



VILLAGE OF SARDINIA, BROWN COUNTY

Regular Audit

**For the Years Ended
December 31, 2007 and 2006**

J.L. UHRIG
AND ASSOCIATES INC.

CERTIFIED PUBLIC ACCOUNTANT AND MANAGEMENT CONSULTANTS





Mary Taylor, CPA

Auditor of State

Village Council
Village of Sardinia
151 Maple Ave.
Sardinia, Ohio 45171

We have reviewed the *Independent Auditor's Report* of the Village of Sardinia, Brown County, prepared by J.L. Uhrig and Associates, Inc., for the audit period January 1, 2006 through December 31, 2007. 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.

Findings for Recovery

1. Ohio Rev. Code Section 149.351 states that all records are the property of the public office concerned and shall not be removed, destroyed, mutilated, transferred, or otherwise damaged or disposed of, in whole or in part, except as provided by law or under the rules adopted by the records commission.

On December 28, 2007, Julie Shannon, former Village Clerk issued herself check 19903 for \$609.07 with a notation in the memo line stating "one monthly payment", for which no supporting documentation was provided. Additionally, proper approval could not be verified, and the purpose or necessity for the payment could not be ascertained. Despite numerous requests from the Auditor of State's office no further documentation was provided.

In accordance with the foregoing facts and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against former Village Clerk Julie Shannon and her bonding company, Western Surety Company, in the amount of \$609.07, and in favor of the Village of Sardinia's Water fund in the amount of \$304 and the Sewer fund in the amount of \$305.07.

2. Julie Shannon, former Village Clerk was authorized to receive paychecks every two weeks. In two instances during calendar year 2007, Ms. Shannon issued herself two checks for the same pay period resulting in an overpayment of \$1,994.51. In addition, Ms. Shannon was to be compensated \$20,550.40 per year or \$790.40 per pay period. Ms. Shannon paid herself \$791.14 per pay period resulting in an overpayment of \$38.48.

In accordance with the foregoing facts and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against former Village Clerk Julie Shannon and her bonding company, Western Surety Company, in the amount of \$2,032.99, and in favor of the Village of Sardinia's General Fund in the amount of \$1,118.15, the Water fund in the amount of \$457.43 and the Sewer fund in the amount of \$467.41.

3. Village of Sardinia Ordinance 1018-03 was approved on October 8, 2003 and provides: "Effective immediately upon its passage, the full time employees of the Village of Sardinia shall pay twenty-five percent of the cost of their group coverage for health and medical insurance and the Village of Sardinia will pay seventy-five percent of the employees' health and medical insurance coverage."

Julie Shannon, former Village Clerk participated in the Village's health plan for the period of April 1, 2006 through December 31, 2007. During this period, the Village remitted premiums totaling \$16,226.74 to United HealthCare. Of the \$16,226.74, Ms. Shannon was required by Ordinance 1018-03 to pay 25% of the premiums or \$4,056.69. However, Ms. Shannon did not withhold these premiums from her bi-weekly paycheck and instead remitted payment for these premiums from the Village's bank account.

In accordance with the foregoing facts and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against, former Village Clerk Julie Shannon and her bonding company, Western Surety Company, in the amount of \$4,056.69, and in favor of the Village of Sardinia's General Fund in the amount of \$2,231.18, the Water fund in the amount of \$912.76, and the Sewer fund in the amount of \$912.75.

4. As the Village Clerk, Julie Shannon was responsible for establishing new accounts, billing, collecting utility deposits, collecting utility payments, and posting utility payments to the Village's Utility computer system. During the period of January 1, 2006 through December 31, 2007, Ms. Shannon resided at 121 Pleasant Street. Ms. Shannon billed herself for utility services at this address through June 2006.

Beginning in July 2006, Ms. Shannon billed services at this address to a new account opened in the name Shannon Robert. Ms. Shannon's estranged husband's name is Robert Shannon. The account was established using Mr. Shannon's first name as the last name on the account and his last name as the first name on the account. At January 16, 2008, the account reflected a balance of \$1,907.50.

Robert Shannon had not resided at the residence since the summer of 2005. In addition, he had not authorized Ms. Shannon to use his name to establish a utility account at the Village of Sardinia. Based on the above information, it was determined that you received \$1,907.50 of unauthorized utility services during the period of July 2006 through January 10, 2008.

In accordance with the foregoing facts and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery for public monies due but not collected is hereby issued against former Village Clerk Julie Shannon and her bonding company, Western Surety Company, in the amount of \$1,907.50, and in favor of the Village of Sardinia's Water fund for \$654.01, Sewer fund for \$990.45, and Garbage fund for \$263.04.

5. During the period of January 1, 2006 through December 31, 2008, Julie Shannon served as the Village of Sardinia's fiscal officer. Ms. Shannon's duties included depositing monies received, collecting utility deposits, paying bills, and maintaining the minutes. Ms. Shannon was also responsible for issuing utility bills, collecting utility payments, and posting those payments to the utility billing system.

When a new resident wanted to establish utility service, the resident completed a New Customer Sheet identifying the address receiving utility services, the owner of the property, and signed the form. The form also contained a space documenting the deposit amount paid and by whom. Either Ms. Shannon or the resident completed this section upon payment of the deposit due.

Village of Sardinia Ordinance 941-00 amended Section 50.03 (c) of the Village's Codified Ordinances states that the deposit to be charged and collected by the Clerk of the Sardinia Utilities shall be as follows: Utility deposit for residential and commercial establishments - \$60.00.

In comparing available new customer forms completed during the period January 1, 2006 through December 31, 2007 to payments posted to the Village revenue ledgers and payments deposited, we determined 31 new customer sheets documenting utility deposits totaling \$1,860 were received but not deposited.

In accordance with the foregoing facts and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery for public monies collected but unaccounted for is hereby issued against former Village Clerk Julie Shannon and her bonding company, Western Surety Company in the amount of \$1,860, and in favor of the Village of Sardinia's Utility Deposit Fund.

6. Village of Sardinia Ordinance 1018-03 was approved on October 8, 2003 and provides: "Effective immediately upon its passage, the full time employees of the Village of Sardinia shall pay twenty-five percent of the cost of their group coverage for health and medical insurance and the Village of Sardinia will pay seventy-five percent of the employees' health and medical insurance coverage."

During the period January 1, 2006 through July 31, 2008, Village Administrator Tim Mock was covered by the Village's health insurance plan. The Village was billed and paid Mr. Mock's monthly premiums totaling \$15,251.06. Of the \$15,251.06, Mr. Mock was required by Village Ordinance 1018-03 to pay 25% of the premiums or \$5,083.77, however, only \$3,815.12 was withheld from Mr. Mock's bi-weekly paycheck for his share of the health insurance premiums. The remaining \$1,268.65 of premiums due was paid by the Village of Sardinia on his behalf.

The Village and Mr. Mock came up with a repayment plan for the finding upon notification of the overpaid amounts. Thus beginning October 17, 2008 amounts were withheld from Mr. Mock's paycheck to make repayments of these amounts. As of July 20, 2009 a total of \$498.00 was repaid to the Village via payroll deductions leaving an unpaid balance of \$770.65

In accordance with the foregoing facts and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against Tim Mock, Village Administrator in the amount of \$770.65, and in favor of the Village of Sardinia's Street fund for \$154.13, Cemetery fund for \$30.83, Water fund for \$369.91, and Sewer fund for \$215.78.

Under Ohio law, any public official who either authorizes an illegal expenditure of public funds or supervises the accounts of a public office from which such illegal expenditure is made is liable for the amount of the expenditure. Seward v. National Surety Corp. (1929), 120 Ohio St. 47; 1980 Op. Att'y Gen. No. 80-074; Ohio Rev. Code Section 9.39; State ex. Rel. Village of Linndale v. Masten (1985), 18 Ohio St. 3d 228. Public officials controlling public funds or property are secondary liable for the loss incurred should such funds or property be fraudulently obtained by another, converted, misappropriated, lost or stolen to the extent that recovery or restitution is not obtained from the persons who unlawfully obtained such funds or property, 1980 Op. Att'y Gen. No. 80-074.

Therefore, because Julie Shannon, former Village Clerk signed the warrants resulting in the improper payments, she and her bonding company Western Surety Company are jointly and severally liable in the amount of \$770.65, and in favor of the Village of Sardinia's Street fund for \$154.13, Cemetery fund for \$30.83, Water fund for \$369.91, and Sewer fund for \$215.78, to the extent that recovery is not obtained from Tim Mock.

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 Sardinia is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

October 5, 2009

VILLAGE OF SARDINIA, BROWN COUNTY
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Independent Auditor's Report

Village Council
Village of Sardinia, Brown County
151 Maple Ave.
Sardinia, Ohio 45171

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Village of Sardinia, Brown County as of and for the years ended December 31, 2007 and 2006, which collectively comprise the Village's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Except as discussed in the fourth paragraph, 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 of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 2, the accompanying financial statements and notes follow the cash accounting basis. This is a comprehensive accounting basis other than accounting principles generally accepted in the United States of America.

The Village was unable to provide a complete set of records and supporting documentation. Records and supporting documentation for utility billing and utility receipts for the year ended December 31, 2006 were not available for examination. We were, therefore, unable to apply certain generally accepted auditing procedures.

Due to the missing records and supporting documentation, the scope of our work was not sufficient to enable us to express, and we do not express, an opinion on the financial statements of the business-type activities, Water Fund, Sewer Fund, and the aggregate remaining fund information of the Village as of and for the year ended December 31, 2006.

In addition, in our opinion, the financial statements referred to in the first paragraph above present fairly, in all material respects, the financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Village as of December 31, 2007 and of the governmental activities, General, Fire, and Fire Capital Funds as of December 31, 2006, and the respective changes in financial position and the respective budgetary comparisons for the General and Fire Funds for the years then ended in conformity with the cash basis of accounting presented in Note 2.

Village Council
Village of Sardinia, Brown County
Independent Auditor's Report

As described in Note 3, during the years ended December 31, 2007 and 2006, the Village has implemented Governmental Accounting Standards Board (GASB) Statement No. 46, *Net Assets Restricted by Enabling Legislation*.

In accordance with *Government Auditing Standards*, we have also issued a report dated July 20, 2009 on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. While we do not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report when considering the results of our audit.

Management's Discussion and Analysis is not a required part of the basic financial statements, but is supplementary information the Governmental Accounting Standards Board requires. We applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. We did not audit the information and express no opinion on it.

