

VILLAGE OF MENDON
MERCER COUNTY, OHIO

AUDITED FINANCIAL STATEMENTS
FOR THE YEARS ENDED
DECEMBER 31, 2001 AND 2000



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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Columbus, Ohio 43215
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Members of Council
Village of Mendon

We have reviewed the Independent Auditor's Report of the Village of Mendon, Mercer County, prepared by E.S. Evans & Company for the audit period January 1, 2000 through December 31, 2001. 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.

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JIM PETRO
Auditor of State

July 15, 2002

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THE VILLAGE OF MENDON
MERCER COUNTY, OHIO

TABLE OF CONTENTS

INDEPENDENT AUDITOR'S REPORT -----	1
COMBINED STATEMENT OF CASH, INVESTMENTS, AND FUND CASH BALANCES - ALL FUND TYPES -----	3
COMBINED STATEMENT OF CASH RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES AND SIMILAR FIDUCIARY FUNDS -----	4
COMBINED STATEMENT OF CASH RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND CASH BALANCE - ALL PROPRIETARY FUND TYPES AND SIMILAR FIDUCIARY FUNDS -----	8
NOTES TO FINANCIAL STATEMENTS -----	10
REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <u>GOVERNMENT AUDITING STANDARDS</u> -----	18

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E.S. Evans and Company

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

June 5, 2002

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, 2001 and 2000. 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 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 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 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 Mendon, as of December 31, 2001 and 2000, 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 a report dated June 5, 2002 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. 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 Mendon
Auditor of State of Ohio
June 5, 2002
Page 2

This report is intended solely for the information and use of management, Village Council and other 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.

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VILLAGE OF MENDON
MERCER COUNTY, OHIO

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

December 31, 2001 and 2000

	<u>2001</u>	<u>2000</u>
<u>POOLED CASH AND INVESTMENTS</u>		
Cash	\$ 348,733	\$ 393,554
Investments - Cash Equivalents	<u>132,681</u>	<u>127,401</u>
Total	<u>\$ 481,414</u>	<u>\$ 520,955</u>

POOLED CASH AND INVESTMENT BALANCES BY FUND TYPE

Governmental Funds:

General Fund	\$ 87,715	\$ 105,982
Special Revenue Funds	72,389	67,161

Proprietary Funds:

Enterprise Funds	317,890	344,399
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Fiduciary Funds:

Expendable Trust Funds	755	781
Non-Expendable Trust Funds	<u>2,665</u>	<u>2,632</u>

Total	<u>\$ 481,414</u>	<u>\$ 520,955</u>
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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 GOVERNMENTAL FUND TYPES AND SIMILAR FIDUCIARY FUNDS

For the Year Ended December 31, 2001

	Governmental Fund Types		Fiduciary Fund Type
	General	Special Revenue	Expendable Trust
<u>Revenue Receipts:</u>			
Local Taxes	\$ 27,410	\$ -	\$ -
Intergovernmental Revenues	29,726	24,212	-
Charges for Services	-	5,135	-
Interest	5,269	2,050	-
Miscellaneous	1,995	-	-
Total Revenue Receipts	64,400	31,397	-
<u>Expenditure Disbursements:</u>			
Current -			
Security of Persons and Property	20,755	-	-
Public Health and Welfare	1,568	6,508	-
Leisure Time Activities	5,494	-	26
Community Environment	5,964	-	-
Transportation	20,800	19,661	-
General Government	28,086	-	-
Total Expenditure Disbursements	82,667	26,169	26
Total Revenue Receipts Over/(Under)			
Expenditure Disbursements	(18,267)	5,228	(26)
<u>Fund Cash Balance - January 1, 2001</u>	105,982	67,161	781
<u>Fund Cash Balance - December 31, 2001</u>	\$ 87,715	\$ 72,389	\$ 755

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

Totals
(Memorandum
Only)

