaling \$1,277,416 and \$173,067, respectively. The loans will be repaid in semi-annual installments of \$50,951, including interest, over 20 years with the final payment due in 2017.

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

<u>Year ending Decmber 31:</u>	<u>First Mortgage Revenue Bond</u>	<u>The Peoples Bank Note</u>	<u>OPWC</u>	<u>OWDA</u>	<u>OWDA Supplemental</u>
2003	\$33,340	\$114,400	\$13,697	\$89,667	\$12,235
2004	33,170	-	13,697	89,667	12,235
2005	31,935	-	13,697	89,667	12,235
2006	32,700	-	13,697	89,667	12,235
2007	32,335	-	13,697	89,667	12,235
2008-2012	164,820	-	68,487	448,335	61,177
2013-2017	-	-	68,487	403,502	55,062
Total	<u><u>\$328,300</u></u>	<u><u>\$114,400</u></u>	<u><u>\$205,459</u></u>	<u><u>\$1,300,172</u></u>	<u><u>\$177,414</u></u>

7. RETIREMENT SYSTEMS

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

The Ohio Revised Code also prescribes contribution rates. For 2002 and 2001, OP&F participants contributed 10% of their wages. The Village contributed an amount equal to 19.5% of police participant wages. PERS members contributed 8.5% of their wages. The Village contributed an amount equal to 13.55% of participants' gross salaries for 2002. The Village has paid all contributions required through December 31, 2002.

8. RISK MANAGEMENT

The Village maintains comprehensive insurance coverage with The Public Entities Pool of Ohio 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, police professional, and public officials liability.

The Village also provides medical and life insurance coverage for full-time employees through a commercial carrier. The Village is uninsured for the risks associated with dishonesty and securities, earthquakes, floods and terrorism

Bastin & Company, LLC

Certified Public Accountants

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
303 W. Main Street
Rockford, Ohio 45828

To the Village Council:

We have audited the accompanying financial statements of the Village of Rockford, Mercer County, Ohio (the Village) as of and for the years ended December 31, 2002 and 2001, and have issued our report thereon dated June 16, 2003. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the Village in a separate letter dated June 17, 2003.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Village in a separate letter dated June 17, 2003.

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

Bastin & Company, LLC

Cincinnati, Ohio
June 17, 2003



**Auditor of State
Betty Montgomery**

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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
AUGUST 26, 2003**