J. L. Uhrig and Associates, Inc.

J. L. UHRIG AND ASSOCIATES, INC.

July 20, 2009

VILLAGE OF SARDINIA, BROWN COUNTY
Management's Discussion and Analysis
For the Years Ended December 31, 2007 and 2006
Unaudited

This discussion and analysis of the Village of Sardinia's financial performance provides an overall review of the Village's financial activities for the year ended December 31, 2007 and 2006, within the limitations of the Village's modified cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Village's financial performance.

The Management's Discussion and Analysis (MD&A) is an element of the new reporting model adopted by the Governmental Accounting Standard Board (GASB) in their Statements No. 34 "Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments" issued in June 1999. Certain comparative information between the current year and the prior year is required to be presented in the MD&A.

Highlights

Key highlights for 2007 are as follows:

Net assets of governmental activities decreased \$8,470, or 9.16 percent. The fund most affected by the decrease in cash and cash equivalents was the Fire Fund, which decreased by the amount of \$37,777.

Program receipts accounted for \$1,301,413 or 46.56 percent of total receipts. General receipts accounted for \$1,493,568 or 53.44 percent of total receipts. The Village's general receipts are primarily property and income taxes, grants and entitlements not restricted to specific programs and the sale of notes.

The Village had \$2,848,462 in disbursements; \$1,301,413 of these disbursements was offset by programs specific charges for services, operating grants and contributions, and capital grants and contributions. General receipts of \$1,493,568 and net assets from the prior year were utilized to provide for the remainder of these programs.

Among the major funds, the Sewer Fund is the most significant with \$2,103,005 in receipts and other financing sources and \$2,136,779 in disbursements and other financing uses.

Key highlights for 2006 are as follows:

Net assets of governmental activities decreased \$42,254 or 31.36 percent. The fund most affected by the decrease in cash and cash equivalents was the Fire Capital Fund, which decreased by the amount of \$24,311.

Program receipts accounted for \$861,769 or 34.86 percent of total receipts. General receipts accounted for \$1,609,968 or 65.14 percent of total receipts. The Village's general receipts are primarily property and income taxes, grants and entitlements not restricted to specific programs, and the sale of bonds and notes.

The Village had \$2,488,224 in disbursements; \$861,769 of these disbursements was offset by programs specific charges for services, operating grants and contributions, and capital grants and contributions. General receipts of \$1,609,968 and net assets from the prior year were utilized to provide for the remainder of these programs.

Among the major funds, the Sewer Fund is the most significant with \$1,362,708 in receipts and other financing sources and \$1,365,937 in disbursements and other financing uses.

VILLAGE OF SARDINIA, BROWN COUNTY
Management's Discussion and Analysis
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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.

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 2007, within the limitations of cash basis accounting. The statement of net assets presents the cash balances of the governmental activities of the Village at year end. The statement of activities compares cash disbursements with program receipts for each governmental program. 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 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 nonfinancial factors as well such as the Village 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.

VILLAGE OF SARDINIA, BROWN COUNTY
Management's Discussion and Analysis
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In the statement of net assets and the statement of activities, the Village consists of two types of activities:

Governmental Activities - All of the Village's basic services are reported here, including police, fire, streets and general government services. State grants 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 Activities - These services include water, sewer, and trash operations. Service fees for these operations are charged based upon the amount of usage. The intent is that the fees charged recoup operational costs.

Reporting the Government'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 consist of one category: governmental.

Governmental Funds - All 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, Fire, and Fire Capital Funds. The programs reported in governmental funds are the same as those reported in the governmental activities section of the entity-wide statements.

Enterprise Funds - When the Village charges citizens for the services it provides, with the intent of recapturing operating costs, these services are generally reported in proprietary funds. Proprietary funds are the same services as those in the business-type activities. The Village's major proprietary funds are the Water, Sewer, and Utility Deposit Funds.

VILLAGE OF SARDINIA, BROWN COUNTY
Management's Discussion and Analysis
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The Village as a Whole

Table 1 provides a summary of the Village's net assets for 2007 compared to 2006 and 2005 on a cash basis:

(Table 1)

Net Assets

	Governmental Activities			Business-Type Activities		
	2007	2006	2005	2007	2006	2005
Assets						
Cash and Cash Equivalents	\$84,017	\$92,487	\$134,741	\$34,750	\$79,761	\$53,994
Total Assets	<u>84,017</u>	<u>92,487</u>	<u>134,741</u>	<u>34,750</u>	<u>79,761</u>	<u>53,994</u>
Net Assets						
<i>Restricted for:</i>						
Capital Projects	44,516	7,865	32,176	0	0	0
Debt Service	341	341	341	0	0	0
<i>Cemetery Bequest:</i>						
Expendable	1,375	1,375	1,375	0	0	0
Nonexpendable	5,000	5,000	5,000	0	0	0
Other Purposes	38,883	81,068	85,227	0	0	0
Unrestricted	(6,098)	(3,162)	10,622	34,750	79,761	53,994
Total Net Assets	<u>\$84,017</u>	<u>\$92,487</u>	<u>\$134,741</u>	<u>\$34,750</u>	<u>\$79,761</u>	<u>\$53,994</u>

As mentioned previously, governmental activities net assets decreased \$8,470 or 9.16 percent during 2007. The primary reason contributing to the decrease in cash balances is as follows:

- The Village had a decrease in property taxes received from citizens.

Business-type activities net assets decreased \$45,011 or 56.43 percent during 2007. The primary reason contributing to the decrease in cash balances is disbursements made related to improvements to the wastewater treatment plant.

As mentioned previously, governmental activities net assets decreased \$42,254 or 31.36 percent during 2006. The primary reasons contributing to the decrease in cash balances are as follows:

- The Village had a decrease in charges for fire protection services and a decrease in grants and entitlements.

Business-type activities net assets increased \$25,767 or 47.72 percent during 2006. The primary reason contributing to the increase in cash balances is related to the savings on the advance refunding of the Water Mortgage Revenue Bonds.

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Table 2 reflects the changes in net assets in 2007, 2006 and 2005.

	Governmental Activities			Business-Type Activities		
	2007	2006	2005	2007	2006	2005
<u>Receipts:</u>						
<i>Program Receipts:</i>						
Charges for Sales and Services	\$91,839	\$85,711	\$223,548	\$880,074	\$382,773	\$407,220
Operating Grants and Contributions	38,810	35,445	53,759	0	350	0
Capital Grants and Contributions	0	0	0	290,690	357,490	168,355
Total Program Receipts	130,649	121,156	277,307	1,170,764	740,613	575,575
<i>General Receipts:</i>						
Property Taxes	75,232	80,303	87,437	0	0	0
Income Taxes	89,234	86,139	90,499	0	0	0
Special Assessments	3,868	335	0	11,149	2,133	0
Grants and Entitlements Not Restricted to Specific Programs	20,796	20,906	56,612	0	0	0
Earnings on Investments	1,378	1,458	1,277	0	0	0
Sale of Bonds	0	0	0	0	412,300	0
Premium on Sale of Bonds	0	0	0	0	36,662	0
Sale of Notes	130,000	132,463	138,000	1,143,396	831,905	15,000
Sale of Fixed Assets	12,463	150	0	0	2,800	0
Miscellaneous	4,467	1,665	6,449	1,585	749	668
Total General Receipts	337,438	323,419	380,274	1,156,130	1,286,549	15,668
Total Receipts	468,087	444,575	657,581	2,326,894	2,027,162	591,243
<u>Disbursements:</u>						
General Government	89,178	101,009	92,543	0	0	0
Security of Persons and Property	127,953	131,944	107,238	0	0	0
Public Health Services	26,989	36,575	29,475	0	0	0
Transportation	45,579	50,564	69,425	0	0	0
Capital Outlay	48,844	22,764	165,280	0	0	0
Principal Retirement	131,716	138,747	163,000	0	0	0
Interest and Fiscal Charges	6,298	5,226	5,796	0	0	0
Water	0	0	0	188,385	587,104	165,488
Sewer	0	0	0	2,136,779	1,367,762	388,390
Trash	0	0	0	45,632	46,363	47,754
Water CIF	0	0	0	0	0	3,164
Water Replacement	0	0	0	989	0	4,368
Utility Deposit	0	0	0	120	166	169
Total Disbursements	476,557	486,829	632,757	2,371,905	2,001,395	609,333
Increase (Decrease) in Net Assets	(8,470)	(42,254)	24,824	(45,011)	25,767	(18,090)
Net Assets, January 1	92,487	134,741	109,917	79,761	53,994	72,084
Net Assets, December 31	\$84,017	\$92,487	\$134,741	\$34,750	\$79,761	\$53,994

VILLAGE OF SARDINIA, BROWN COUNTY
Management's Discussion and Analysis
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Unaudited

Governmental Activities

Program receipts represent 27.91 percent of total receipts for 2007 and 27.25 percent of total receipts for 2006. Program receipts are primarily comprised of fire capital charges for services.

General receipts represent 72.09 percent of total receipts for 2007 and 72.75 percent of total receipts for 2006. General receipts are comprised of property and income taxes, special assessments, grants and entitlements not restricted to specific programs, sale of notes, interest and miscellaneous receipts. Taxes represent 35.13 percent of total receipts in 2007 and 37.44 percent in 2006. The sale of notes represents 27.77 percent of total receipts in 2007 and 29.79 percent in 2006.

The most significant program disbursements for the Village are Principal Retirement, Security of Persons and Property, General Government, and Capital Outlay. These programs account for 83.45 percent of total disbursements in 2007 and 81.03 percent in 2006. Principal Retirement, which accounts for 27.63 percent of the total in 2007 and 28.50 percent in 2006, represents costs associated with the repayment of the general obligation debt of the Village. Security of Persons and Property, which accounts for 26.85 percent of the total in 2007 and 27.10 percent in 2006, represents the costs of providing Police and Fire Protection services to the residents of the Village. General Government, which accounts for 18.72 percent of the total in 2007 and 20.75 percent in 2006, represents the general operating costs of the Village. Capital Outlay, which accounts for 10.25 percent of the total in 2007 and 4.68 percent in 2006, represents the costs associated with the purchase of property and equipment.

