

VILLAGE OF MENDON

MERCER COUNTY

REGULAR AUDIT

JANUARY 1, 2008 THROUGH DECEMBER 31, 2009

FISCAL YEARS AUDITED UNDER GAGAS: 2009 & 2008

Caudill & Associates, CPA's

725 5th Street
Portsmouth, OH 45662



Mary Taylor, CPA
Auditor of State

Members of Council
Village of Mendon
102 South Main Street
P.O. Box 167
Mendon, Ohio 45862

We have reviewed the *Independent Auditor's Report* of the Village of Mendon, Mercer County, prepared by Caudill & Associates, CPA's, for the audit period January 1, 2008 through December 31, 2009. 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.

Mary Taylor

Mary Taylor, CPA
Auditor of State

May 14, 2010

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Village of Mendon
Mercer County, Ohio
For the Years Ended December 31, 2009 and 2008
Table of Contents

Title	Page
Independent Auditor’s Report	1
Management’s Discussion and Analysis	3
Basic Financial Statements:	
Statement of Net Assets—Cash Basis For the Year Ended December 31, 2009	13
Statement of Net Assets—Cash Basis For the Year Ended December 31, 2008	14
Statement of Activities----Cash Basis For the Year Ended December 31, 2009	15
Statement of Activities----Cash Basis For the Year Ended December 31, 2008	16
Statement of Cash Basis Assets and Fund Balances For the Year Ended December 31, 2009	17
Statement of Cash Basis Assets and Fund Balances For the Year Ended December 31, 2008	18
Statement of Cash Receipts, Disbursements and Changes in-Cash Basis Fund Balances—Governmental Funds—For the Year Ended December 31, 2009.....	19
Statement of Cash Receipts, Disbursements and Changes in-Cash Basis Fund Balances—Governmental Funds—For the Year Ended December 31, 2008.....	20
Statement of Receipts, Disbursements and Changes in Fund Balance— Budget and Actual—Budget Basis—General Fund For the Year Ended December 31, 2009	21
Statement of Receipts, Disbursements and Changes in Fund Balance— Budget and Actual—Budget Basis—General Fund For the Year Ended December 31, 2008	22
Statement of Receipts, Disbursements and Changes in Fund Balance— Budget and Actual—Budget Basis—Street Construction, Maintenance and Repair Fund For the Year Ended December 31, 2009	23
Statement of Receipts, Disbursements and Changes in Fund Balance— Budget and Actual—Budget Basis—Street Construction, Maintenance and Repair Fund For the Year Ended December 31, 2008	24

Village of Mendon
Mercer County, Ohio
For the Years Ended December 31, 2009 and 2008
Table of Contents (Continued)

Title	Page
Statement of Receipts, Disbursements and Changes in Fund Balance— Budget and Actual—Budget Basis—Park Addition Fund For the Year Ended December 31, 2009	25
Statement of Receipts, Disbursements and Changes in Fund Balance— Budget and Actual—Budget Basis—Park Addition Fund For the Year Ended December 31, 2008	26
Statement of Net Assets—Cash Basis - Enterprise Funds For the Year Ended December 31, 2009	27
Statement of Net Assets—Cash Basis – Enterprise Funds For the Year Ended December 31, 2008	28
Statement of Cash Receipts, Cash Disbursements and Changes in Fund Net Assets — Enterprise Funds For the Year Ended December 31, 2009	29
Statement of Cash Receipts, Cash Disbursements and Changes in Fund Net Assets — Enterprise Funds For the Year Ended December 31, 2008	30
Notes to the Financial Statements	31
Independent Auditors’ Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	45
Schedule of Findings and Responses	47
Schedule of Prior Audit Findings	50



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Independent Auditor's Report

Village of Mendon
Mercer County
P.O. Box 167
102 South Main Street
Mendon, Ohio 45862

To the Village Council:

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund, and the aggregate remaining fund information of the Village of Mendon, Mercer County, Ohio, (the Village) as of and for the years ended December 31, 2009 and 2008 which collectively comprise the Village's basic financial statements. These financial statements are the responsibility of the Village's management. Our responsibility is to express opinions 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 audits 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 2, the Village has prepared these financial statements and notes using the cash basis of accounting. This is a comprehensive accounting basis other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities, the business type activities, each major fund, and the aggregate remaining fund information of the Village of Mendon, Mercer County, Ohio as of December 31, 2009 and 2008, and the respective changes in cash basis financial position and the respective budgetary comparisons for the General Fund, the Street Construction, Maintenance and Repair Fund, and the Park Addition Fund, thereof for the years then ended in conformity with the basis of accounting Note 2 describes.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 19, 2010, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Village of Mendon
Mercer County
Independent Auditors' Report

The Management's Discussion and Analysis on pages 3-12 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

Caudill & Associates, CPA's

Caudill & Associates, CPA's

March 19, 2010

Village of Mendon
Management's Discussion and Analysis
For the Years Ended December 31, 2009 and 2008
Unaudited

This management discussion and analysis of the Village of Mendon's financial performance provides an overall review of the Village's financial activities for the year ended December 31, 2009, and 2008, within the limitations of the Village's cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Village's financial performance.

Highlights

Key highlights for 2009 are as follows:

The Government's general receipts are primarily property taxes and intergovernmental. These receipts represent 67.4 percent of the total cash received for governmental activities. Property tax receipts and Intergovernmental receipts for 2009 decreased insignificantly compared to 2008 as development within the Government decreased slightly, and we expect an increase in 2010 due to some new development.

In 2009, the Village issued a Bond Anticipation Note to construct walking paths, a shelter house, or any other park related updates at the new community building/park site.

Key highlights for 2008 are as follows:

The Government's general receipts are primarily property taxes and intergovernmental. These receipts represent 83.3 percent of the total cash received for governmental activities.

At the end of 2008, the Village was looking into grant money for community projects, sewer upgrades, and other funding that will benefit the citizens of the Village.

Using the Basic Financial Statements

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to the Village's cash basis of accounting.

Report Components

The statement of net assets and the statement of activities provide information about the cash activities of the Village as a whole.

Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the Village as a way to segregate money whose use is restricted to a particular specified purpose. These statements present financial information by fund, presenting funds with the largest balances or most activity in separate columns.

The notes to the financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

Village of Mendon
Management's Discussion and Analysis
For the Years Ended December 31, 2009 and 2008
Unaudited

Basis of Accounting

The basis of accounting is a set of guidelines that determine when financial events are recorded. The Village has elected to present its financial statements on a cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the Village's cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

As a result of using the cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the cash basis of accounting.

Reporting the Village as a Whole

The Statement of Net Assets and the Statement of Activities reflect how the Village did financially during 2009 and 2008, within the limitations of cash basis accounting. The Statement of Net Assets presents the cash balances of the governmental and business-type activities of the Village at year end. The Statement of Activities compares cash disbursements with program receipts for each governmental program and business type activity. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function or business-type activity draws from the Village's general receipts.

These statements report the Village's cash position and the changes in cash position. Keeping in mind the limitations of the cash basis of accounting, you can think of these changes as one way to measure the Village's financial health. Over time, increases or decreases in the Village's cash position is one indicator of whether the Village's financial health is improving or deteriorating. When evaluating the Village's financial condition, you should also consider other non-financial factors as well such as the Village's property tax base, the condition of the Village's capital assets and infrastructure, the extent of the Village's debt obligations, the reliance on non-local financial resources for operations and the need for continued growth in the major local revenue sources such as property and income taxes.

In the Statement of Net Assets and the statement of activities, we divide the Village into two types of activities:

Governmental activities: Most of the Village's basic services are reported here, including police, fire, streets and parks. State and federal grants and income and property taxes finance most of these activities. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.

Business-type activity: The Village has two business-type activities, the provisions of water and sewer services. Business-type activities are financed by a fee charged to the customers receiving the service.

Village of Mendon
Management's Discussion and Analysis
For the Years Ended December 31, 2009 and 2008
Unaudited

Reporting the Village's Most Significant Funds

Fund financial statements provide detailed information about the Village's major funds – not the Village as a whole. The Village establishes separate funds to better manage its many activities and to help demonstrate that money that is restricted as to how it may be used is being spent for the intended purpose. The funds of the Village are split into two categories: governmental and proprietary.

Governmental Funds - Most of the Village's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the Village's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Village's programs. The Village's significant governmental funds are presented on the financial statements in separate columns. The information for nonmajor funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The Village's major governmental funds are the General Fund, Street Fund and Park Addition Fund. These programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements.

Proprietary Funds – When the Village charges customers for the services it provides, these services are generally reported in proprietary funds. When the services are provided to the general public, the activity is reported as an enterprise fund. The Village has five major enterprise funds, Water, Electric, Water Debt, and Sewer Replacement funds. When the services are provided to other departments of the Village, the service is reported as an internal service fund. The Village has no internal service funds.