\$ 27,410
53,938
5,135
7,319
1,995
95,797

20,755
8,076
5,520
5,964
40,461
28,086
108,862

(13,065)
173,924
\$ 160,859

VILLAGE OF MENDON
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		Fiduciary Fund Type
	General	Special Revenue	Expendable Trust
<u>Revenue Receipts:</u>			
Local Taxes	\$ 24,994	\$ -	\$ -
Intergovernmental Revenues	56,381	23,810	-
Charges for Services	-	4,715	-
Fines, Licenses, and Permits	99	-	-
Interest	7,393	-	-
Miscellaneous	8,999	2,919	-
Total Revenue Receipts	97,866	31,444	-
<u>Expenditure Disbursements:</u>			
Current -			
Security of Persons and Property	19,844	-	-
Public Health and Welfare	1,613	7,060	-
Leisure Time Activities	5,910	-	84
Community Environmnet	9,488	-	-
Transportation	12,000	16,218	-
General Government	21,074	2,455	-
Total Expenditure Disbursements	69,929	25,733	84
Total Revenue Receipts Over/(Under)			
Expenditure Disbursements	27,937	5,711	(84)
<u>Other Financing Sources (Uses):</u>			
Operating Transfers-In	-	3,000	-
Operating Transfers-Out	(3,000)	-	-
Total Other Financing Sources (Uses)	(3,000)	3,000	-
Excess of Receipts and Other Sources Over/ (Under) Disbursements and Other Uses	24,937	8,711	(84)
Fund Cash Balance - January 1, 2000	81,045	58,450	865
Fund Cash Balance - December 31, 2000	\$ 105,982	\$ 67,161	\$ 781

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

Totals
(Memorandum
Only)

\$ 24,994
80,191
4,715
99
7,393
11,918
129,310

19,844
8,673
5,994
9,488
28,218
23,529
95,746

33,564

3,000
(3,000)
-

33,564
140,360
\$ 173,924

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, 2001

	<u>Enterprise</u>	<u>Non-Expendable Trust</u>	<u>Totals (Memorandum Only)</u>
<u>Operating Receipts:</u>			
Charges for Services	\$ 519,816	\$ -	\$ 519,816
Interest	-	108	108
Miscellaneous	<u>5,570</u>	<u>-</u>	<u>5,570</u>
Total Operating Receipts	<u>525,386</u>	<u>108</u>	<u>525,494</u>
<u>Operating Disbursements:</u>			
Personnel Services	99,742	-	99,742
Contractual Services	260,642	-	260,642
Material and Supplies	46,069	75	46,144
Capital Outlay	38,792	-	38,792
Miscellaneous	<u>17,356</u>	<u>-</u>	<u>17,356</u>
Total Operating Disbursements	<u>462,601</u>	<u>75</u>	<u>462,676</u>
Excess of Cash Operating Receipts Over/ (Under) Operating Disbursements	<u>62,785</u>	<u>33</u>	<u>62,818</u>
<u>Non-Operating Receipts/(Disbursements):</u>			
Debt Service	<u>(89,294)</u>	<u>-</u>	<u>(89,294)</u>
Excess of Net Cash Receipts Over/(Under) Disbursements	(26,509)	33	(26,476)
<u>Fund Cash Balance - January 1, 2001</u>	<u>344,399</u>	<u>2,632</u>	<u>347,031</u>
<u>Fund Cash Balance - December 31, 2001</u>	<u>\$ 317,890</u>	<u>\$ 2,665</u>	<u>\$ 320,555</u>