If you look at the 2007 Statement of Activities on page 12 and the 2006 Statement of Activities on page 21 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 next column of the Statement entitled Program Receipts identify 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

	<u>Total Cost Of Services</u> 2007	<u>Net Cost of Services</u> 2007	<u>Total Cost Of Services</u> 2006	<u>Net Cost of Services</u> 2006	<u>Total Cost of Services</u> 2005	<u>Net Cost of Services</u> 2005
General Government	\$89,178	\$76,363	\$101,009	\$75,785	\$92,543	\$77,591
Security of Persons & Property	127,953	98,402	131,944	84,871	107,238	(100,855)
Public Health Services	26,989	15,759	36,575	28,475	29,475	20,730
Transportation	45,579	7,483	50,564	16,515	69,425	23,908
Capital Outlay	48,844	9,887	22,764	16,054	165,280	165,280
Principal Retirement	131,716	131,716	138,747	138,747	163,000	163,000
Interest and Fiscal Charges	6,298	6,298	5,226	5,226	5,796	5,796
Total Expenses	<u>\$476,557</u>	<u>\$345,908</u>	<u>\$486,829</u>	<u>\$365,673</u>	<u>\$632,757</u>	<u>\$355,450</u>

VILLAGE OF SARDINIA, BROWN COUNTY
Management's Discussion and Analysis
For the Years Ended December 31, 2007 and 2006
Unaudited

Business-Type Activities

The business-type activities of the Village, which include its water, sewer and trash operations, decreased the net assets by \$45,011 in 2007 and increased the net assets by \$25,767 in 2006. The decrease in net assets in total in the business-type activities for 2007 is due to sewer capital projects. The increase in net assets in total in the business-type activities for 2006 is due to savings on the defeasance of the Water Mortgage Revenue Bonds.

It should be noted that 49.35 percent of the costs of services for 2007 and 37.07 percent in 2006, are derived from program receipts including operating grants and contributions.

Governmental Funds

Total governmental funds had receipts of \$325,624 and disbursements of \$476,557 in 2007. There was a small margin of difference between the receipts and disbursements for 2007.

Total governmental funds had receipts of \$311,962 and disbursements of \$486,829 in 2006. There was a small margin of difference between the receipts and disbursements for 2006.

Proprietary Funds

The Village's enterprise funds are the Water, Sewer, Trash, Water Replacement, and Utility Deposit Funds. The Village provides water, sewer and trash services to all customers in Sardinia. Net assets of the enterprise funds at year end 2007 were \$34,750 and \$79,761 at year end 2006.

The Village had three major enterprise funds in 2007, the Water, Sewer, and Utility Deposits Funds which, at year end, had net assets of \$36,546, (\$18,990), and \$11,104, respectively. In 2006 the Village had two major enterprise funds, the Water and the Sewer Funds, which, at year end, had net assets of \$49,560 and \$14,784, respectively. During 2007, the Water Fund net assets decreased by \$13,014 while the Sewer Fund net assets decreased by \$33,774.

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.

For the General Fund, final budgeted receipts for 2007 were \$236,854 representing a \$47,608 change from the original budgeted receipts, while actual receipts were \$180,762. The difference between final budgeted receipts and actual receipts was \$56,092 or 23.68 percent.

General Fund final disbursements were budgeted at \$204,171 for 2007 representing a \$30,190 change from the original budgeted disbursements, while actual disbursements were \$183,698. The difference between final budgeted disbursements and actual disbursements was \$20,473 or 10.02 percent.

For the General Fund, final budgeted receipts for 2006 were \$243,725 representing a \$70,000 change from the original budgeted receipts, while actual receipts were \$150,877. The difference between final budgeted receipts and actual receipts was \$92,848 or 38.09 percent.

General Fund final disbursements were budgeted at \$248,618 for 2006 representing a \$74,893 change from the original budgeted disbursements, while actual disbursements were \$164,661. The difference between final budgeted disbursements and actual disbursements was \$83,957 or 33.77 percent.

VILLAGE OF SARDINIA, BROWN COUNTY
Management's Discussion and Analysis
For the Years Ended December 31, 2007 and 2006
Unaudited

Debt Administration

At December 31, 2007, the Village has a total of \$2,999,130 in outstanding debt.

At December 31, 2006, the Village had a total of \$1,935,392 in outstanding debt.

Current Issues

The challenge for all governments is to provide quality services to the public while staying within the restrictions imposed by limited funding. As indicated in the preceding financial information, the Village relies heavily on local taxes and business type receipts to operate at the current level of services.

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 Tracy Jodrey, Fiscal Officer for Village of Sardinia, Brown County, Ohio at 151 Maple Avenue, Sardinia, Ohio 45171.

VILLAGE OF SARDINIA, BROWN COUNTY

Statement of Net Assets - Cash Basis

December 31, 2007

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<u>Assets:</u>			
Equity in Pooled Cash and Cash Equivalents	<u>\$84,017</u>	<u>\$34,750</u>	<u>\$118,767</u>
<i>Total Assets</i>	<u><u>84,017</u></u>	<u><u>34,750</u></u>	<u><u>118,767</u></u>
<u>Net Assets:</u>			
<i>Restricted for:</i>			
Capital Projects	44,516	0	44,516
Debt Service	341	0	341
<i>Cemetery Bequest:</i>			
Expendable	1,375	0	1,375
Nonexpendable	5,000	0	5,000
Other Purposes	38,883	0	38,883
Unrestricted	<u>(6,098)</u>	<u>34,750</u>	<u>28,652</u>
<i>Total Net Assets</i>	<u><u>\$84,017</u></u>	<u><u>\$34,750</u></u>	<u><u>\$118,767</u></u>

See accompanying notes to the basic financial statements.

VILLAGE OF SARDINIA, BROWN COUNTY

Statement of Activities - Cash Basis

For the Year Ended December 31, 2007

	Disbursements	Program Receipts		
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
<u>Governmental Activities:</u>				
General Government	\$89,178	\$12,815	\$0	\$0
Security of Persons and Property	127,953	28,837	714	0
Public Health Services	26,989	11,230	0	0
Transportation	45,579	0	38,096	0
Capital Outlay	48,844	38,957	0	0
<i>Debt Service:</i>				
Principal Retirement	131,716	0	0	0
Interest and Fiscal Charges	6,298	0	0	0
<i>Total Governmental Activities</i>	<u>\$476,557</u>	<u>\$91,839</u>	<u>\$38,810</u>	<u>\$0</u>
<u>Business-Type Activities:</u>				
Water	\$188,385	\$174,555	\$0	\$0
Sewer	2,136,779	662,960	0	290,690
Trash	45,632	40,499	0	0
Water Replacement	989	0	0	0
Utility Deposit	120	2,060	0	0
<i>Total Business-Type Activities</i>	<u>2,371,905</u>	<u>880,074</u>	<u>0</u>	<u>290,690</u>
<i>Totals Primary Government</i>	<u>\$2,848,462</u>	<u>\$971,913</u>	<u>\$38,810</u>	<u>\$290,690</u>
<u>General Receipts:</u>				
Property Taxes				
Income Taxes				
Special Assessments				
Grants and Entitlements not Restricted to Specific Programs				
Sale of Fixed Assets				
Earnings on Investment				
Sale of Notes				
Miscellaneous				
<i>Total General Receipts</i>				
Change in Net Assets				
<i>Net Assets at Beginning of Year</i>				
<i>Net Assets at End of Year</i>				

See accompanying notes to the basic financial statements.

Net (Disbursements) Receipts
and Changes in Net Assets

Governmental Activities	Business-Type Activities	Total
(\$76,363)	\$0	(\$76,363)
(98,402)	0	(98,402)
(15,759)	0	(15,759)
(7,483)	0	(7,483)
(9,887)	0	(9,887)
(131,716)	0	(131,716)
(6,298)	0	(6,298)
(345,908)	0	(345,908)
0	(13,830)	(13,830)
0	(1,183,129)	(1,183,129)
0	(5,133)	(5,133)
0	(989)	(989)
0	1,940	1,940
0	(1,201,141)	(1,201,141)
(345,908)	(1,201,141)	(1,547,049)
75,232	0	75,232
89,234	0	89,234
3,868	11,149	15,017
20,796	0	20,796
12,463	0	12,463
1,378	0	1,378
130,000	1,143,396	1,273,396
4,467	1,585	6,052
337,438	1,156,130	1,493,568
(8,470)	(45,011)	(53,481)
92,487	79,761	172,248
\$84,017	\$34,750	\$118,767

VILLAGE OF SARDINIA, BROWN COUNTY
Statement of Cash Basis Assets and Fund Balances
Governmental Funds
December 31, 2007

	General	Fire	Fire Capital	Other Governmental Funds	Total Governmental Funds
<u>Assets:</u>					
Equity in Pooled Cash and Cash Equivalents	(\$6,098)	\$16,088	\$44,516	\$29,511	\$84,017
<i>Total Assets</i>	<u>(\$6,098)</u>	<u>\$16,088</u>	<u>\$44,516</u>	<u>\$29,511</u>	<u>\$84,017</u>
<u>Fund Balances:</u>					
Reserved for Encumbrance	\$0	\$0	\$0	\$0	\$0
<i>Unreserved</i>					
General Fund	(6,098)	0	0	0	(6,098)
Special Revenue Funds	0	16,088	0	22,795	38,883
Debt Service Fund	0	0	0	341	341
Capital Projects Funds	0	0	44,516	0	44,516
Permanent Fund	0	0	0	6,375	6,375
<i>Total Fund Balances</i>	<u>(\$6,098)</u>	<u>\$16,088</u>	<u>\$44,516</u>	<u>\$29,511</u>	<u>\$84,017</u>

See accompanying notes to the basic financial statements.