The Village as a Whole

Table 1 provides a summary of the Village's net assets for years 2009 and 2008 on the cash basis of accounting:

Table 1 Net Assets		Governmental Activities		
		2009	2008	2007
Assets				
Cash and Cash Equivalents	\$42,432	\$81,710	\$34,002	
Investments	12,503	\$12,134	42,169	
Total Assets	\$54,935	\$93,844	\$76,171	
Net Assets				
Restricted for:				
Other Purposes	\$50,363	\$76,510	\$63,505	
Cemetery Endowment				
Expendable	\$473	\$540	\$375	
Non-expendable	\$2,500	\$2,500	\$2,500	
Unrestricted	\$1,599	\$14,294	\$9,791	
Total Net Assets	\$54,935	\$93,844	\$76,171	

Village of Mendon
Management's Discussion and Analysis
For the Years Ended December 31, 2009 and 2008
Unaudited

Table 1 (Continued)
Net Assets

	Business-Type Activities		
	2009	2008	2007
Assets			
Cash and Cash Equivalents	\$ 163,936	\$ 155,264	\$ 166,806
Investments	149,449	149,192	115,317
Total Assets	\$ 313,385	\$ 304,456	\$ 282,123
Net Assets			
Restricted for:			
Debt Service	167,542	142,128	136,204
Capital Outlay	54,801	45,968	39,697
Other Purposes	11,392	22,546	5,199
Unrestricted	79,650	93,814	101,023
Total Net Assets	\$ 313,385	\$ 304,456	\$ 282,123
	Total		
	2009	2008	2007
Assets			
Cash and Cash Equivalents	\$ 206,368	\$ 236,974	\$ 200,808
Investments	161,952	161,326	157,486
Total Assets	\$ 368,320	\$ 398,300	\$ 358,294
Net Assets			
Restricted for:			
Debt Service	167,542	142,128	136,204
Capital Outlay	54,801	45,968	39,697
Other Purposes	61,755	99,056	68,704
Cemetery Endowment			
Expendable	473	540	375
Non-expendable	2,500	2,500	2,500
Unrestricted	81,249	108,108	110,814
Total Net Assets	\$ 368,320	\$ 398,300	\$ 358,294

As noted, net assets of governmental activities decreased \$38,909 or 41.5 percent during 2009. The primary reason contributing to the decrease in the cash balance is as follows:

- Receipts decreased over the prior year, expenses continue to rise with the economy and thus created a decrease in governmental net assets.

As mentioned previously, net assets of governmental activities increased \$17,673 or 18.8 % during 2008. The primary reasons contributing to the increases in cash balances are as follows:

- Estate Tax Payments were received in 2008.
- Donations for Park Improvement Project were received in 2008.

Village of Mendon
Management's Discussion and Analysis
For the Years Ended December 31, 2009 and 2008
Unaudited

Table 2 reflects the changes in net assets in 2009 and 2008.

Table 2- Change in Net Assets

	Governmental Activities		
	2009	2008	2007
Receipts:			
Program Receipts:			
Charges for Services and Sales	\$11,876	\$16,578	\$14,101
Operating Grants and Contribution	26,872	27,597	28,174
Total Program Receipts	<u>38,748</u>	<u>44,175</u>	<u>\$42,275</u>
General Receipts:			
Property and Other Local Taxes	38,410	34,283	33,718
Grants Not Restricted and Contributions	14,249	25,122	14,712
Interest	1,237	3,951	6,642
Miscellaneous	5,268	25,357	3,083
Sale of Notes	62,285	-	-
Total General Receipts	<u>121,449</u>	<u>88,713</u>	<u>58,155</u>
<i>Total Receipts</i>	<u>160,197</u>	<u>132,888</u>	<u>98,317</u>
Disbursements:			
General Government	45,841	38,747	41,720
Security of Persons and Property	18,623	16,310	16,003
Public Health	7,913	11,329	11,228
Basic Utilities	2,643	2,177	3,699
Leisure Time Activities	73,944	1,320	1,370
Transportation	37,777	45,332	31,989
Capital Outlay	12,285	-	-
Transfers Out	-	-	6,560
Other Financing Uses	80	-	-
<i>Total Disbursements</i>	<u>199,106</u>	<u>115,215</u>	<u>112,569</u>
Increase/(Decrease) in Net Assets	(38,909)	17,673	(14,252)
Net Assets Beginning of Year	93,844	76,171	90,423
Net Assets End of Year	<u><u>\$54,935</u></u>	<u><u>\$93,844</u></u>	<u><u>\$76,171</u></u>

Village of Mendon
Management's Discussion and Analysis
For the Years Ended December 31, 2009 and 2008
Unaudited

Table 2- Change in Net Assets (Continued)

	Business Type Activities		
	2009	2008	2007
Receipts:			
Program Receipts:			
Charges for Services and Sales	\$675,955	\$640,240	\$589,248
Total Program Receipts	<u>675,955</u>	<u>640,240</u>	<u>\$589,248</u>
General Receipts:			
Interest	257	1,822	3,477
Transfer In	-	-	6,560
Advance In	4,484	8,273	-
Total General Receipts	<u>4,741</u>	<u>10,095</u>	<u>10,037</u>
<i>Total Receipts</i>	<u>680,696</u>	<u>650,335</u>	<u>599,285</u>
Disbursements:			
Water	127,859	128,256	125,952
Sewer	60,736	66,683	23,736
Electric	467,884	414,290	377,271
Utility Deposits	10,804	10,500	108,246
Advance Out	4,484	8,273	-
<i>Total Disbursements</i>	<u>671,767</u>	<u>628,002</u>	<u>635,205</u>
Increase in Net Assets	8,929	22,333	(35,920)
Net Assets Beginning of Year	<u>304,456</u>	<u>282,123</u>	<u>318,043</u>
Net Assets End of Year	<u>\$313,385</u>	<u>\$304,456</u>	<u>\$282,123</u>

Village of Mendon
Management's Discussion and Analysis
For the Years Ended December 31, 2009 and 2008
Unaudited

Table 2- Change in Net Assets (Continued)

	2009	TOTAL 2008	2007
Receipts:			
Program Receipts:			
Charges for Services and Sales	\$687,831	\$656,818	\$603,349
Operating Grants, Contributions, and Interest	26,872	27,597	28,174
Total Program Receipts	714,703	684,415	631,523
General Receipts:			
Property and Other Local Taxes	\$38,410	34,283	33,718
Grants Not Restricted and Contributions	14,249	25,122	12,599
Interest	1,494	5,773	10,119
Miscellaneous	5,268	25,357	3,083
Transfers In	-	-	6,560
Advance In	4,484	8,273	-
Sale of Notes	62,285	-	-
Total General Receipts	126,190	98,808	66,079
<i>Total Receipts</i>	<i>840,893</i>	<i>783,223</i>	<i>697,602</i>
Disbursements:			
General Government	45,841	38,747	41,720
Security of Persons and Property	18,623	16,310	16,003
Public Health	7,913	11,329	11,228
Basic Utilities	73,944	2,177	3,699
Leisure Time Activities	2,643	1,320	1,370
Transportation	37,777	45,332	31,989
Capital Outlay	12,285	-	-
Water	127,859	128,256	125,952
Sewer	60,736	66,683	78,536
Electric	467,884	414,290	377,271
Utility Deposits	10,804	10,500	53,446
Transfers Out	-	-	6,560
Advance Out	4,484	8,273	-
Other Financing Uses	80	-	-
<i>Total Disbursements</i>	<i>870,873</i>	<i>743,217</i>	<i>747,774</i>
Increase/(Decrease) in Net Assets	(29,980)	40,006	(50,172)
Net Assets – Beginning of Year	398,300	358,294	408,466
Net Assets End of Year	368,320	398,300	\$358,294

Village of Mendon
Management's Discussion and Analysis
For the Years Ended December 31, 2009 and 2008
Unaudited

Program receipts represent 85.0 percent and 87.4 percent for 2009 and 2008, respectively of total receipts and are primarily comprised of charges for services for water, sewer and electric .

General receipts represent 15.0 percent and 12.6 percent for 2009 and 2008, respectively of total receipts, and of this amount, over 30.4 percent for 2009 and 34.7 percent for 2008 are property taxes. State and Federal Grants and entitlements make up approximately 11.3 and 25.4 percent in 2009 and 2008, respectively of the general receipts. Other receipts are insignificant and somewhat unpredictable revenue sources.

Disbursements for General Government represent the overhead costs of running the Village and the support services provided for the other Village activities. These include the costs of council, Mayor and the Clerk-Treasurer.

Governmental Activities

If you look at the Statement of Activities on page 15 & 16 for 2009 and 2008, respectively, you will see that the first column lists the major services provided by the Village. The next column identifies the costs of providing these services. The major program disbursements for governmental activities are for general government and transportation, which account for 23.0 and 19.0 percent, respectively of all governmental disbursements, respectively. The next three columns of the Statement entitled Program Receipts identify amounts paid by people who are directly charged for the service and grants received by the Village that must be used to provide a specific service. The net Receipt (Disbursement) column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service which ends up being paid from money provided by local taxpayers. These net costs are paid from the general receipts which are presented at the bottom of the Statement. A comparison between the total cost of services and the net cost is presented in Table 3.

Table 3
Governmental Activities

	Total Cost of Services 2009	Net Cost of Services 2009	Total Cost of Services 2008	Net Cost of Services 2008
General Government	\$45,841	\$40,609	38,747	36,033
Public Health Services	7,913	1,269	11,329	(2,535)
Security of Persons and Property	18,623	18,623	16,310	16,310
Leisure Time Activities	73,944	73,944	2,177	2,177
Basic Utilities	2,643	2,643	1,320	1,320
Transportation	37,777	10,905	45,332	17,735
Capital Outlay	12,285	12,285	-	-
Total Expenses	\$199,026	\$160,278	115,215	71,040

The dependence upon tax receipts and intergovernmental support is apparent as over 24.46 percent in 2009 and 51.56 percent in 2008 of governmental activities are supported through these general receipts.

Village of Mendon
Management's Discussion and Analysis
For the Years Ended December 31, 2009 and 2008
Unaudited

Business-type activities

The water, sewer and electric operations of the Village routinely report receipts and cash disbursements that are relatively equal. The excess receipts are being used to pay debt and saved for future capital improvements.