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, 2000

	<u>Enterprise</u>	<u>Non-Expendable Trust</u>	<u>Totals (Memorandum Only)</u>
<u>Operating Receipts:</u>			
Charges for Services	\$ 479,256	\$ -	\$ 479,256
Interest	-	161	161
Miscellaneous	1,138	-	1,138
Total Operating Receipts	<u>480,394</u>	<u>161</u>	<u>480,555</u>
<u>Operating Disbursements:</u>			
Personnel Services	74,602	-	74,602
Travel Transportation	791	-	791
Contractual Services	230,207	-	230,207
Material and Supplies	52,986	75	53,061
Capital Outlay	53,087	-	53,087
Total Operating Disbursements	<u>411,673</u>	<u>75</u>	<u>411,748</u>
Excess of Cash Operating Receipts Over/ (Under) Operating Disbursements	<u>68,721</u>	<u>86</u>	<u>68,807</u>
<u>Non-Operating Receipts/(Disbursements):</u>			
Debt Service	<u>(93,990)</u>	<u>-</u>	<u>(93,990)</u>
Excess of Net Cash Receipts Over/(Under) Disbursements	(25,269)	86	(25,183)
<u>Fund Cash Balance - January 1, 2000</u>	<u>369,668</u>	<u>2,546</u>	<u>372,214</u>
<u>Fund Cash Balance - December 31, 2000</u>	<u>\$ 344,399</u>	<u>\$ 2,632</u>	<u>\$ 347,031</u>

The accompanying notes are an integral part
of these financial statement

VILLAGE OF MENDON
MERCER COUNTY, OHIO

NOTES TO FINANCIAL STATEMENTS

December 31, 2001 and 2000

Note 1 - Summary of Significant Accounting Policies

Description of the Entity

The Village of Mendon, Mercer County, (the Village) 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 is directed by a publicly-elected six member Council. The Village provides the following services: public safety, health, recreation, street maintenance, water, sewer and electric facilities, and general administrative services.

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

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, receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when the liability 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 is not required to be accounted for in other funds.

Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than capital projects and trusts), the expenditures for which are legally restricted for specific purposes. The Village had the following significant Special Revenue Funds:

VILLAGE OF MENDON
MERCER COUNTY, OHIO

NOTES TO FINANCIAL STATEMENTS

December 31, 2001 and 2000

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

Fund Accounting - (continued)

Special Revenue Funds – (continued)

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

Proprietary Funds

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

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

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

Water Debt Service Fund - This fund receives a portion of receipts for utilities to repay the Ohio Water Development Authority Loan.

Sewer Debt Service Fund - This fund receives a portion of receipts for utilities to repay the USDA sanitary sewer system debt.

Fiduciary Funds

Trust Funds

Trust funds are used to account for resources restricted by legally binding trust agreements. If the agreement requires the Village to maintain the corpus of the trust, the fund is classified as a non-expendable trust fund. Other trust funds are classified as expendable.

VILLAGE OF MENDON
MERCER COUNTY, OHIO

NOTES TO FINANCIAL STATEMENTS

December 31, 2001 and 2000

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

Budgetary Process

The Ohio Revised Code requires that each fund (except certain agency funds) be budgeted annually.

1. Appropriations

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

2. Estimated Resources

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

3. Encumbrances

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

A summary of 2001 and 2000 budgetary activity appears in Note 3.

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.

Unpaid Vacation and Sick Leave

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the cash basis of accounting used by the Village.

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

NOTES TO FINANCIAL STATEMENTS

December 31, 2001 and 2000

Note 2 – Equity In Pooled Cash and Investments

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

	2001	2000
Petty Cash	\$ -	\$ 150
Demand deposits	348,733	393,405
Investments:		
STAR Ohio	132,681	127,400
Total Deposits and Investments	\$ <u>481,414</u>	\$ <u>520,955</u>

Deposits - Deposits are insured by the Federal Depositary Insurance Corporation or collateralized by securities specifically pledged by the financial institution to the Village, or collateralized by the financial institutions public entity deposit pool.