VILLAGE OF SARDINIA, BROWN COUNTY
Statement of Receipts, Disbursements and Changes in Cash Basis Fund Balances
 Governmental Funds
 For the Year Ended December 31, 2007

	General	Fire	Fire Capital	Other Governmental Funds	Total Governmental Funds
<u>Receipts:</u>					
Property Taxes	\$7,569	\$11,933	\$0	\$55,730	\$75,232
Income Taxes	0	0	0	89,234	89,234
Charges for Services	0	5,534	57,491	11,241	74,266
Licenses, Permits and Fines	9,736	0	0	7,837	17,573
Intergovernmental	20,796	0	0	38,810	59,606
Special Assessments	0	0	0	3,868	3,868
Earnings on Investments	1,312	0	0	66	1,378
Miscellaneous	1,786	0	0	2,681	4,467
<i>Total Receipts</i>	<u>41,199</u>	<u>17,467</u>	<u>57,491</u>	<u>209,467</u>	<u>325,624</u>
<u>Disbursements:</u>					
<i>Current:</i>					
General Government	62,271	13,668	2,000	11,239	89,178
Security of Persons and Property	4,830	33,678	15,128	74,317	127,953
Public Health Services	5,330	0	0	21,659	26,989
Transportation	0	0	0	45,579	45,579
Capital Outlay	0	7,898	20,212	20,734	48,844
<i>Debt Service:</i>					
Principal Retirement	65,369	0	63,000	3,347	131,716
Interest and Fiscal Charges	3,408	0	2,890	0	6,298
<i>Total Disbursements</i>	<u>141,208</u>	<u>55,244</u>	<u>103,230</u>	<u>176,875</u>	<u>476,557</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	(100,009)	(37,777)	(45,739)	32,592	(150,933)
<u>Other Financing Sources (Uses):</u>					
Proceeds of Notes	47,610	0	82,390	0	130,000
Sale of Fixed Assets	12,463	0	0	0	12,463
Transfers In	79,490	0	0	42,490	121,980
Transfers Out	(42,490)	0	0	(79,490)	(121,980)
<i>Total Other Financing Sources (Uses)</i>	<u>97,073</u>	<u>0</u>	<u>82,390</u>	<u>(37,000)</u>	<u>142,463</u>
<i>Net Change in Fund Balances</i>	(2,936)	(37,777)	36,651	(4,408)	(8,470)
<i>Fund Balances at Beginning of Year</i>	<u>(3,162)</u>	<u>53,865</u>	<u>7,865</u>	<u>33,919</u>	<u>92,487</u>
<i>Fund Balances at End of Year</i>	<u>(\$6,098)</u>	<u>\$16,088</u>	<u>\$44,516</u>	<u>\$29,511</u>	<u>\$84,017</u>

See accompanying notes to the basic financial statements.

VILLAGE OF SARDINIA, BROWN COUNTY
Statement of Receipts, Disbursements and Changes
in Fund Balance - Budget and Actual (Budget Basis)
General Fund
For the Year Ended December 31, 2007

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>Receipts:</u>				
Property Taxes	\$11,200	\$11,200	\$7,569	(\$3,631)
Intergovernmental	21,946	69,554	20,796	(48,758)
Fines, Licenses and Permits	11,500	11,500	9,736	(1,764)
Earnings on Investments	600	600	1,312	712
Miscellaneous	1,000	1,000	1,786	786
<i>Total Receipts</i>	46,246	93,854	41,199	(52,655)
<u>Disbursements:</u>				
<i>Current:</i>				
General Government	33,746	71,371	62,271	9,100
Security of Persons and Property	8,400	8,400	4,830	3,570
Public Health Services	4,200	5,400	5,330	70
<i>Debt Service:</i>				
Principal Retirement	70,000	70,000	65,369	4,631
Interest and Fiscal Charges	12,635	4,000	3,408	592
<i>Total Disbursements</i>	128,981	159,171	141,208	17,963
<i>Excess of Receipts Over (Under) Disbursements</i>	(82,735)	(65,317)	(100,009)	(34,692)
<u>Other Financing Sources (Uses):</u>				
Sale of Fixed Assets	0	10,000	12,463	2,463
Proceeds of Notes	60,000	50,000	47,610	(2,390)
Transfers In	83,000	83,000	79,490	(3,510)
Transfers Out	(45,000)	(45,000)	(42,490)	2,510
<i>Total Other Financing Sources (Uses)</i>	98,000	98,000	97,073	(927)
<i>Excess of Receipts and Other Financing Sources Over (Under) Disbursements and Other Financing Uses</i>	15,265	32,683	(2,936)	(35,619)
<i>Fund Balance at Beginning of Year</i>	(3,162)	(3,162)	(3,162)	0
<i>Fund Balance at End of Year</i>	\$12,103	\$29,521	(\$6,098)	(\$35,619)

See accompanying notes to the basic financial statements.

VILLAGE OF SARDINIA, BROWN COUNTY
*Statement of Receipts, Disbursements and Changes
in Fund Balance - Budget and Actual (Budget Basis)*
Fire Fund
For the Year Ended December 31, 2007

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>Receipts:</u>				
Property Taxes	\$21,340	\$21,340	\$11,933	(\$9,407)
Charges for Services	32,250	32,250	5,534	(26,716)
<i>Total Receipts</i>	53,590	53,590	17,467	(36,123)
<u>Disbursements:</u>				
<i>Current:</i>				
General Government	9,480	15,000	13,668	1,332
Security of Persons and Property	97,975	84,720	33,678	51,042
Capital Outlay	0	8,000	7,898	102
<i>Total Disbursements</i>	107,455	107,720	55,244	52,476
<i>Excess of Receipts Over (Under) Disbursements</i>	(53,865)	(54,130)	(37,777)	16,353
<i>Fund Balance at Beginning of Year</i>	53,865	53,865	53,865	0
<i>Fund Balance at End of Year</i>	\$0	(\$265)	\$16,088	\$16,353

See accompanying notes to the basic financial statements.

VILLAGE OF SARDINIA, BROWN COUNTY
Statement of Fund Net Assets - Cash Basis
Proprietary and Similar Fiduciary Funds
December 31, 2007

	Water	Sewer	Uility Deposit	Other Enterprise Funds	Total Proprietary	Fiduciary Fund Agency
<u>Assets:</u>						
Equity in Pooled Cash and Cash Equivalents	\$36,546	(\$18,990)	\$11,104	\$6,090	\$34,750	\$822
<i>Total Assets</i>	<u>36,546</u>	<u>(18,990)</u>	<u>11,104</u>	<u>6,090</u>	<u>34,750</u>	<u>822</u>
<u>Net Assets:</u>						
<i>Restricted for:</i>						
Other Purposes	0	0	0	0	0	822
Unrestricted	36,546	(18,990)	11,104	6,090	34,750	0
<i>Total Net Assets</i>	<u>\$36,546</u>	<u>(\$18,990)</u>	<u>\$11,104</u>	<u>\$6,090</u>	<u>\$34,750</u>	<u>\$822</u>

See accompanying notes to the basic financial statements.

VILLAGE OF SARDINIA, BROWN COUNTY
Statement of Receipts, Disbursements and Changes in Cash Basis Fund Balances
Proprietary and Similar Fiduciary Funds
For the Year Ended December 31, 2007

	Water	Sewer	Utility Deposit	Other Enterprise Funds	Total Enterprise Funds	Fiduciary Fund
						Agency
<u>Operating Receipts:</u>						
Charges for Services	\$174,555	\$662,960	\$2,060	\$40,499	\$880,074	\$0
<i>Total Operating Receipts</i>	<u>174,555</u>	<u>662,960</u>	<u>2,060</u>	<u>40,499</u>	<u>880,074</u>	<u>0</u>
<u>Operating Disbursements:</u>						
Personal Services	22,210	36,176	0	0	58,386	0
Employee Fringe Benefits	8,140	18,866	0	0	27,006	0
Contractual Services	96,395	23,941	0	40,341	160,677	0
Supplies and Materials	17,456	98,189	0	4,866	120,511	0
Other	1,820	1,246	120	45	3,231	0
<i>Total Operating Disbursements</i>	<u>146,021</u>	<u>178,418</u>	<u>120</u>	<u>45,252</u>	<u>369,811</u>	<u>0</u>
<i>Operating Income (Loss)</i>	28,534	484,542	1,940	(4,753)	510,263	0
<u>Non-Operating Receipts (Disbursements):</u>						
Intergovernmental	0	290,690	0	0	290,690	0
Proceeds of Notes	0	1,143,396	0	0	1,143,396	0
Special Assessments	587	4,603	0	5,959	11,149	0
Miscellaneous Receipts	229	1,356	0	0	1,585	20,232
Capital Outlay	(11,156)	(1,857,781)	0	(989)	(1,869,926)	0
Principal Payments	(11,643)	(65,919)	0	(380)	(77,942)	0
Interest and Fiscal Charges	(19,565)	(34,661)	0	0	(54,226)	0
Miscellaneous Disbursements	0	0	0	0	0	(19,410)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(41,548)</u>	<u>(518,316)</u>	<u>0</u>	<u>4,590</u>	<u>(555,274)</u>	<u>822</u>
<i>Change in Net Assets</i>	(13,014)	(33,774)	1,940	(163)	(45,011)	822
<i>Net Assets at Beginning of Year</i>	<u>49,560</u>	<u>14,784</u>	<u>9,164</u>	<u>6,253</u>	<u>79,761</u>	<u>0</u>
<i>Net Assets at End of Year</i>	<u>\$36,546</u>	<u>(\$18,990)</u>	<u>\$11,104</u>	<u>\$6,090</u>	<u>\$34,750</u>	<u>\$822</u>

See accompanying notes to the basic financial statements.

VILLAGE OF SARDINIA, BROWN COUNTY

Statement of Net Assets - Cash Basis

December 31, 2006

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<u>Assets:</u>			
Equity in Pooled Cash and Cash Equivalents	<u>\$92,487</u>	<u>\$79,761</u>	<u>\$172,248</u>
<i>Total Assets</i>	<u>92,487</u>	<u>79,761</u>	<u>172,248</u>
<u>Net Assets:</u>			
<i>Restricted for:</i>			
Capital Projects	7,865	0	7,865
Debt Service	341	0	341
<i>Cemetery Bequest:</i>			
Expendable	1,375	0	1,375
Nonexpendable	5,000	0	5,000
Other Purposes	81,068	0	81,068
Unrestricted	<u>(3,162)</u>	<u>79,761</u>	<u>76,599</u>
<i>Total Net Assets</i>	<u>\$92,487</u>	<u>\$79,761</u>	<u>\$172,248</u>

See accompanying notes to the basic financial statements.

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VILLAGE OF SARDINIA, BROWN COUNTY

Statement of Activities - Cash Basis

For the Year Ended December 31, 2006

	Disbursements	Program Receipts		
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
<u>Governmental Activities:</u>				
General Government	\$101,009	\$25,224	\$0	\$0
Security of Persons and Property	131,944	45,677	1,396	0
Public Health Services	36,575	8,100	0	0
Transportation	50,564	0	34,049	0
Capital Outlay	22,764	6,710	0	0
<i>Debt Service:</i>				
Principal Retirement	138,747	0	0	0
Interest and Fiscal Charges	5,226	0	0	0
<i>Total Governmental Activities</i>	<u>\$486,829</u>	<u>\$85,711</u>	<u>\$35,445</u>	<u>\$0</u>
<u>Business-Type Activities:</u>				
Water	\$587,104	\$162,326	\$155	\$0
Sewer	1,367,762	172,838	135	357,490
Trash	46,363	44,669	60	0
Utility Deposit	166	2,940	0	0
<i>Total Business-Type Activities</i>	<u>2,001,395</u>	<u>382,773</u>	<u>350</u>	<u>357,490</u>
<i>Totals Primary Government</i>	<u>\$2,488,224</u>	<u>\$468,484</u>	<u>\$35,795</u>	<u>\$357,490</u>
<u>General Receipts:</u>				
Property Taxes				
Income Taxes				
Special Assessments				
Grants and Entitlements not Restricted to Specific Programs				
Sale of Bonds				
Premium on Debt Issuance				
Sale of Fixed Assets				
Earnings on Investment				
Sale of Notes				
Miscellaneous				
<i>Total General Receipts</i>				
Change in Net Assets				
<i>Net Assets at Beginning of Year</i>				
<i>Net Assets at End of Year</i>				

See accompanying notes to the basic financial statements.