The Village's Funds

Total governmental funds had receipts of \$160,197 and \$132,888 and disbursements of \$199,106 and \$115,215 for 2009 and 2008, respectively. The greatest change within governmental funds occurred within the General Fund. The fund balance of the General Fund decreased during 2009 and increased during 2008 as the result of normal operation to maintain the Village.

General Fund Budgeting Highlights

The Village's budget is prepared according to Ohio law and is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

For 2009, the General Fund Budget was set at \$67,348. Final budgeted receipts were the same as original budgeted receipts due to no amendments made in 2009. The difference between final budgeted receipts and actual receipts was \$(11,391). For 2008, the General Fund budget was set at \$59,044. Final budgeted receipts were the same as original budgeted receipts due to no amendments made in 2008. The difference between final budgeted receipts and actual receipts was \$4,008.

Final disbursements were budgeted at \$79,780 for 2009 and \$69,931 for 2008 while actual disbursements were \$80,937 and \$58,549, respectively.

Capital Assets and Debt Administration

Capital Assets

The Village does not currently keep track of its capital assets and infrastructure.

Debt

At December 31, 2009, the Village's outstanding debt included \$195,933 to make improvements to the water system in the Village, \$163,319 for sanitary sewer system improvements, \$50,000 to make improvements to the Village Park, and \$12,285 for the purchase of a truck. For further information regarding the Village's debt, refer to Note 10 of the financial statement.

Current Issues

The challenge for all Governments is to provide quality services to the public while staying within the restrictions imposed by limited, and in some cases shrinking, funding. We rely heavily on local taxes and have very little industry to support the tax base. The Council watches the budget very closely. We discuss spending in depth for each major purchase, such as street repair, tree planting, and alley repairs. We try to plan according to what we might want to do to improve the Village each year. We don't have a large budget, but we try to spend the money in a way that will most benefit the residents of our Village.

Village of Mendon
Management's Discussion and Analysis
For the Years Ended December 31, 2009 and 2008
Unaudited

Contacting the Village's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Village's finances and to reflect the Village's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Kristina Boroff, Fiscal Officer, 102 S. Main Street, P.O. Box 167, Mendon, Ohio 45862.

Village of Mendon
Statement of Net Assets - Cash Basis
December 31, 2009

	Governmental Activities	Business - Type Activities	Total
Assets			
Equity in Pooled Cash and Cash Equivalents	\$ 42,432	\$ 163,936	\$ 206,368
Investments	12,503	149,449	161,952
<i>Total Assets</i>	<u>\$ 54,935</u>	<u>\$ 313,385</u>	<u>\$ 368,320</u>
Net Assets			
Restricted for:			
Capital Projects	\$ -	\$ 54,801	\$ 54,801
Debt Service	-	167,542	167,542
Cemetery			
Expendable	473	-	473
Nonexpendable	2,500	-	2,500
Other Purposes	50,363	11,392	61,755
Unrestricted	1,599	79,650	81,249
<i>Total Net Assets</i>	<u>\$ 54,935</u>	<u>\$ 313,385</u>	<u>\$ 368,320</u>

See accompanying notes to the basic financial statements

Village of Mendon
Statement of Net Assets - Cash Basis
December 31, 2008

	Governmental Activities	Business - Type Activities	Total
Assets			
Equity in Pooled Cash and Cash Equivalents	\$ 81,710	\$ 155,264	\$ 236,974
Investments	12,134	149,192	161,326
<i>Total Assets</i>	<u>\$ 93,844</u>	<u>\$ 304,456</u>	<u>\$ 398,300</u>
Net Assets			
Restricted for:			
Capital Projects	\$ -	\$ 45,968	\$ 45,968
Debt Service	-	142,128	142,128
Cemetery			
Expendable	540	-	540
Nonexpendable	2,500	-	2,500
Other Purposes	76,510	22,546	99,056
Unrestricted	14,294	93,814	108,108
<i>Total Net Assets</i>	<u>\$ 93,844</u>	<u>\$ 304,456</u>	<u>\$ 398,300</u>

See accompanying notes to the basic financial statements

Village of Mendon
Statement of Activities - Cash Basis
For the Year Ended December 31, 2009

	Program Cash Receipts				Net (Disbursements) Receipts and Changes in Net Assets		
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities							
General Government	\$ 45,841	\$ 5,232	\$ -	\$ -	\$ (40,609)	\$ -	\$ (40,609)
Security of Persons and Property	18,623	-	-	-	(18,623)	-	(18,623)
Public Health Services	7,913	6,644	-	-	(1,269)	-	(1,269)
Leisure Time Activities	73,944	-	-	-	(73,944)	-	(73,944)
Basic Utility Services	2,643	-	-	-	(2,643)	-	(2,643)
Transportation	37,777	-	26,872	-	(10,905)	-	(10,905)
Capital Outlay	12,285	-	-	-	(12,285)	-	(12,285)
<i>Total Governmental Activities</i>	<u>199,026</u>	<u>11,876</u>	<u>26,872</u>	<u>-</u>	<u>(160,278)</u>	<u>-</u>	<u>(160,278)</u>
Business Type Activity							
Water	127,859	125,270	-	-	-	(2,589)	(2,589)
Sewer	60,736	94,827	-	-	-	34,091	34,091
Electric	467,884	448,208	-	-	-	(19,676)	(19,676)
Utility Deposits	10,804	7,650	-	-	-	(3,154)	(3,154)
<i>Total Business Type Activities</i>	<u>667,283</u>	<u>675,955</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,672</u>	<u>8,672</u>
Total	<u>\$ 866,309</u>	<u>\$ 687,831</u>	<u>\$ 26,872</u>	<u>\$ -</u>	<u>\$ (160,278)</u>	<u>\$ 8,672</u>	<u>\$ (151,606)</u>
General Receipts							
Property Taxes Levied for:							
General Purposes					\$ 38,410	\$ -	\$ 38,410
Grants and Entitlements not Restricted to Specific Programs					14,249	-	14,249
Interest					1,237	257	1,494
Miscellaneous					5,268	-	5,268
Sale of Notes					62,285	-	62,285
Advance In					-	4,484	4,484
Advance Out					-	(4,484)	(4,484)
Other Financing Uses					(80)	-	(80)
<i>Total General Receipts</i>					<u>121,369</u>	<u>257</u>	<u>121,626</u>
Change in Net Assets					(38,909)	8,929	(29,980)
<i>Net Assets Beginning of Year</i>					<u>93,844</u>	<u>304,456</u>	<u>398,300</u>
<i>Net Assets End of Year</i>					<u>\$ 54,935</u>	<u>\$ 313,385</u>	<u>\$ 368,320</u>

See accompanying notes to the basic financial statements

Village of Mendon
Statement of Cash Basis Assets and Fund Balances
Governmental Funds
December 31, 2009

	General	Street Construction Maintenance and Repair	Park Addition Fund	Other Governmental Funds	Total Governmental Funds
Assets					
Equity in Pooled Cash and Cash Equivalents	\$ 1,538	\$ 12,601	\$ -	\$ 28,293	\$ 42,432
Investments	61	7,000	-	5,442	12,503
Total Assets	\$ 1,599	\$ 19,601	\$ -	\$ 33,735	\$ 54,935
Fund Balances					
Unreserved:					
Undesignated (Deficit), Reported in:					
General Fund	\$ 1,599	\$ -	\$ -	\$ -	\$ 1,599
Special Revenue Funds	-	19,601	-	33,735	53,336
Total Fund Balances	\$ 1,599	\$ 19,601	\$ -	\$ 33,735	\$ 54,935

See accompanying notes to the basic financial statements

Village of Mendon
Statement of Cash Basis Assets and Fund Balances
Governmental Funds
December 31, 2008

	General	Street Construction Maintenance and Repair	Park Addition Fund	Other Governmental Funds	Total Governmental Funds
Assets					
Equity in Pooled Cash and Cash Equivalents	\$ 12,860	\$ 18,758	\$ 21,998	\$ 28,094	\$ 81,710
Investments	1,434	7,000	-	3,700	12,134
<i>Total Assets</i>	<u>\$ 14,294</u>	<u>\$ 25,758</u>	<u>\$ 21,998</u>	<u>\$ 31,794</u>	<u>\$ 93,844</u>
Fund Balances					
Unreserved:					
Undesignated (Deficit), Reported in:					
General Fund	\$ 14,294	\$ -	\$ -	\$ -	\$ 14,294
Special Revenue Funds	0	25,758	21,998	31,794	79,550
<i>Total Fund Balances</i>	<u>\$ 14,294</u>	<u>\$ 25,758</u>	<u>\$ 21,998</u>	<u>\$ 31,794</u>	<u>\$ 93,844</u>

See accompanying notes to the basic financial statements

Village of Mendon
Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances
Governmental Funds
For the Year Ended December 31, 2009