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

VILLAGE OF MENDON
MERCER COUNTY, OHIO

NOTES TO FINANCIAL STATEMENTS
December 31, 2001 and 2000

Note 3 – Budgetary Activity

Budgetary activity for the years ending December 31, 2001 and 2000 follows:

2001 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 168,044	\$ 64,400	\$ (103,644)
Special Revenue	95,161	31,394	(63,767)
Enterprise	828,299	525,386	(302,913)
Fiduciary	3,581	108	(3,473)
Total	\$ 1,095,085	\$ 621,288	\$ (473,797)

2001 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 146,475	\$ 82,667	\$ 63,808
Special Revenue	82,618	26,169	56,449
Enterprise	787,401	551,895	235,506
Fiduciary	1,675	101	1,574
Total	\$ 1,018,169	\$ 660,832	\$ 357,337

VILLAGE OF MENDON
MERCER COUNTY, OHIO

NOTES TO FINANCIAL STATEMENTS
December 31, 2001 and 2000

Note 3 – Budgetary Activity – (continued)

2000 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 148,071	\$ 97,866	\$ (50,205)
Special Revenue	89,430	34,444	(54,986)
Enterprise	852,872	525,386	(327,486)
Fiduciary	3,215	108	(3,107)
Total	\$ 1,093,588	\$ 657,804	\$ (435,784)

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 148,071	\$ 72,929	\$ 75,142
Special Revenue	89,430	25,733	63,697
Enterprise	852,872	551,895	300,977
Fiduciary	3,215	89	3,126
Total	\$ 1,093,588	\$ 650,646	\$ 442,942

Note 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 Revenues. Payments are due to the County by December 31st. If the property owner elects to make semi-annual payments, the second half payment is due the following June 20th.

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

VILLAGE OF MENDON
MERCER COUNTY, OHIO

NOTES TO FINANCIAL STATEMENTS

December 31, 2001 and 2000

Note 4 – Property Tax - (continued)

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

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

Note 5 – Debt

Debt Outstanding at December 31, 2001, was as follows

First Mortgage Revenue Bonds -

Sanitary Sewer System

Principal Outstanding	\$	317,669
Interest Rate		6.00 %

Ohio Water Development Authority Loan

Principal Outstanding	\$	379,383
Interest Rate - Blended		4.612 %

The First Mortgage Sanitary Sewer System Revenue Bonds were issued in May of 1990 for sanitary sewer system improvements and repayments are made to the USDA annually.

The Ohio Water Development Authority Loan was obtained in 1998 to make improvements to the water system in the Village.

VILLAGE OF MENDON
MERCER COUNTY, OHIO

NOTES TO FINANCIAL STATEMENTS
December 31, 2001 and 2000

Note 5 - Debt Obligations - (continued)

The annual requirements to amortize all debt outstanding as of December 31, 2001, including interest are as follows:

Year Ending December 31,	First Mortgage Bonds	OWDA Loan	Total
2002	\$ 27,063	\$ 40,294	\$ 67,357
2003	26,583	40,294	66,877
2004	27,103	40,294	67,397
2005	26,563	40,294	66,857
2006	27,023	40,294	67,317
Thereafter	439,210	282,058	721,268
Total	\$ 573,545	\$ 483,528	\$ 1,057,073

Note 6 – Retirement Systems

The Village's full-time employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2001 and 2000, PERS members contributed 8.5 percent of their gross salaries. The Village contributed an amount equal to 13.55 percent of participants' gross salaries for 2001 and from January 1, 2000 through June 30, 2000. PERS temporarily reduced the employer contribution rate to 8.13 percent effective July 1, 2000 through December 31, 2000. The Village has paid all contributions required through December 31, 2001.

Note 9 – 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, public official liability, auto liability & damage, property coverage, inland marine, crime, and equipment break-down.

The Village offers 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 5, 2002

**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, 2001 and 2000, and have issued our report thereon dated June 5, 2002. 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 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 June 5, 2002.

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 June 5, 2002.

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. H. ...", is located in the lower right quadrant of the page.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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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
AUGUST 6, 2002**