Net (Disbursements) Receipts
and Changes in Net Assets

Governmental Activities	Business-Type Activities	Total
(\$75,785)	\$0	(\$75,785)
(84,871)	0	(84,871)
(28,475)	0	(28,475)
(16,515)	0	(16,515)
(16,054)	0	(16,054)
(138,747)	0	(138,747)
(5,226)	0	(5,226)
(365,673)	0	(365,673)
0	(424,623)	(424,623)
0	(837,299)	(837,299)
0	(1,634)	(1,634)
0	2,774	2,774
0	(1,260,782)	(1,260,782)
(365,673)	(1,260,782)	(1,626,455)
80,303	0	80,303
86,139	0	86,139
335	2,133	2,468
20,906	0	20,906
0	412,300	412,300
0	36,662	36,662
150	2,800	2,950
1,458	0	1,458
132,463	831,905	964,368
1,665	749	2,414
323,419	1,286,549	1,609,968
(42,254)	25,767	(16,487)
134,741	53,994	188,735
\$92,487	\$79,761	\$172,248

VILLAGE OF SARDINIA, BROWN COUNTY
Statement of Cash Basis Assets and Fund Balances
Governmental Funds
December 31, 2006

	General	Fire	Fire Capital	Other Governmental Funds	Total Governmental Funds
<u>Assets:</u>					
Equity in Pooled Cash and Cash Equivalents	(\$3,162)	\$53,865	\$7,865	\$33,919	\$92,487
<i>Total Assets</i>	<u>(\$3,162)</u>	<u>\$53,865</u>	<u>\$7,865</u>	<u>\$33,919</u>	<u>\$92,487</u>
<u>Fund Balances:</u>					
Reserved for Encumbrance	\$0	\$0	\$0	\$0	\$0
<i>Unreserved</i>					
General Fund	(3,162)	0	0	0	(3,162)
Special Revenue Funds	0	53,865	0	27,203	81,068
Debt Service Fund	0	0	0	341	341
Capital Projects Funds	0	0	7,865	0	7,865
Permanent Fund	0	0	0	6,375	6,375
<i>Total Fund Balances</i>	<u>(\$3,162)</u>	<u>\$53,865</u>	<u>\$7,865</u>	<u>\$33,919</u>	<u>\$92,487</u>

See accompanying notes to the basic financial statements.

VILLAGE OF SARDINIA, BROWN COUNTY
Statement of Receipts, Disbursements and Changes in Cash Basis Fund Balances
 Governmental Funds
 For the Year Ended December 31, 2006

	General	Fire	Fire Capital	Other Governmental Funds	Total Governmental Funds
<u>Receipts:</u>					
Property Taxes	\$5,885	\$11,888	\$0	\$62,530	\$80,303
Income Taxes	0	0	0	86,139	86,139
Charges for Services	0	47,057	11,000	8,714	66,771
Licenses, Permits and Fines	13,460	0	0	5,480	18,940
Intergovernmental	20,906	1,396	0	34,049	56,351
Special Assessments	0	0	0	335	335
Earnings on Investments	1,350	0	0	108	1,458
Miscellaneous	813	598	0	254	1,665
<i>Total Receipts</i>	<u>42,414</u>	<u>60,939</u>	<u>11,000</u>	<u>197,609</u>	<u>311,962</u>
<u>Disbursements:</u>					
<i>Current:</i>					
General Government	75,954	9,351	0	15,704	101,009
Security of Persons and Property	7,708	28,059	10,699	85,478	131,944
Public Health Services	9,550	0	0	27,025	36,575
Transportation	0	0	0	50,564	50,564
Capital Outlay	0	0	11,897	10,867	22,764
<i>Debt Service:</i>					
Principal Retirement	65,075	0	73,000	672	138,747
Interest and Fiscal Charges	2,511	0	2,715	0	5,226
<i>Total Disbursements</i>	<u>160,798</u>	<u>37,410</u>	<u>98,311</u>	<u>190,310</u>	<u>486,829</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	(118,384)	23,529	(87,311)	7,299	(174,867)
<u>Other Financing Sources (Uses):</u>					
Proceeds of Notes	69,463	0	63,000	0	132,463
Sale of Fixed Assets	0	0	0	150	150
Transfers In	39,000	0	0	45,863	84,863
Transfers Out	(3,863)	0	0	(81,000)	(84,863)
<i>Total Other Financing Sources (Uses)</i>	<u>104,600</u>	<u>0</u>	<u>63,000</u>	<u>(34,987)</u>	<u>132,613</u>
<i>Net Change in Fund Balances</i>	(13,784)	23,529	(24,311)	(27,688)	(42,254)
<i>Fund Balances at Beginning of Year</i>	<u>10,622</u>	<u>30,336</u>	<u>32,176</u>	<u>61,607</u>	<u>134,741</u>
<i>Fund Balances at End of Year</i>	<u>(\$3,162)</u>	<u>\$53,865</u>	<u>\$7,865</u>	<u>\$33,919</u>	<u>\$92,487</u>

See accompanying notes to the basic financial statements.

VILLAGE OF SARDINIA, BROWN COUNTY
*Statement of Receipts, Disbursements and Changes
in Fund Balance - Budget and Actual (Budget Basis)
General Fund
For the Year Ended December 31, 2006*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>Receipts:</u>				
Property Taxes	\$11,200	\$11,200	\$5,885	(\$5,315)
Intergovernmental	39,425	74,425	20,906	(53,519)
Fines, Licenses and Permits	11,500	13,500	13,460	(40)
Earnings on Investments	600	600	1,350	750
Miscellaneous	1,000	1,000	813	(187)
<i>Total Receipts</i>	63,725	100,725	42,414	(58,311)
<u>Disbursements:</u>				
<i>Current:</i>				
General Government	73,490	138,383	75,954	62,429
Security of Persons and Property	8,400	8,400	7,708	692
Public Health Services	4,200	14,200	9,550	4,650
<i>Debt Service:</i>				
Principal Retirement	70,000	70,000	65,075	4,925
Interest and Fiscal Charges	12,635	12,635	2,511	10,124
<i>Total Disbursements</i>	168,725	243,618	160,798	82,820
<i>Excess of Receipts Over (Under) Disbursements</i>	(105,000)	(142,893)	(118,384)	24,509
<u>Other Financing Sources (Uses):</u>				
Proceeds of Notes	70,000	74,000	69,463	(4,537)
Transfers In	40,000	69,000	39,000	(30,000)
Transfers Out	(5,000)	(5,000)	(3,863)	1,137
<i>Total Other Financing Sources (Uses)</i>	105,000	138,000	104,600	(33,400)
<i>Excess of Receipts and Other Financing Sources Over (Under) Disbursements and Other Financing Uses</i>	0	(4,893)	(13,784)	(8,891)
<i>Fund Balance at Beginning of Year</i>	9,462	9,462	9,462	0
<i>Prior Year Encumbrances Appropriated</i>	1,160	1,160	1,160	0
<i>Fund Balance at End of Year</i>	\$10,622	\$5,729	(\$3,162)	(\$8,891)

See accompanying notes to the basic financial statements.

VILLAGE OF SARDINIA, BROWN COUNTY
*Statement of Receipts, Disbursements and Changes
in Fund Balance - Budget and Actual (Budget Basis)*
Fire Fund
For the Year Ended December 31, 2006

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>Receipts:</u>				
Property Taxes	\$12,000	\$12,000	\$11,888	(\$112)
Intergovernmental	0	0	1,396	1,396
Charges for Services	32,250	32,250	47,057	14,807
Miscellaneous	0	0	598	598
<i>Total Receipts</i>	44,250	44,250	60,939	16,689
<u>Disbursements:</u>				
<i>Current:</i>				
General Government	9,480	9,480	9,351	129
Security of Persons and Property	32,422	32,856	28,059	4,797
<i>Total Disbursements</i>	41,902	42,336	37,410	4,926
<i>Excess of Receipts Over (Under) Disbursements</i>	2,348	1,914	23,529	21,615
<i>Fund Balance at Beginning of Year</i>	30,336	30,336	30,336	0
<i>Fund Balance at End of Year</i>	\$32,684	\$32,250	\$53,865	\$21,615

See accompanying notes to the basic financial statements.

VILLAGE OF SARDINIA, BROWN COUNTY
Statement of Fund Net Assets - Cash Basis
Proprietary and Similar Fiduciary Funds
December 31, 2006

	Water	Sewer	Other Enterprise Funds	Total	Fiduciary Fund Agency
<u>Assets:</u>					
Equity in Pooled Cash and Cash Equivalents	\$49,560	\$14,784	\$15,417	\$79,761	\$0
<i>Total Assets</i>	<u>49,560</u>	<u>14,784</u>	<u>15,417</u>	<u>79,761</u>	<u>0</u>
<u>Net Assets:</u>					
<i>Restricted for:</i>					
Other Purposes	0	0	0	0	0
Unrestricted	<u>49,560</u>	<u>14,784</u>	<u>15,417</u>	<u>79,761</u>	<u>0</u>
<i>Total Net Assets</i>	<u>\$49,560</u>	<u>\$14,784</u>	<u>\$15,417</u>	<u>\$79,761</u>	<u>\$0</u>

See accompanying notes to the basic financial statements.