	General	Street Construction Maintenance and Repair	Park Addition Fund	Other Governmental Funds	Total Governmental Funds
Receipts					
Property and Other Local Taxes	\$ 31,735	\$ 4,567	\$ -	\$ 2,108	\$ 38,410
Charges for Services	-	-	-	6,644	6,644
Fines, Licenses and Permits	5,232	-	-	-	5,232
Intergovernmental	14,249	22,985	-	3,887	41,121
Interest	982	208	-	47	1,237
Miscellaneous	3,759	361	1,148	-	5,268
<i>Total Receipts</i>	<u>55,957</u>	<u>28,121</u>	<u>1,148</u>	<u>12,686</u>	<u>97,912</u>
Disbursements					
Current:					
General Government	33,141	12,700	-	-	45,841
Security of Persons and Property	18,623	-	-	-	18,623
Public Health Services	-	-	-	7,913	7,913
Leisure Time Activities	-	-	73,146	798	73,944
Basic Utility Services	2,643	-	-	-	2,643
Transportation	14,245	21,578	-	1,954	37,777
Capital Outlay	12,285	-	-	-	12,285
<i>Total Disbursements</i>	<u>80,937</u>	<u>34,278</u>	<u>73,146</u>	<u>10,665</u>	<u>199,026</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(24,980)</u>	<u>(6,157)</u>	<u>(71,998)</u>	<u>2,021</u>	<u>(101,114)</u>
Other Financing Sources (Uses)					
Notes Issued	12,285	-	50,000	-	62,285
Other Financing Uses	-	-	-	(80)	(80)
<i>Total Other Financing Sources (Uses)</i>	<u>12,285</u>	<u>-</u>	<u>50,000</u>	<u>(80)</u>	<u>62,205</u>
<i>Net Change in Fund Balances</i>	<u>(12,695)</u>	<u>(6,157)</u>	<u>(21,998)</u>	<u>1,941</u>	<u>(38,909)</u>
<i>Fund Balances Beginning of Year</i>	<u>14,294</u>	<u>25,758</u>	<u>21,998</u>	<u>31,794</u>	<u>93,844</u>
<i>Fund Balances End of Year</i>	<u>\$ 1,599</u>	<u>\$ 19,601</u>	<u>\$ -</u>	<u>\$ 33,735</u>	<u>\$ 54,935</u>

See accompanying notes to the basic financial statements

Village of Mendon
Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances
Governmental Funds
For the Year Ended December 31, 2008

	General	Street Construction Maintenance and Repair	Park Addition Fund	Other Governmental Funds	Total Governmental Funds
Receipts					
Property and Other Local Taxes	\$ 27,413	\$ 4,703	\$ -	\$ 2,167	\$ 34,283
Charges for Services	-	-	-	13,864	13,864
Fines, Licenses and Permits	2,714	-	-	-	2,714
Intergovernmental	25,122	25,527	-	2,070	52,719
Interest	3,494	320	-	137	3,951
Miscellaneous	4,309	-	21,048	-	25,357
<i>Total Receipts</i>	<u>63,052</u>	<u>30,550</u>	<u>21,048</u>	<u>18,238</u>	<u>132,888</u>
Disbursements					
Current:					
General Government	28,702	10,045	-	-	38,747
Security of Persons and Property	16,310	-	-	-	16,310
Public Health Services	-	-	-	11,329	11,329
Leisure Time Activities	-	-	1,108	1,069	2,177
Basic Utility Services	1,320	-	-	-	1,320
Transportation	12,217	31,570	-	1,545	45,332
<i>Total Disbursements</i>	<u>58,549</u>	<u>41,615</u>	<u>1,108</u>	<u>13,943</u>	<u>115,215</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>4,503</u>	<u>(11,065)</u>	<u>19,940</u>	<u>4,295</u>	<u>17,673</u>
<i>Fund Balances Beginning of Year</i>	<u>9,791</u>	<u>36,823</u>	<u>2,058</u>	<u>27,499</u>	<u>76,171</u>
<i>Fund Balances End of Year</i>	<u>\$ 14,294</u>	<u>\$ 25,758</u>	<u>\$ 21,998</u>	<u>\$ 31,794</u>	<u>\$ 93,844</u>

See accompanying notes to the basic financial statements

Village of Mendon
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
General Fund
For the Year Ended December 31, 2009

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Receipts				
Property and Other Local Taxes	\$ 27,650	\$ 27,650	\$ 31,735	\$ 4,085
Fines, Licenses and Permits	25	25	5,232	5,207
Intergovernmental	27,316	27,316	14,249	(13,067)
Interest	10,500	10,500	982	(9,518)
Miscellaneous	1,857	1,857	3,759	1,902
<i>Total receipts</i>	<u>67,348</u>	<u>67,348</u>	<u>55,957</u>	<u>(11,391)</u>
Disbursements				
Current:				
General Government	45,280	39,558	33,141	6,417
Security of Persons and Property	19,650	20,419	18,623	1,796
Basic Utility Services	1,500	2,735	2,643	92
Transportation	11,950	15,668	14,245	1,423
Capital Outlay	1,400	1,400	12,285	(10,885)
<i>Total Disbursements</i>	<u>79,780</u>	<u>79,780</u>	<u>80,937</u>	<u>(1,157)</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(12,432)</u>	<u>(12,432)</u>	<u>(24,980)</u>	<u>(12,548)</u>
Other Financing Sources (Uses)				
Notes Issued	-	-	12,285	12,285
<i>Total Other Financing Sources (Uses)</i>	<u>-</u>	<u>-</u>	<u>12,285</u>	<u>12,285</u>
<i>Net Change in Fund Balance</i>	(12,432)	(12,432)	(12,695)	(263)
<i>Fund Balance Beginning of Year</i>	<u>14,294</u>	<u>14,294</u>	<u>14,294</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u>\$ 1,862</u>	<u>\$ 1,862</u>	<u>\$ 1,599</u>	<u>\$ (263)</u>

See accompanying notes to the basic financial statements

Village of Mendon
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
General Fund
For the Year Ended December 31, 2008

	<u>Budgeted Amounts</u>		<u>Actual</u>	<i>Variance Positive (Negative)</i>
	<u>Original</u>	<u>Final</u>		
Receipts				
Property and Other Local Taxes	\$ 33,220	\$ 33,220	\$ 27,413	\$ (5,807)
Fines, Licenses and Permits	30	30	2,714	2,684
Intergovernmental	12,470	12,470	25,122	12,652
Interest	6,100	6,100	3,494	(2,606)
Miscellaneous	7,224	7,224	4,309	(2,915)
<i>Total receipts</i>	<u>59,044</u>	<u>59,044</u>	<u>63,052</u>	<u>4,008</u>
Disbursements				
Current:				
General Government	39,631	37,088	28,702	8,386
Security of Persons and Property	18,450	18,413	16,310	2,103
Basic Utility Services	2,500	1,320	1,320	-
Transportation	9,350	13,110	12,217	893
<i>Total Disbursements</i>	<u>69,931</u>	<u>69,931</u>	<u>58,549</u>	<u>11,382</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(10,887)</u>	<u>(10,887)</u>	<u>4,503</u>	<u>15,390</u>
<i>Fund Balance Beginning of Year</i>	9,791	9,791	9,791	-
<i>Fund Balance End of Year</i>	<u>\$ (1,096)</u>	<u>\$ (1,096)</u>	<u>\$ 14,294</u>	<u>\$ 15,390</u>

See accompanying notes to the basic financial statements

Village of Mendon
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
Street Construction, Maintenance, and Repair Fund
For the Year Ended December 31, 2009

	Budgeted Amounts		Actual	<i>Variance Positive (Negative)</i>
	Original	Final		
Receipts				
Property and Other Local Taxes	\$ 5,000	\$ 5,000	\$ 4,567	\$ (433)
Intergovernmental	27,000	27,000	22,985	(4,015)
Interest	400	400	208	(192)
Miscellaneous	-	-	361	361
<i>Total receipts</i>	<u>32,400</u>	<u>32,400</u>	<u>28,121</u>	<u>(4,279)</u>
Disbursements				
Current:				
General Government	20,000	20,000	12,700	7,300
Transportation	38,150	38,150	21,578	16,572
<i>Total Disbursements</i>	<u>58,150</u>	<u>58,150</u>	<u>34,278</u>	<u>23,872</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(25,750)</u>	<u>(25,750)</u>	<u>(6,157)</u>	<u>19,593</u>
<i>Fund Balance Beginning of Year</i>	<u>25,758</u>	<u>25,758</u>	<u>25,758</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u>\$ 8</u>	<u>\$ 8</u>	<u>\$ 19,601</u>	<u>\$ 19,593</u>

See accompanying notes to the basic financial statements

Village of Mendon
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
Street Construction, Maintenance, and Repair Fund
For the Year Ended December 31, 2008

	<u>Budgeted Amounts</u>		<u>Actual</u>	<i>Variance Positive (Negative)</i>
	<u>Original</u>	<u>Final</u>		
Receipts				
Property and Other Local Taxes	\$ 5,000	\$ 5,000	\$ 4,703	\$ (297)
Intergovernmental	25,400	25,400	25,527	127
Interest	600	600	320	(280)
<i>Total receipts</i>	<u>31,000</u>	<u>31,000</u>	<u>30,550</u>	<u>(450)</u>
Disbursements				
Current:				
General Government	15,000	11,812	10,045	1,767
Transportation	55,000	58,188	31,570	26,618
<i>Total Disbursements</i>	<u>70,000</u>	<u>70,000</u>	<u>41,615</u>	<u>28,385</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(39,000)</u>	<u>(39,000)</u>	<u>(11,065)</u>	<u>27,935</u>
<i>Fund Balance Beginning of Year</i>	<u>36,823</u>	<u>36,823</u>	<u>36,823</u>	<u>36,823</u>
<i>Fund Balance End of Year</i>	<u><u>\$ (2,177)</u></u>	<u><u>\$ (2,177)</u></u>	<u><u>\$ 25,758</u></u>	<u><u>\$ 64,758</u></u>

See accompanying notes to the basic financial statements

Village of Mendon
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
Park Addition Fund
For the Year Ended December 31, 2009

	<u>Budgeted Amounts</u>		<u>Actual</u>	<i>Variance Positive (Negative)</i>
	<u>Original</u>	<u>Final</u>		
Receipts				
Miscellaneous	\$ -	\$ -	\$ 1,148	\$ 1,148
<i>Total receipts</i>	<u>-</u>	<u>-</u>	<u>1,148</u>	<u>1,148</u>
Disbursements				
Current:				
Leisure Time Activities	69,000	69,000	73,146	(4,146)
<i>Total Disbursements</i>	<u>69,000</u>	<u>69,000</u>	<u>73,146</u>	<u>(4,146)</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(69,000)</u>	<u>(69,000)</u>	<u>(71,998)</u>	<u>(2,998)</u>
Other Financing Sources (Uses)				
Notes Issued	49,000	49,000	50,000	1,000
<i>Total Other Financing Sources (Uses)</i>	<u>49,000</u>	<u>49,000</u>	<u>50,000</u>	<u>1,000</u>
<i>Fund Balance Beginning of Year</i>	<u>21,998</u>	<u>21,998</u>	<u>21,998</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u>\$ 1,998</u>	<u>\$ 1,998</u>	<u>\$ -</u>	<u>\$ (1,998)</u>

See accompanying notes to the basic financial statements

Village of Mendon
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
Park Addition Fund
For the Year Ended December 31, 2008

	<u>Budgeted Amounts</u>		<u>Actual</u>	<i>Variance Positive (Negative)</i>
	<u>Original</u>	<u>Final</u>		
Receipts				
Miscellaneous	\$ 100,000	\$ 100,000	\$ 21,048	\$ (78,952)
<i>Total receipts</i>	<u>100,000</u>	<u>100,000</u>	<u>21,048</u>	<u>(78,952)</u>
Disbursements				
Current:				
Leisure Time Activities	102,048	102,048	1,108	100,940
<i>Total Disbursements</i>	<u>102,048</u>	<u>102,048</u>	<u>1,108</u>	<u>100,940</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(2,048)</u>	<u>(2,048)</u>	<u>19,940</u>	<u>21,988</u>
<i>Fund Balance Beginning of Year</i>	<u>2,058</u>	<u>2,058</u>	<u>2,058</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u>\$ 10</u>	<u>\$ 10</u>	<u>\$ 21,998</u>	<u>\$ 21,988</u>

See accompanying notes to the basic financial statements

Village of Mendon
Statement of Fund Net Assets - Cash Basis
Enterprise Funds
December 31, 2009

	Business Type Activities						Total Enterprise Funds
	Water Operating	Electric	Water Debt Service	Sewer Debt Service	Water Replacement	Non-Major Enterprise	
Assets							
Equity in Pooled Cash and Cash Equivalents	\$ -	\$ 10,903	\$ 33,907	\$ 78,635	\$ 10,423	\$ 30,068	\$ 163,936
Investments	6,785	40,151	-	55,000	25,000	22,513	149,449
<i>Total Assets</i>	<u>6,785</u>	<u>51,054</u>	<u>33,907</u>	<u>133,635</u>	<u>35,423</u>	<u>52,581</u>	<u>313,385</u>
Net Assets							
Restricted for:							
Debt Service	\$ -	\$ -	\$ 33,907	\$ 133,635	\$ -	\$ -	\$ 167,542
Capital Outlay	-	-	-	-	35,423	19,378	54,801
Other	-	-	-	-	-	11,392	11,392
Unrestricted	6,785	51,054	-	-	-	21,811	79,650
<i>Total Net Assets</i>	<u>\$ 6,785</u>	<u>\$ 51,054</u>	<u>\$ 33,907</u>	<u>\$ 133,635</u>	<u>\$ 35,423</u>	<u>\$ 52,581</u>	<u>\$ 313,385</u>

See accompanying notes to the basic financial statements

Village of Mendon
Statement of Fund Net Assets - Cash Basis
Enterprise Funds
December 31, 2008

	Business Type Activities						Total Enterprise Funds
	Water Operating	Electric	Water Debt Service	Sewer Debt Service	Water Replacement	Non-Major Enterprise	
Assets							
Equity in Pooled Cash and Cash Equivalents	\$ -	\$ 31,279	\$ 32,588	\$ 54,540	\$ 9,847	\$ 27,010	\$ 155,264
Investments	6,785	39,451	-	55,000	25,000	22,956	149,192
<i>Total Assets</i>	<u>6,785</u>	<u>70,730</u>	<u>32,588</u>	<u>109,540</u>	<u>34,847</u>	<u>49,966</u>	<u>304,456</u>
Net Assets							
Restricted for:							
Debt Service	\$ -	\$ -	\$ 32,588	\$ 109,540	\$ -	\$ -	\$ 142,128
Capital Outlay	-	-	-	-	34,847	11,121	45,968
Other	-	-	-	-	-	22,546	22,546
Unrestricted	6,785	70,730	-	-	-	16,299	93,814
<i>Total Net Assets</i>	<u>\$ 6,785</u>	<u>\$ 70,730</u>	<u>\$ 32,588</u>	<u>\$ 109,540</u>	<u>\$ 34,847</u>	<u>\$ 49,966</u>	<u>\$ 304,456</u>

See accompanying notes to the basic financial statements

Village of Mendon
Statement of Cash Receipts,
Disbursements and Changes in Fund Net Assets - Cash Basis
Enterprise Funds
For the Year Ended December 31, 2009

	Water Operating	Electric	Water Debt Service	Sewer Debt Service	Water Replacement	Non-Major Enterprise	Total Enterprise Funds
Operating Receipts							
Charges for Services	\$ 80,171	\$ 448,208	\$ 41,613	\$ 53,348	\$ 3,486	\$ 49,129	\$ 675,955
<i>Total Operating Receipts</i>	<u>80,171</u>	<u>448,208</u>	<u>41,613</u>	<u>53,348</u>	<u>3,486</u>	<u>49,129</u>	<u>675,955</u>
Operating Disbursements							
Personal Services	6,133	73,669	-	-	-	6,429	86,231
Fringe Benefits	1,201	31,766	-	-	-	8,734	41,701
Contractual Services	24,591	348,052	-	-	-	9,474	382,117
Materials and Supplies	50,801	7,533	-	-	-	9,397	67,731
Other	1,929	4,165	-	-	2,910	12,737	21,741
<i>Total Operating Disbursements</i>	<u>84,655</u>	<u>465,185</u>	<u>-</u>	<u>-</u>	<u>2,910</u>	<u>46,771</u>	<u>599,521</u>
<i>Operating Income (Loss)</i>	<u>(4,484)</u>	<u>(16,977)</u>	<u>41,613</u>	<u>53,348</u>	<u>576</u>	<u>2,358</u>	<u>76,434</u>
Non-Operating Receipts (Disbursements)							
Interest	-	-	-	-	-	257	257
Capital Outlay	-	(2,699)	-	-	-	-	(2,699)
Principal Payments	-	-	(30,966)	(12,000)	-	-	(42,966)
Interest and Fiscal Charges	-	-	(9,328)	(12,769)	-	-	(22,097)
<i>Income (Loss) before Capital Contributions, Special Item, Extraordinary Item, Transfers and Advances</i>	<u>(4,484)</u>	<u>(19,676)</u>	<u>1,319</u>	<u>28,579</u>	<u>576</u>	<u>2,615</u>	<u>8,929</u>
Advances In	4,484	-	-	-	-	-	4,484
Advances Out	-	-	-	(4,484)	-	-	(4,484)
<i>Change in Net Assets</i>	<u>-</u>	<u>(19,676)</u>	<u>1,319</u>	<u>24,095</u>	<u>576</u>	<u>2,615</u>	<u>8,929</u>
<i>Net Assets Beginning of Year</i>	<u>6,785</u>	<u>70,730</u>	<u>32,588</u>	<u>109,540</u>	<u>34,847</u>	<u>49,966</u>	<u>304,456</u>
<i>Net Assets End of Year</i>	<u>\$ 6,785</u>	<u>\$ 51,054</u>	<u>\$ 33,907</u>	<u>\$ 133,635</u>	<u>\$ 35,423</u>	<u>\$ 52,581</u>	<u>\$ 313,385</u>

See accompanying notes to the basic financial statements

Village of Mendon
Statement of Cash Receipts,
Disbursements and Changes in Fund Net Assets - Cash Basis
Enterprise Funds
For the Year Ended December 31, 2008

	Water Operating	Electric	Water Debt Service	Sewer Debt Service	Water Replacement	Non-Major Enterprise	Total Enterprise Funds
Operating Receipts							
Charges for Services	\$ 78,420	\$ 419,242	\$ 39,291	\$ 39,335	\$ 3,507	\$ 60,445	\$ 640,240
<i>Total Operating Receipts</i>	<u>78,420</u>	<u>419,242</u>	<u>39,291</u>	<u>39,335</u>	<u>3,507</u>	<u>60,445</u>	<u>640,240</u>
Operating Disbursements							
Personal Services	6,518	85,498	-	-	-	6,403	98,419
Fringe Benefits	1,197	43,332	-	-	-	10,727	55,256
Contractual Services	17,832	268,512	-	-	-	6,241	292,585
Materials and Supplies	60,018	12,570	-	-	-	15,741	88,329
Other	2,398	4,378	-	-	-	13,935	20,711
<i>Total Operating Disbursements</i>	<u>87,963</u>	<u>414,290</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>53,047</u>	<u>555,300</u>
<i>Operating Income (Loss)</i>	<u>(9,543)</u>	<u>4,952</u>	<u>39,291</u>	<u>39,335</u>	<u>3,507</u>	<u>7,398</u>	<u>84,940</u>
Non-Operating Receipts (Disbursements)							
Interest						1,822	1,822
Capital Outlay							-
Principal Payments	-	-	(29,590)	(11,000)	-	-	(40,590)
Interest and Fiscal Charges	-	-	(10,703)	(13,136)	-	-	(23,839)
<i>Income (Loss) before Capital Contributions, Special Item, Extraordinary Item, Transfers and Advances</i>	<u>(9,543)</u>	<u>4,952</u>	<u>(1,002)</u>	<u>15,199</u>	<u>3,507</u>	<u>9,220</u>	<u>22,333</u>
Advances In	8,273	-	-	-	-	-	8,273
Advances Out	-	-	(8,273)	-	-	-	(8,273)
<i>Change in Net Assets</i>	<u>(1,270)</u>	<u>4,952</u>	<u>(9,275)</u>	<u>15,199</u>	<u>3,507</u>	<u>9,220</u>	<u>22,333</u>
<i>Net Assets Beginning of Year</i>	<u>8,055</u>	<u>65,778</u>	<u>41,863</u>	<u>94,341</u>	<u>31,340</u>	<u>40,746</u>	<u>282,123</u>
<i>Net Assets End of Year</i>	<u>\$ 6,785</u>	<u>\$ 70,730</u>	<u>\$ 32,588</u>	<u>\$ 109,540</u>	<u>\$ 34,847</u>	<u>\$ 49,966</u>	<u>\$ 304,456</u>