VILLAGE OF SARDINIA, BROWN COUNTY
Statement of Receipts, Disbursements and Changes in Cash Basis Fund Balances
Proprietary and Similar Fiduciary Funds
For the Year Ended December 31, 2006

	Water	Sewer	Other Enterprise Funds	Total Proprietary Funds	Fiduciary Fund Agency
<u>Operating Receipts:</u>					
Charges for Services	\$162,326	\$172,838	\$47,609	\$382,773	\$0
Miscellaneous	155	135	60	350	0
<i>Total Operating Receipts</i>	<u>162,481</u>	<u>172,973</u>	<u>47,669</u>	<u>383,123</u>	<u>0</u>
<u>Operating Disbursements:</u>					
Personal Services	25,043	30,927	0	55,970	0
Employee Fringe Benefits	12,574	25,251	0	37,825	0
Contractual Services	85,553	51,943	36,037	173,533	0
Supplies and Materials	24,810	46,021	7,061	77,892	0
Other	142	3,057	190	3,389	0
<i>Total Operating Disbursements</i>	<u>148,122</u>	<u>157,199</u>	<u>43,288</u>	<u>348,609</u>	<u>0</u>
<i>Operating Income (Loss)</i>	14,359	15,774	4,381	34,514	0
<u>Non-Operating Receipts (Disbursements):</u>					
Intergovernmental	0	357,490	0	357,490	0
Proceeds of Notes	1,832	829,693	380	831,905	0
Refunding Bonds Issued	412,300	0	0	412,300	0
Special Assessments	702	1,060	371	2,133	0
Premium on Debt Issuance	36,662	0	0	36,662	0
Miscellaneous Receipts	232	517	0	749	19,948
Sale of Fixed Assets	0	2,800	0	2,800	0
Capital Outlay	(9,794)	(1,133,140)	(3,241)	(1,146,175)	0
Principal Payments	(416,363)	(46,070)	0	(462,433)	0
Interest and Fiscal Charges	(12,825)	(31,353)	0	(44,178)	0
Miscellaneous Disbursements	0	0	0	0	(20,674)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>12,746</u>	<u>(19,003)</u>	<u>(2,490)</u>	<u>(8,747)</u>	<u>(726)</u>
<i>Change in Net Assets</i>	27,105	(3,229)	1,891	25,767	(726)
<i>Net Assets at Beginning of Year</i>	<u>22,455</u>	<u>18,013</u>	<u>13,526</u>	<u>53,994</u>	<u>726</u>
<i>Net Assets at End of Year</i>	<u>\$49,560</u>	<u>\$14,784</u>	<u>\$15,417</u>	<u>\$79,761</u>	<u>\$0</u>

See accompanying notes to the basic financial statements.

VILLAGE OF SARDINIA – BROWN COUNTY
Notes to the Basic Financial Statements
For the Years Ended December 31, 2007 and 2006

Note 1 – Reporting Entity

The Village of Sardinia, Brown County, Ohio, 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 publicly elected six-member Council. The Village provides road maintenance, police and fire protection, water and sewer utilities and refuse collection.

The primary government consists of all departments, boards and agencies that are not legally separate from the Village.

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 modified cash basis of accounting. In the government-wide financial statements, 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 apply FASB statements issued after November 30, 1989, to its business-type activities and enterprise funds to the extent they are applicable to the cash basis of accounting. 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 and the statement of activities display information about the Village as a whole. These statements include the financial activities of the primary government. 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 nonexchange transactions. Business-type activities are generally financed through charges for services and grants.

The statement of net assets presents the cash balance of the governmental activities of the Village at year end. The statement of activities compares disbursements with program receipts for each of the Village's governmental 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, grants and contributions restricted to meeting the operational or capital requirements of a particular program and receipts of interest earned on grants that is required to be used to support 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 is self-financing on a cash basis or draws from the Village's general receipts.

VILLAGE OF SARDINIA – BROWN COUNTY
Notes to the Basic Financial Statements
For the Years Ended December 31, 2007 and 2006

Note 2 – Summary of Significant Accounting Policies (continued)

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 fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column.

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 nonexchange transactions as governmental funds. Governmental funds focus on the sources, uses, and balances of current financial resources.

The following are the Village's major governmental funds:

General Fund – This 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.

Fire Fund – This fund is comprised of taxes designated for the operation of the fire department.

Fire Capital Fund – This fund is used to account for receipts from fire contracts with neighboring townships for the purchase of fire equipment.

Proprietary Funds

The proprietary funds focus in on the determination of the change in net assets, financial position and cash flows. The Villages' proprietary funds are classified as enterprise. Enterprise funds may be used to account for any activities for which a fee is charged to external users for goods or services.

The following are the Village's proprietary funds:

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

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

Utility Deposit Fund – This fund is used to accumulate security deposits from consumers for the provision of utility services. Upon settlement of a final bill, unused balances of the deposits are returned to the consumer.

VILLAGE OF SARDINIA – BROWN COUNTY
Notes to the Basic Financial Statements
For the Years Ended December 31, 2007 and 2006

Note 2 – Summary of Significant Accounting Policies (continued)

Fiduciary Funds

Fiduciary fund reporting focuses on net assets and changes in net assets. There are four categories of fiduciary funds: pension trust funds, investment trust funds, private-purpose trust funds, and agency funds. Trust funds are used to account for assets held by the Village under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the Village's own programs. Agency funds are custodial in nature (assets equals liabilities) and do not involve measurement of results of operations. The Village's only fiduciary fund is an agency fund. The agency fund accounts for assets held by separate from the Village for distribution to either its employees or other governmental agencies for payroll activities.

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.

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 function 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 during the year.

VILLAGE OF SARDINIA – BROWN COUNTY
Notes to the Basic Financial Statements
For the Years Ended December 31, 2007 and 2006

Note 2 – Summary of Significant Accounting Policies (continued)

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”.

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 2007 and 2006, the Village invested in nonnegotiable certificates of deposit. The nonnegotiable certificates of deposit are reported at cost.

Interest earnings are allocated to Village funds according to State statutes, grant requirements, or debt related restrictions. Interest receipts credited to the General Fund during 2007 and 2006 was \$1,312 and \$1,350, respectively, which includes interest earned from all other funds except for the Street Fund. The Street Fund received interest earnings of \$66 in 2007 and \$108 in 2006.

F. Inventory and Prepaid Items

The Village reports disbursements for inventories and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

G. Capital Assets

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

H. 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.

I. 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.

J. 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 9 and 10, the employer contributions include portions for pension benefits and for postretirement health care benefits.

VILLAGE OF SARDINIA – BROWN COUNTY
Notes to the Basic Financial Statements
For the Years Ended December 31, 2007 and 2006

Note 2 – Summary of Significant Accounting Policies (continued)

K. 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 an other financing source nor capital outlay expenditure are reported at inception. Lease payments are reported when paid.

L. 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 state grants reported in special revenue funds.

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.

M. 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.

N. Interfund Transactions

Exchange transactions between funds are reported as receipts in the seller funds and as 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 nonoperating 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.

Note 3 – Change in Basis of Accounting

For 2007 and 2006, the Village has implemented GASB Statement No. 46, "Net Assets Restricted by Enabling Legislation." The implementation of GASB Statement No. 46 had no effect on the prior period fund balances of the Village.

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 presented for the General Fund and the Fire Fund are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The only difference between the budgetary basis and the cash basis is the encumbrances are treated as expenditures for all funds (budgetary basis) rather than as a reservation of fund balance (cash basis).

VILLAGE OF SARDINIA – BROWN COUNTY
Notes to the Basic Financial Statements
For the Years Ended December 31, 2007 and 2006

Note 4 – Budgetary Basis of Accounting (continued)

The following table summarizes the adjustments necessary to reconcile the budgetary basis and cash basis statements for the General Fund and major special revenue fund for the year ended December 31, 2007:

	Excess of Revenue and Other Financing Sources Over (Under) Expenditures and other Financing Uses/Net Change in Fund Balances		
	Budget Basis	Encumbrances	Cash Basis
General	(\$2,936)	\$0	(\$2,936)
Fire	(\$37,777)	\$0	(\$37,777)

The following table summarizes the adjustments necessary to reconcile the budgetary basis and cash basis statements for the General Fund and major special revenue fund for the year ended December 31, 2006:

	Excess of Revenue and Other Financing Sources Over (Under) Expenditures and other Financing Uses/Net Change in Fund Balances		
	Budget Basis	Encumbrances	Cash Basis
General	(\$13,784)	\$0	(\$13,784)
Fire	\$23,529	\$0	\$23,529

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.

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;

VILLAGE OF SARDINIA – BROWN COUNTY
Notes to the Basic Financial Statements
For the Years Ended December 31, 2007 and 2006

Note 5 – Deposits and Investments (continued)

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).

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. Payment for investment may be made only upon delivery of the securities representing the investments to the treasurer of qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

The following information classifies deposits by categories of risk as defined in GASB Statement No. 3, “Deposits with Financial Institutions, Investments and Reverse Repurchase Agreements” and GASB Statement No. 40, “Deposits and Investment Risk Disclosures.”

Deposits: Custodial credit risk is the risk that, in the event of a bank failure, the Village’s deposits may not be returned. All deposits are collateralized with eligible securities in amounts equal to at least 105% of the carrying value of the deposits. Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at Federal Reserve Banks, or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the Village.

At December 31, 2007, the carrying amount of all Village deposits was \$119,589. Based on the criteria described in GASB Statement No. 40, “Deposit and Investment Risk Disclosures”, as of December 31, 2007, \$92,862 of the Village’s bank balance of \$195,317 was exposed to custodial risk as discussed above, while \$102,455 was covered by Federal Deposit Insurance. The \$92,862 exposed to custodial risk was collateralized with securities held by the Village or its agency in the Village’s name.

At December 31, 2006, the carrying amount of all Village deposits was \$172,248. Based on the criteria described in GASB Statement No. 40, “Deposit and Investment Risk Disclosures”, as of December 31, 2006, \$143,489 of the Village’s bank balance of \$245,030 was exposed to custodial risk as discussed above, while \$101,541 was covered by Federal Deposit Insurance. The \$143,489 exposed to custodial risk was collateralized with securities held by the Village or its agency in the Village’s name.

VILLAGE OF SARDINIA – BROWN COUNTY
Notes to the Basic Financial Statements
For the Years Ended December 31, 2007 and 2006

Note 5 – Deposits and Investments (continued)

The Village has no deposit policy for custodial 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 for 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 105% of the deposits being secured.

Note 6 – Property Taxes

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

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

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30. Tangible personal property tax revenue received during calendar year 2007 (other than public utility property) represents the collection of 2007 taxes. Tangible personal property taxes received in calendar year 2007 were levied after April 1, 2006, on the value as of December 31, 2006. In prior years, tangible personal property was assessed at twenty-five percent of true value for capital assets and twenty-three percent of true value for inventory. The tangible personal property tax is being phased out – the assessment percentage for all property including inventory for 2007 is 12.5 percent. This will be reduced to 6.25 percent for 2008 and zero for 2009.

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

Note 7 – Income Tax

The Village levies a municipal income tax of ½ percent on substantially all earned income arising from employment, residency, or business activities within the village as well as certain income from residents earned outside the Village.

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

Note 8 – Risk Management

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Vehicles
- Commercial Inland Marine

The Village also provides health insurance and vision insurance to full-time employees through a private center.

VILLAGE OF SARDINIA – BROWN COUNTY
Notes to the Basic Financial Statements
For the Years Ended December 31, 2007 and 2006

Note 9 – 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.

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) 222-6705 or (800) 222-7377.

For the year ended December 31, 2007, the members of all three plans, except those in law enforcement or public safety participating in the traditional plan, were required to contribute 9.5 percent of their annual covered salaries. Members participating in the traditional plan who were in law enforcement contributed 10.1 percent of their annual covered salary; members in public safety contributed 9.75 percent. The Village's contribution rate for pension benefits for 2007 was 7.85 percent, except for those plan members in law enforcement or public safety. For those classifications, the Village's pension contributions were 13.85 percent of covered payroll. The Ohio Revised Code provides statutory authority for member and employer contributions.

For the year ended December 31, 2006, the members of all three plans, except those in law enforcement or public safety participating in the traditional plan, were required to contribute 9 percent of their annual covered salaries. Members participating in the traditional plan who were in law enforcement contributed 10.1 percent of their annual covered salary; members in public safety contributed 9 percent. The Village's contribution rate for pension benefits for 2006 was 9.2 percent, except for those plan members in law enforcement or public safety. For those classifications, the Village's pension contributions were 13.7 percent of covered payroll. 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, 2007, 2006, and 2005 were \$25,732, \$25,436, and \$21,210, respectively.

Ohio Police and Fire Pension Fund

The Village contributes to the Ohio Police and Fire Pension Fund (OP&F), a cost-sharing multiple-employer defined benefit pension plan. OP&F provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries.

VILLAGE OF SARDINIA – BROWN COUNTY
Notes to the Basic Financial Statements
For the Years Ended December 31, 2007 and 2006

Note 9 – Defined Benefit Pension Plan (continued)

Benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. The OP&F issues a publicly available financial report that includes financial information and required supplementary information. This report may be obtained by writing to Ohio Police & Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43125-5164 or by calling (614) 228-2975.

For 2006, plan members are required to contribute 10 percent of their annual covered salary to fund pension benefits, while the Village is required to contribute 19.5 percent for police officers. Contributions are authorized by state statute.

For 2007, the Village did not have any full time police officers and contributions to OP&F were suspended.

Note 10 - Postemployment Benefits

Ohio Public Employees Retirement System

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to age and service retirees with ten 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 Postemployment Benefit as described in *GASB Statement No. 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 2007 local government employer contribution rate was 13.85 percent of covered payroll (17.17 percent for public safety and law enforcement); 6 percent of covered payroll was the portion that was used to fund health care. The 2006 local government employer contribution rate was 13.7 percent of covered payroll (16.93 percent for public safety and law enforcement); 4.5 percent of covered payroll was the portion that was used to fund health care.

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, 2006, include a rate of return on investments of 6.5 percent, an annual increase in active employee total payroll of 4 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .5 percent and 6.3 percent based on additional annual pay increases. Health care premiums were assumed to increase between .5 and 5 percent annually for the next eight years and 4 percent annually after eight years.

All investments are carried at market. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investment assets annually.

The number of active contributing participants in the traditional and combined plans was 374,979. The actual contribution and the actuarially required contribution amounts are the same. The actual value of OPERS's net assets available for payment of benefits at December 31, 2006, (the latest information available) was \$12 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$30.7 billion and \$18.7 billion, respectively.

On September 9, 2004, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. The HCPP restructures OPERS' health care coverage to improve the financial solvency of the fund in response to increasing health care costs.

VILLAGE OF SARDINIA – BROWN COUNTY
Notes to the Basic Financial Statements
For the Years Ended December 31, 2007 and 2006

Note 10 - Postemployment Benefits (continued)

Ohio Police and Fire Pension Fund

The OP&F System of Ohio provides access to postretirement health care coverage to any person who receives or is eligible to receive a monthly service, disability, or survivor benefit check or is a spouse or eligible dependent child of such person. An eligible dependent child is any child under the age of 18 whether or not the child is attending school or under the age of 22 if attending school full-time or on a 2/3 basis.

The health care coverage provided by the retirement system is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 12. The Ohio Revised Code provides that health care costs paid from the funds of the OP&F shall be included in the employer's contribution rate, which is 19.5 percent of covered payroll for police officers and 24 percent of covered payroll for firefighters.

The Ohio Revised Code provides the statutory authority allowing the OP&F Board of Trustees to provide health care coverage to all eligible individuals. Health care funding and accounting is on the pay-as-you go basis. A percentage of covered payroll, as defined by the Board, is used to pay retiree health care expenses. The Board defined allocation was 6.75 percent and 7.75 percent of covered payroll in 2007 and 2006, respectively. In addition, since July 1, 1992 most retirees have been required to contribute a portion of the cost of their health care coverage through a deduction from their monthly benefit payment. Beginning in 2001, all retirees and survivors have monthly health care contributions.

As of December 31, 2006, the latest information available, the number of participants eligible to receive health care benefits was 14,120 for police officers and 10,563 for firefighters. OP&F's total health care expenses for the year ended December 31, 2006, the date of the last actuarial valuation available, was \$120,373,722, which was net of member contributions of \$58,532,848.

VILLAGE OF SARDINIA – BROWN COUNTY
Notes to the Basic Financial Statements
For the Years Ended December 31, 2007 and 2006

Note 11 - Debt

A summary of the debt transactions for the year ended December 31, 2006, follows:

	Interest Rate	Balance December 31, 2005	Additions	Reductions	Balance December 31, 2006	Due In One Year
<i><u>Governmental Activities:</u></i>						
Municipal Building Note	3.73%	\$65,000	\$0	\$65,000	\$0	\$0
Fire Rescue Truck Note	3.73%	73,000	0	73,000	0	0
Municipal Building Note	4.60%	0	60,000	0	60,000	60,000
Fire Rescue Truck Note	4.60%	0	63,000	0	63,000	63,000
Mold & Asbestos Removal Note	8.00%	0	9,463	747	8,716	8,716
Total Governmental Activities		<u>\$138,000</u>	<u>\$132,463</u>	<u>\$138,747</u>	<u>\$131,716</u>	<u>\$131,716</u>
<i><u>Business-Type Activities:</u></i>						
Sewer Improvement Note	3.73%	\$15,000	\$0	\$15,000	\$0	\$0
Sewer Improvement Note	4.60%	0	10,000	0	10,000	10,000
Mold & Asbestos Removal Note	8.00%	0	4,037	335	3,702	3,702
OWDA Loan	6.25%	141,982	0	30,903	111,079	10,707
OWDA Construction Loan	1.50%	458,250	817,868	0	1,276,118	0
Water Mortgage Revenue Bonds	5.90%	406,672	0	406,672	0	0
Water System Refunding Bonds	4.79%	0	412,300	9,523	402,777	9,979
Total Business-Type Activities		<u>\$1,021,904</u>	<u>\$1,244,205</u>	<u>\$462,433</u>	<u>\$1,803,676</u>	<u>\$34,388</u>

VILLAGE OF SARDINIA – BROWN COUNTY
Notes to the Basic Financial Statements
For the Years Ended December 31, 2007 and 2006

Note 11 - Debt - (continued)

A summary of the debt transactions for the year ended December 31, 2007, follows:

	Interest Rate	Balance December 31, 2006	Additions	Reductions	Balance December 31, 2007	Due In One Year
<i>Governmental Activities:</i>						
Municipal Building Note	4.60%	\$60,000	\$0	\$60,000	\$0	\$0
Fire Rescue Truck Note	4.60%	63,000	0	63,000	0	0
Municipal Building Note	4.71%	0	47,610	0	47,610	47,610
Fire Rescue Truck Note	4.71%	0	82,390	0	82,390	82,390
Mold & Asbestos Removal Note	8.00%	8,716	0	8,716	0	0
Total Governmental Activities		\$131,716	\$130,000	\$131,716	\$130,000	\$130,000
<i>Business-Type Activities:</i>						
Sewer Improvement Note	4.60%	\$10,000	\$0	\$10,000	\$0	\$0
Mold & Asbestos Removal Note	8.00%	3,702	0	3,702	0	0
OWDA Loan	6.25%	111,079	0	22,083	88,996	11,376
OWDA Construction Loan	1.50%	1,276,118	1,072,929	32,178	2,316,869	0
OPWC Construction Loan	0.00%	0	70,467	0	70,467	0
Water System Refunding Bonds	5.90%	402,777	0	9,979	392,798	10,457
Total Business-Type Activities		\$1,803,676	\$1,143,396	\$77,942	\$2,869,130	\$21,833

The Ohio Water Development Authority (OWDA) Loan relates to a water and sewer lines and plant expansion project that was mandated by the Ohio Environmental Protection Agency. The OWDA approved a loan in 1977 of \$405,346 to the Village for this project. The loan will be repaid in annual installments of \$29,025 including interest, over 40 years. The loan is collateralized by water and sewer revenue. The Village has agreed to set utility rates sufficient to cover the OWDA debt service requirements. The loan is being repaid from the Sewer Fund.

The OWDA Construction Loan relates to the wastewater treatment plant improvement project. During 2006 and 2007, the Village received \$817,868 and \$1,072,929, respectively, from the OWDA that was then disbursed by the Village for the project. The project is currently ongoing and additional draws are being made. A final loan amount or amortization schedule is currently not available.

In 1994, the Village issued mortgage revenue bonds in the principal amount of \$500,000 at a rate of 4.5 – 6.875%. The Series 1994 bonds were issued for the purpose of making improvements to the Village water system. The bonds are payable over 30 years and are collateralized by water and sewer revenues. In 2006, the Village issued \$412,300 in Water System Refunding Bonds to defease the remaining debt on the 1994 issue. The refunding bonds are payable over 24 years and are collateralized by water and sewer revenues. The bonds are being repaid from the Water Fund.

VILLAGE OF SARDINIA – BROWN COUNTY
Notes to the Basic Financial Statements
For the Years Ended December 31, 2007 and 2006

Note 11 - Debt - (continued)

In 2005, the Village issued three bond anticipation notes totaling \$153,000. The proceeds of the notes were used to repay notes issued in the previous year. These were one year notes which the Village renewed in 2006 for \$123,000 for one year. These notes were originally issued to purchase a police cruiser and fire truck, and make improvements to the Village administration building and sewer system. In 2007, the Village renewed these notes for \$130,000 for one year. These notes are general obligations of the Village. These notes will be repaid from the General and Fire Capital Funds.