See accompanying notes to the basic financial statements

Village of Mendon
Notes to the Basic Financial Statements
For the Years Ended December 31, 2009 and 2008

Note 1 – Reporting Entity

The Village of Mendon, Mercer County, Ohio (the “Village”), is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village is directed by a six-member Council elected at large for four year terms. The Mayor is elected to a four-year term and votes only to break a tie.

A. Primary Government

The primary government consists of all funds, departments, boards and agencies that are not legally separate from the Village. The Village provides general government services, water, sewer, and electric utilities, maintenance of Village roads and bridges, and park operations.

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

Note 2 – Summary of Significant Accounting Policies

As discussed further in Note 2.C, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. In the government-wide financial statements and the fund financial statements for the proprietary funds, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. The Village does not apply FASB statements issued after November 30, 1989, to its business-type activities and to its enterprise funds. Following are the more significant of the Village’s accounting policies.

A. Basis of Presentation

The Village’s basic financial statements consist of government-wide financial statements, including a statement of net assets and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

Government-Wide Financial Statements

The statement of net assets – cash basis and the statement of activities display information about the Village as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The activity of the internal service fund is eliminated to avoid “doubling up” receipts and disbursements. The statements distinguish between those activities of the Village that are governmental and those that are considered business-type. Governmental activities generally are financed through taxes, intergovernmental receipts or other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

Village of Mendon
Notes to the Basic Financial Statements
For the Years Ended December 31, 2009 and 2008

Note 2 – Summary of Significant Accounting Policies (continued)

The statement of net assets presents the cash balance of the governmental and business-type activities of the Village at year end. The statement of activities compares disbursements with program receipts for each of the Village's governmental and business-type activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Village is responsible. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function or business-type activity is self-financing on a cash basis or draws from the Village's general receipts.

Fund Financial Statements

During the year, the Village segregates transactions related to certain Village functions or activities in separate funds to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Village at this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column. The internal service funds are presented in a single column on the face of the proprietary fund statements. Fiduciary funds are reported by type.

Proprietary fund statements distinguish operating transactions from non-operating transactions. Operating receipts generally result from exchange transactions such as charges for services directly relating to the funds' principal services. Operating disbursements include costs of sales and services and administrative costs. The fund statements report all other receipts and disbursements as non-operating.

B. Fund Accounting

The Village uses fund accounting to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. Funds are used to segregate resources that are restricted as to use. The funds of the Village are divided into two categories, governmental and proprietary

Governmental Funds

The Village classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants, and other non-exchange transactions as governmental funds. The Village's major governmental funds are the General Fund, Street Fund, and the Park Addition Fund.

General Fund – The General Fund is used to account for all financial resources, except those required to be accounted for in another fund. The General Fund balance is available to the Village for any purpose provided it is expended or transferred according to the general laws of Ohio.

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

Park Addition Fund – The Park Addition Fund receives Donations and Debt Proceeds used to improve the Village recreational facilities.

Village of Mendon
Notes to the Basic Financial Statements
For the Years Ended December 31, 2009 and 2008

Note 2 – Summary of Significant Accounting Policies (continued)

The other governmental funds of the Village account for grants and other resources whose use is restricted to a particular purpose.

Proprietary Funds

The Village classifies funds financed primarily from user charges for goods or services as proprietary. Proprietary funds are classified as either enterprise or internal service.

Enterprise Funds – Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The Village's major enterprise funds are the water, electric, water debt, sewer debt, and water replacement funds.

Water Fund – The water fund accounts for the provision of water to the residents and commercial users located with the Village.

Electric Fund – The electric fund accounts for the provision of electric services to the residents and commercial users within the Village.

Water Debt Service Fund – This fund accounts for a portion of water usage charges and is set aside to retire debt associated with water improvements of the Village.

Sewer Debt Service Fund – This fund accounts for a portion of sewer usage charges and is set aside to retire debt associated with sewer improvements of the Village.

Water Replacement Fund – This fund has been established to make capital improvement to the water system of the Village.

C. Basis of Accounting

The Village's financial statements are prepared using the cash basis of accounting. Receipts are recorded in the Village's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred.

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

D. Budgetary Process

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations ordinance, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the Village may appropriate.

Village of Mendon
Notes to the Basic Financial Statements
For the Years Ended December 31, 2009 and 2008

Note 2 – Summary of Significant Accounting Policies (continued)

The appropriations ordinance is the Village's authorization to spend resources and sets limits on disbursements plus encumbrances at the level of control selected by the Village. The legal level of control has been established at the fund, department, and object level for all funds.

The certificate of estimated resources may be amended during the year if projected increases or decreases in receipts are identified by the Village Clerk. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificated of estimated resources in effect at the time final appropriations were passed by the Village.

The appropriations ordinance is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation ordinance for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Village Council during the year.

E. Cash and Investments

To improve cash management, cash received by the Village is pooled and invested. Individual fund integrity is maintained through Village records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents".

Cash and cash equivalents that are held separately in accounts at a financial institution for retainage and bond reserves and debt service are reported as "Cash and Cash Equivalents with Fiscal Agents."

Investments of the cash management pool and investments with an original maturity of three months or less at the time of purchase are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months that were not purchased from the pool are reported as investments.

Investments are reported as assets. 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 negative receipts (contra revenue), respectively.

During 2009 and 2008, the Village invested in STAR Ohio. STAR Ohio is an investment pool, managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does not operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on December 31, 2009.

Interest earnings are allocated to Village funds according to State statutes, grant requirements, Village Council directives, or debt related restrictions. Interest receipts credited to the General Fund during 2009 and 2008 were \$982 and \$3,494 respectively.

Village of Mendon
Notes to the Basic Financial Statements
For the Years Ended December 31, 2009 and 2008

Note 2 – Summary of Significant Accounting Policies (continued)

F. Interfund Receivables/Payables

The Village reports advances-in and advances-out for interfund loans. These items are not reflected as assets and liabilities in the accompanying financial statements.

G. Accumulated Leave

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

H. Employer Contributions to Cost-Sharing Pension Plans

The Village recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 8 and 9, the employer contributions include portions for pension benefits and for postretirement health care benefits.

I. Long Term Obligations

The Village's cash basis financial statements do not report liabilities for bonds or other long-term obligations. Proceeds of debt are reported when the cash is received and principal and interest payments are reported when paid. Since recording a capital asset when entering into a capital lease is not the result of a cash transaction, neither another financing source nor capital outlay disbursements are reported at inception. Lease payments are reported when paid.

J. Net Assets

Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net assets restricted for other purposes include resources restricted for capital projects and debt service obligations.

The Village's policy is to first apply restricted resources when an obligation is incurred for purposes for which both restricted and unrestricted net assets are available.

K. Fund Balance Reserves

The Village reserves any portion of fund balances which is not available for appropriation or which is legally segregated for a specific future use. Unreserved fund balance indicates that portion of fund balance which is available for appropriation in future periods. The Village does not have any fund balance reserves.

L. Interfund Transactions

Transfers between governmental and business-type activities on the government-wide financial statements are reported in the same manner as general receipts.

Village of Mendon
Notes to the Basic Financial Statements
For the Years Ended December 31, 2009 and 2008

Note 2 – Summary of Significant Accounting Policies (continued)

Exchange transactions between funds are reported as cash receipts in the seller funds and as cash disbursements in the purchaser funds. Subsidies from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after non-operating receipts/disbursements in proprietary funds. Repayments from funds responsible for particular disbursements to the funds that initially paid for them are not presented in the financial statements.

M. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of management and are either unusual in nature or infrequent in occurrence. During 2009 and 2008, there were no extraordinary and special items.

Note 3 – Compliance

The Village was in violation of the Ohio Revised Code Section 5705.36 due to estimated receipts exceeding actual receipts in several funds at December 31, 2009 and 2008 causing actual resources to fall below the level of appropriations.

The Villages was in violation of the Ohio Revised Code Section 5705.39 when appropriations exceeded estimated resources in water fund during 2009 and in the General, Street, Construction Maintenance and Repair, and the Water fund in 2008.

The Village was in violation of the Ohio Revised Code Section 5705.41(B) when expenditures exceeded appropriations at the fund level concerning the General Fund and the Park addition Fund in 2009 and the Water and Electric fund in 2008.

Note 4 – Budgetary Basis of Accounting

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis is presented for the general fund, street fund and park addition fund and are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget.

The difference(s) between the budgetary basis and the cash basis is (are) outstanding year end encumbrances are treated as cash disbursements (budgetary basis) rather than as a reservation of fund balance (cash basis) and outstanding year end advances are treated as an other financing source or use (cash basis) rather than as an interfund receivable or payable (budgetary basis). However, the Village cancels all encumbrances outstanding at year end (budgetary basis) and reappropriates them in the subsequent year.

Note 5 – Deposits and Investments

Monies held by the Village are classified by State statute into three categories.

Active monies are public monies determined to be necessary to meet current demands upon the Village treasury. Active monies must be maintained either as cash in the Village treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Village of Mendon
Notes to the Basic Financial Statements
For the Years Ended December 31, 2009 and 2008

Note 5 – Deposits and Investments (Continued)

Inactive deposits are public deposits that the Trustees have identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed

for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts, including passbook accounts.

Interim monies held by the Village can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio).

Protection of the Village's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by collateral pledged to the Village by the financial institution, or by a collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the Village, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions.

Village of Mendon
Notes to the Basic Financial Statements
For the Years Ended December 31, 2009 and 2008

Note 5 – Deposits and Investments (Continued)

At each year end, the Village had \$150 in undeposited cash on hand which is included as part of “Equity in Pooled Cash and Cash Equivalents.”

Deposits

Custodial credit risk is the risk that in the event of bank failure, the Village will not be able to recover deposits or collateral securities that are in the possession of an outside party. At December 31, 2009, the carrying amount of the Village’s deposits was \$206,368 and the bank balance was \$208,601. Of the bank balance, \$208,601 was insured by the FDIC, and \$0 was collateralized with securities held by the pledging financial institution, but not in the Village’s name.

At December 31, 2008, the carrying amount of the Village’s deposits was \$236,974 and the bank balance was \$239,001. Of the bank balance, \$239,001 was insured by the FDIC, and the \$0 was collateralized with securities held by the pledging financial institution, but not in the Village’s name.

The Village has no deposit policy for custodial credit risk beyond the requirements of State Statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the Village or a qualified trustee by the financial institution as security of repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

Investments

As of December 31, 2009 and December 31, 2008, the Village had the following investments:

STAR OHIO:	
	<u>Carrying Value:</u>
December 31, 2009	\$161,952
December 31, 2008	\$161,326

STAR Ohio is an investment pool managed by the Treasurer of the State of Ohio. STAR Ohio is not registered with the Securities and Exchange Commission as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Act of 1940. STAR Ohio has obtained an AAA money market rating by Standard & Poor’s. Interest rate risk arises because potential purchasers of debt securities will not agree to pay face value for those securities if interest rates subsequently increase. The Village’s investment policy addresses interest rate risk by requiring that the Village’s investment portfolio be structured so that securities mature to meet cash requirements for ongoing operations and/or long-term debt payments, thereby avoiding that need to sell securities on the open market prior to maturity, and by investing operating funds primarily in short-term investments.

STAR Ohio carries a rating of AAAM by Standard and Poor’s. The Village has no investment policy dealing with investment credit risk beyond the requirements in state statutes. Ohio laws requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service and that the money market fund be rated in the highest category at the time of purchase by at least one nationally recognized standard rating service.

Village of Mendon
Notes to the Basic Financial Statements
For the Years Ended December 31, 2009 and 2008

Note 6 – Property Taxes

Property taxes include amounts levied against all property, public utility property, and tangible personal property located in the Village. Real property tax receipts received in 2009 represent the collection of 2008 taxes. Real property taxes received in 2009 were levied after October 1, 2008, on the assessed values as of January 1, 2008, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. 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. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax receipts received in 2009 represent the collection of 2008 taxes. Public utility real and tangible personal property taxes received in 2008 became a lien on December 31, 2007, were levied after October 1, 2008, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

Tangible personal property tax receipts received in 2009 (other than public utility property) represent the collection of 2008 taxes. Tangible personal property taxes received in 2009 were levied in October 1, 2008, on the true value as of December 31, 2008. Tangible personal property is currently assessed at 25 percent of true value of capital assets and 23 percent for inventory. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, the first payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

The full tax rate for all Village operations for the year ended December 31, 2009 was \$68.00 per \$1,000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which 2009 property tax receipts was \$6,148,410.

Note 7 – 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 damage, inland marine, crime, and public employee bonding.

The Village offers medical and life insurance for full-time employees through a commercial insurer. There were no significant reductions in coverage in any of the past three years. Settlement claims have not exceeded insurance coverage in any of the past three years.

Note 8– Defined Benefit Pension Plan

Ohio Public Employees Retirement System

The Village participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the member directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings.

Village of Mendon
Notes to the Basic Financial Statements
For the Years Ended December 31, 2009 and 2008

Note 8– Defined Benefit Pension Plan (Continued)

The combined plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member directed plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the traditional and combined plans. Members of the member directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642 or by calling (614) 222-5601 or (800) 222-7377.

For the year ended December 31, 2009 and 2008, the members of all three plans, except those in law enforcement or public safety participating in the traditional plan, were required to contribute 10 percent, of their annual covered salaries. The Village's contribution rate for pension benefits for 2009 and 2008 was 14 percent. The Ohio Revised Code provides statutory authority for member and employer contributions.

The Village's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2009, 2008 and 2007, were \$26,676, \$29,698 and \$24,741 respectively. The full amount has been contributed for 2009, 2008, and 2007.

Note 9 – Post-employment Benefits

Ohio Public Employees Retirement System

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to age and service retirees with then or more years of qualifying Ohio service credit with either the traditional or combined plans. Health care coverage for disability recipients and primary survivor recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. The health care coverage provided by the retirement system is considered an Other Post-employment Benefit as described in GASB Statement 12. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postretirement health care based on authority granted by State statute. The OPERS is set aside for the funding of postretirement health care. The Ohio Revised Code provides the statutory authority requiring public employers to fund postretirement health care through their contributions to OPERS. For 2008 (latest information available), the portion of the required contribution used to fund health care was 4.5 percent.

Benefits are advance-funded using the entry age normal actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2003, include a rate of return on investments of 8.00 percent, an annual increase in active employee total payroll of 4.00 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .50 percent and 6.3 percent based on additional annual pay increases. Health care premiums were assumed to increase between 1.00 and 6.00 percent annually for the next eight years and 4.00 percent annually after eight years.

Village of Mendon
Notes to the Basic Financial Statements
For the Years Ended December 31, 2009 and 2008

Note 9 – Post-employment Benefits (Continued)

For actuarial valuation purposes, a smoothed market approach is used. Under this approach, assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investments annually. The investment assumption rate for 2007 (latest information available) was 8 percent. An annual increase of 4 percent, compounded annually, is the base portion of the individual pay increase assumption. This assumes no change in the number of active employees.

Additionally, annual pay increases, over and above the 4 percent base increase, were assumed to range from 0.5 percent to 6.3 percent. Health care costs were assumed to increase at the projected wage inflation rate plus an additional factor ranging from 1 percent to 6 percent for the next 8 years. In subsequent years (9 and beyond), health care costs were assumed to increase at 4.5 percent (the projected wage inflation rate).

The Traditional Pension and Combined Plans had 376,214 active contributing participants as of December 31, 2006 (latest information available). The number of active contributing participants for both plans used in the December 31, 2005, actuarial valuation was 358,804. The Village's actual contributions for 2007 which were used to fund post-employment benefits were \$2,526. The actual contribution and the actuarially required contribution amounts are the same. The amount of \$11.1 billion represents the actuarial value of OPERS' net assets available for OPEB at December 31, 2006 (latest information available). The Actuarial Valuation as of December 31, 2005 (latest information available), reported the actuarially accrued liability and unfunded actuarially liability for OPEB, based on the actuarial cost method used, at \$31.3 billion and \$20.2 billion, respectively.

The Health Care Preservation Plan (HCPP) adopted by the OPERS Retirement Board on September 9, 2004, will be effective January 1, 2007. In addition to the HCPP, OPERS has taken additional action to improve the solvency of the Health Care Fund in 2007 by creating a separate investment pool for health care assets. As an additional component of HCPP, member and employer contribution rates increased as of January 1, 2006, and January 1, 2007, which will allow additional funds to be allocated to the health care plan.

Note 10 – Debt

Debt Outstanding at December 31, 2009, was as follows:

	<u>Principal</u>	<u>Interest Rates</u>	<u>Maturity Dates</u>
First Mortgage Revenue Bonds	\$ 195,933	6.00%	5/1/2021
Ohio Water Development Authority Loan	163,319	4.61%	7/1/2014
Truck Loan	12,285	6.98%	9/17/2012
Park Improvement Bond Anticipation Note	50,000	4.50%	11/6/2010
	<u>\$ 421,537</u>		

The Ohio Water Development Authority (OWDA) Loan was obtained in 1998 to make improvements to the water system in the Village. The loan is being repaid in semiannual installments of \$20,147, including Interest, over 15 years. The loan is secured by water receipts. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

Village of Mendon
Notes to the Basic Financial Statements
For the Years Ended December 31, 2009 and 2008

Note 10 – Debt (Continued)

The First Mortgage Revenue Bonds were issued in May of 1990 for sanitary sewer system improvements. Annual payments are being made in May of each year. The loan is being repaid over 30 years. Principal payments range from \$8,933 to \$22,000 annually, which results in total annual payments of \$9,469 to \$24,556 including interest. The Village established a sewer surcharge and a sewer debt fund in compliance with the debt covenant associated with this loan.

On September 17, 2009 the Village obtained the Truck loan from Peoples Bank Co. in Coldwater Ohio. The Note was issued for the purchase a Dump Truck to be used for any Village purposes. The note is secured by the taxing authority of the Village. The Note carries and interest rate of 6.98% and will be repaid in three annual installments of 4,664 including interest.

On October 31, 2009 the Village issued a Bond Anticipation Note. The Proceeds were used for a park improvement project. The Principle sum plus interest is due on November 6, 2010. The Note carries an interest rate of 4.50% and is held by Peoples Holding Co, Inc.

The Village’s long-term debt activity for the years ending December 31, 2008 and 2009 is as follows:

	Principal Outstanding 12/31/07	Additions	Deductions	Principal Outstanding 12/31/08
First Mortgage Revenue Bonds	\$ 218,933	\$ -	\$ 11,000	\$ 207,933
OWDA Loan	223,875	-	29,590	194,285
	<u>\$ 442,808</u>	<u>\$ -</u>	<u>\$ 40,590</u>	<u>\$ 402,218</u>

	Principal Outstanding 12/31/08	Additions	Deductions	Principal Outstanding 12/31/09
First Mortgage Revenue Bonds	\$ 207,933	\$ -	\$ 12,000	\$ 195,933
OWDA Loan	194,285	-	30,966	163,319
Truck Loan	-	12,285	-	12,285
Park Project BAN	-	50,000	-	50,000
	<u>\$ 402,218</u>	<u>\$ 62,285</u>	<u>\$ 42,966</u>	<u>\$ 421,537</u>

Village of Mendon
Notes to the Basic Financial Statements
For the Years Ended December 31, 2009 and 2008

Note 10 – Debt (Continued)

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

Year Ending December 31:	OWDA LOAN		First Mtg Rev Bonds	
	Principal	Interest	Principal	Interest
2010	\$ 32,408	\$ 7,886	\$ 12,000	\$ 11,756
2011	33,922	6,372	13,000	11,036
2012	35,511	4,783	14,000	10,256
2013	37,184	3,110	15,000	9,416
2014	24,294	1,120	16,000	8,516
2015-19	-	-	95,000	26,980
2020-21	-	-	30,933	2,392
Total	<u>\$ 163,319</u>	<u>\$ 23,271</u>	<u>\$ 195,933</u>	<u>\$ 80,352</u>

Year Ending December 31:	Truck Loan		Park Project BAN	
	Principal	Interest	Principal	Interest
2010	\$ 3,829	\$ 835	\$ 50,000	\$ 2,250
2011	4,089	575	-	-
2012	4,367	297	-	-
2013	-	-	-	-
2014	-	-	-	-
2015-19	-	-	-	-
2020-21	-	-	-	-
Total	<u>\$ 12,285</u>	<u>\$ 1,707</u>	<u>\$ 50,000</u>	<u>\$ 2,250</u>

Note 11 – Contingent Liabilities

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

Note 12 – Related Organizations

The Village Council appoints members to the local Zoning Board.

Note 13 – Miscellaneous Receipts

In 2008, Park Addition Fund miscellaneous receipts were made up primarily of donations without restriction.

Village of Mendon
Notes to the Basic Financial Statements
For the Years Ended December 31, 2009 and 2008

Note 14 – Interfund Receivables, Payables and Transfers

Advances From/To Other Funds consist of the following at December 31, 2009 and 2008:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
2009 Water Operating Fund	2009 Sewer Debt Service Fund	\$4,484
2008 Water Operating Fund	2008 Water Debt Service Fund	\$8,273

The purpose of these advances were to assist in the payment of well cleaning.



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Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by *Government Auditing Standards*

Village of Mendon
Mercer County
102 South Main Street
P.O. Box 167
Mendon, Ohio 45862

To the Village Council:

We have audited the financial statements of the government activities, the business type activities, each major fund, and the aggregate remaining fund information of the Village of Mendon, Mercer County, Ohio (the Village) as of and for the years ended December 31, 2009 and 2008, which collectively comprise the Village's basic financial statements and have issued our report thereon dated March 19, 2010, wherein we noted the Village prepared its financial statements on the cash basis, a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. 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 the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of opining on the effectiveness of the Village's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Village's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the Village's financial statements will not be prevented, or detected and timely corrected.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above. However, we identified a certain deficiency in internal control over financial reporting, described in the accompanying schedule of findings and responses that we consider a significant deficiency in internal control over financial reporting. We consider finding 2009-004 to be a significant deficiency. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Village of Mendon

Mercer County

Independent Auditors' Report on Internal Control Over Financial Reporting
and on Compliance and Other Matters Required by *Government Auditing Standards*

Compliance and Other Matters

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect 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 an opinion. The results of our tests disclosed three instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings and responses as items 2009-001, 2009-002 and 2009-003.

The Village's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. We did not audit the Village's responses and, accordingly, we express no opinion on them.

We intend this report solely for the information and use of management, Village Council and others within the Village. We intend it for no one other than these specified parties.

Caudill & Associates, CPA's

Caudill & Associates, CPA's

March 19, 2010

**VILLAGE OF MENDON
MERCER COUNTY**

**SCHEDULE OF FINDINGS AND RESPONSES
DECEMBER 31, 2009 AND 2008**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2009-001

Noncompliance Citation – Ohio Rev. Code Section 5705.36

The Ohio Revised Code Section 5705.36 (A)(2) allows all subdivisions to request increased amended certificates of estimated resources and reduced amended certificates upon determination by the fiscal officer that revenue to be collected will be greater or less than the amount in the official certificate of estimated resources. ORC 5705.36 requires the village to obtain an increased amended certificate of estimated resources from the budget commission if the legislative authority intends to appropriate and expend excess revenue. The Ohio Revised Code Section 5705.36(A)(4) requires the Village to obtain a reduced amended certificate if the amount of the deficiency will reduce available resources below the current level of appropriation.

In fiscal year 2009, appropriations for the General, Street Construction, Maintenance, and Repair Fund, Cemetery Fund, and the Water Fund exceeded available resources. In fiscal year 2008, appropriations for the Street Construction, Maintenance, and Repair Fund, Park Addition Fund, and the Sewer Debt Service Fund exceeded available resources.

The Village should establish procedures to ensure that reduced certificates of estimated resources are obtained and thereby that appropriations are reduced whenever revenues received will be less than the amount budgeted.

Village's Response:

The Village Fiscal Officer and Village Council will monitor budgetary activity more closely.

**VILLAGE OF MENDON
MERCER COUNTY**

**SCHEDULE OF FINDINGS AND RESPONSES
DECEMBER 31, 2009 AND 2008**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2009-002

Noncompliance Citation – Ohio Rev. Code Section 5705.39

The Ohio Revised Code Section 5705.39 requires that total appropriations from each fund shall not exceed the total estimated resources.

Appropriating funds in excess of amended certificates may lead to expenditures in excess of available fund balances.

In fiscal year 2009, appropriations for the Water Fund exceeded its estimated resources and in 2008; appropriations for the General Fund, Street Construction, Maintenance, and Repair Fund, and the Water Fund exceeded the estimated resources.

The Village should implement procedures to monitor its budget for each fund and appropriate funds only to the extent of their estimated resources.

Village’s Response:

The Village Fiscal Officer and Village Council will monitor budgetary activity more closely.

FINDING NUMBER 2009-003

Noncompliance Citation – Ohio Rev. Code Section 5705.41(B)

The Ohio Revised Code Section 5705.41(B) provides that no expenditures shall be made without first being appropriated.

During fiscal year 2009 expenditures exceeded appropriations at the fund level concerning the General Fund and the Park Addition Fund. During fiscal year 2008 expenditures exceeded appropriations at the fund level concerning the Water Fund and the Electric Fund.

The Village should implement procedures to monitor its budget for each fund and expend money only when it has been appropriated.

Village’s Response:

The Village Fiscal Officer and Village Council will monitor budgetary activity more closely.

VILLAGE OF MENDON
MERCER COUNTY

SCHEDULE OF FINDINGS AND RESPONSES
DECEMBER 31, 2009 AND 2008

FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS

FINDING NUMBER 2009-004

Significant Deficiency – Misclassification of Receipts/Disbursements

The AICPA establishes auditing standards generally accepted in the United States that certified public accountants and government auditors must follow in conducting audits of state and local governments. SAS No. 115 establishes standards, responsibilities and guidance for auditor during a financial statements audit engagement for identifying and evaluating a client's internal control over financial reporting. This new standard requires the audit to report *in writing* to management and the governing body any control deficiencies found during the audit that are considered significant deficiencies and/or material weaknesses.

During 2009 and 2008, the Village erroneously posted several receipts and disbursements to the incorrect line item. This required reclassifications to properly present the activity of the Village for both years.

We recommend the Village implement control procedures related to financial reporting that enable management to identify, prevent, detect, and correct potential misstatements in the financial statements and footnotes.

Village's Response:

The Village Fiscal Officer will utilize the Village handbook to determine the correct coding of transactions.

Village of Mendon
Mercer County
Schedule of Prior Audit Findings
For the Fiscal Years Ended December 31, 2009 and December 31, 2008

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2007-001	Ohio Revised Code 5705.36, Failure to secure an amended estimated resource when estimated receipts were less than actual receipts	No	Repeated as Finding 2009-001
2007-002	Ohio Revised Code 5705.39, Total appropriations exceeded estimated resources	No	Repeated as Finding 2009-002
2007-003	Ohio Revised Code 5705.41 (D), Untimely Certification of Funds	Yes	N/A
2007-004	Significant Deficiency – Lack of Controls over timesheets	Yes	N/A
2007-005	Significant Deficiency – Misclassification of Receipts / Disbursements	No	Repeated as Finding 2009-004



Mary Taylor, CPA
Auditor of State

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
MAY 27, 2010**