In 2006, the Village issued a one year note totaling \$13,500 for the removal of mold and asbestos from the Village office building. This note is a general obligation of the Village. This note was repaid from the General, Street, Cemetery, Income Tax, Police, Water, Sewer, and Trash Funds.

The OPWC Construction Loan relates to the wastewater treatment plant improvement project. During 2007, OPWC made payments on behalf of the Village, directly to contractors, from the OPWC Loan Fund in the amount of \$70,467. The project is currently ongoing and additional payments are being made on behalf of the Village and charged to the Loan Fund. A final loan amount or amortization schedule is currently not available.

Amortization of the above debt (except the OWDA Construction Loan and the OPWC Construction Loan for which an amortization schedule has not been set), including interest, is scheduled as follows:

Year Ending December 31	OWDA Loan	Water System Refunding Bonds	Bond Anticipation Notes
2008	\$14,513	\$29,272	\$136,123
2009	29,025	29,272	0
2010	29,025	29,272	0
2011	29,025	29,272	0
2012	0	29,272	0
2013 – 2017	0	146,363	0
2018 – 2022	0	146,363	0
2023 – 2027	0	146,363	0
2028 – 2029	0	58,543	0
Total Debt Payments	101,588	643,986	136,123
Less: Amount Representing Interest	12,592	251,194	6,123
Total Principal	<u>\$88,996</u>	<u>\$392,798</u>	<u>\$130,000</u>

VILLAGE OF SARDINIA – BROWN COUNTY
Notes to the Basic Financial Statements
For the Years Ended December 31, 2007 and 2006

Note 12 – Accountability and Compliance

The Village had the following citations for budgetary noncompliance:

The Village made expenditures that caused negative cash fund balances, contrary to ORC Section 5705.10.

The Village failed to obtain a reduced amended certificate when the actual resources fell below the level of appropriations, contrary to ORC Section 5705.36(A)(4).

The Village made appropriations in excess of total estimated resources, contrary to ORC Section 5705.39.

The Village had expenditures that exceeded appropriations, contrary to ORC Section 5705.41(B).

The Village expended monies without first obtaining a certificate from the fiscal officer that appropriated funds were available, contrary to ORC Section 5705.41(D).

Note 13 – 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.

In October 2007, the Village was ordered by the Court of Common Pleas of Brown County to reinstate the former Chief of Police. Additionally, the Village was ordered to pay the former Chief of Police compensatory damages in the amount of \$40,000. The Village is complying with the court order of paying \$4,000 in December 2007, and \$1,000 per month for the following thirty-six months.

Note 14 – Subsequent Events

In March 2008, the citizens of the Village approved by vote, a ½ percent increase in the municipal income tax, retroactive to January 1, 2008. Therefore, starting January 1, 2008, the Village levied a 1 percent municipal income tax.

During 2008 and 2009, the Village received approximately \$190,000 as part of the current Ohio Water Development Authority Construction Loan the Village was awarded for an improvement project at the Village's wastewater treatment plant.

Independent Accountant's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Required by Government Auditing Standards

Village Council
Village of Sardinia, Brown County
151 Maple Ave.
Sardinia, Ohio 45171

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Village of Sardinia, Brown County, Ohio, as of and for the years ended December 31, 2007 and 2006, which collectively comprise the Village's basic financial statements and have issued our report thereon dated July 20, 2009, wherein we noted the Village implemented Governmental Accounting Standards Board (GASB) Statement No. 46, *Net Assets Restricted by Enabling Legislation*. As discussed in Note 2, the Village followed the cash basis of accounting, which is a comprehensive basis other than accounting principles generally accepted in the United States of America. The report on governmental activities, business-type activities, each major fund and the aggregate fund information was qualified due to a scope limitation as the result of some records and supporting documentation being unavailable for examination. Except as discussed in preceding sentence, 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 of America.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Village's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to opine 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in the internal control over financial reporting that we consider significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Village's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the Village's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

We consider the following deficiencies described in the accompanying Schedule of Findings to be significant deficiencies in internal control over financial reporting: 2007-001 through 2007-008.

Village Council
Village of Sardinia, Brown County
Independent Accountant's Report on Internal Control over Financial
Reporting and on Compliance and Other Matters Required by
Government Auditing Standards

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Village's internal control will not prevent or detect a material financial statement misstatement.

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 internal control deficiencies that might be significant deficiencies and accordingly, would not necessarily disclose all significant deficiencies that are also material weaknesses. We believe the significant deficiencies described above are material weaknesses.

We noted certain internal control matters that we have reported to the Village's management in a separate letter dated July 20, 2009.

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 grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters we must report under *Government Auditing Standards* and which are described in the accompanying schedule of findings as items 2007-008 through 2007-012.

We also noted certain additional matters that we have reported to management of the Village in a separate letter dated July 20, 2009.

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

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

J. L. Uhrig and Associates, Inc.

J. L. UHRIG AND ASSOCIATES, INC.

July 20, 2009

VILLAGE OF SARDINIA, BROWN COUNTY
Schedule of Findings
For the Year Ended December 31, 2007 and 2006

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

Finding Number 2007-001

Significant Deficiency/Material Weakness – Compensation

The Village of Sardinia Ordinance 1063-06 sets forth the annual compensation for the Village employees. The ordinance establishes annual compensation for fiscal years 2007 and 2006, for former Village Clerk, Julie Shannon of \$20,550.40. According to the Village's payroll ledger and W-2's presented for audit, Julie Shannon was paid \$22,564.15 for fiscal year 2007 and \$20,569.64 for fiscal year 2006, resulting in a combined overpayment of \$2,032.99.

We recommend that Village Council monitor the payroll process including the UAN ledgers and compare pay rates to the annual compensation approved by Village ordinance.

Officials' Response

The Fiscal Officer is now submitting to Council and the Finance Committee all payroll payments showing all withholdings for them to review monthly.

Finding Number 2007-002

Significant Deficiency/Material Weakness – Health Insurance

The Village of Sardinia Ordinance 1018-03 established percentages of the premium to be paid by the employees and the Village for health and medical insurance coverage. The ordinance states that full time employees receiving health and medical insurance coverage shall pay twenty-five percent of the cost of their group coverage for health and medical insurance and the Village will pay seventy-five percent of the employees' health and medical insurance coverage. During the audit period, two full time employees received health and medical insurance coverage.

Tim Mock, Village Administrator joined the health and medical insurance plan through the Village during January 2006. Mr. Mock began having his twenty-five percent deducted from his paycheck. Four months into the plan, the rates increased and the Village neglected to inform Mr. Mock of the increase. He continued to have the original twenty-five percent deducted. During fiscal years 2006 and 2007, the rates increased a total of three times, resulting in an underpayment of \$1,268.65 on Mr. Mock's portion. Mr. Mock has a current arrangement with the Village to repay the amount due to the Village through payroll deductions. As of the date of this report, Mr. Mock had repaid the Village \$482.40.

VILLAGE OF SARDINIA, BROWN COUNTY
Schedule of Findings
For the Year Ended December 31, 2007 and 2006

Finding Number 2007-002 – (Continued)

In April 2006, Julie Shannon, former Village Clerk, joined the health and medical insurance plan provided through the Village. However, she never paid her twenty-five percent or had the amounts payroll deducted, therefore resulting in an underpayment of \$4,056.69.

We recommend that Village closely monitor the withholdings to ensure that each employee is paying the proper percentage of health and medical insurance. We also recommend to the Village Council that when approving increased rates for health and medical insurance that a new calculation be figured for each employee and notify them of the change in rates.

Officials' Response

The Fiscal Officer is now submitting to Council and the Finance Committee all payroll payments showing deductions. They are now monitoring deductions for Health Insurance, etc.

The error on Health Insurance deductions for Tim Mock has been corrected and is being deducted properly. Mr. Mock has set up a schedule for paying the Village for the underpayment of \$1,268.65 for health insurance and has already paid \$553.60 of this amount.

The \$4,056.69 underpayment by Julie Shannon, former Village Clerk, has been submitted to the court for recovery.

Finding Number 2007-003

Significant Deficiency/Material Weakness – Segregation of Duties

When designing the public office's system of internal control and the specific control activities, management should plan for adequate segregation of duties or compensating controls.

The size of the Village's staff did not allow for an adequate segregation of duties. The Fiscal Officer performed all accounting functions, including receipting, depositing, disbursing, and reconciling. It is therefore important that the Village Council monitor financial activity closely.

Council did not consistently review financial or operating reports. Bank reconciliations were not reviewed by anyone other than the preparer. No processes existed to identify unusual fluctuations between accounts or between fiscal years. This could allow errors and/or irregularities to occur and remain undetected for an extended period of time.

VILLAGE OF SARDINIA, BROWN COUNTY
Schedule of Findings
For the Year Ended December 31, 2007 and 2006

Finding Number 2007-003 – (Continued)

We recommend Village Council review financial reports (dealing with both receipts and disbursements) and bank reconciliations on a monthly basis. This should be documented in the minute record. Also, we recommend the Village create and enforce policies and procedures such as review of monthly financial reports and reconciliations by an individual other than the preparer. This should be indicated by initialing and dating the reports and reconciliations. This will ensure that transactions are posted timely. We also recommend Council make appropriate inquiries to help determine the continued integrity of financial information. Appropriate inquiries would include:

- Are current receipts sufficient to cover expenditures?
- Are receipts and expenditures in line with prior years?
- If unusual fluctuations in receipts or expenditures occur, is the reason understood?
- Are anticipated receipts being received in a timely manner?

Officials' Response

We have now hired an Assistant Fiscal Officer who, along with other duties, collects and deposits Utility funds under the supervision and help of the Fiscal Officer.

The Fiscal Officer is submitting to Council copies of receipts and disbursements ledgers along with bank reconciliations on a monthly basis. The Finance Committee will review these reports, compare them with appropriations monthly and each committee member will initial. The reports will be presented to Council for approval at the next council meeting.

Finding Number 2007-004

Significant Deficiency/Material Weakness - Cash Adjustments

All local public offices shall maintain an accounting system and accounting records sufficient to enable the public office to identify, assemble, analyze, classify, record and report its transactions, maintain accountability for the related assets (and liabilities, if generally accepted accounting principles apply), document compliance with finance-related legal and contractual requirements and prepare financial statements.

The Village misclassified and misposted tax receipts, intergovernmental receipts, charges for services, debt proceeds and payments, and other various receipts and disbursements, to the Village receipt and disbursement ledgers and to the annual financial report submitted to the Auditor of State for fiscal years 2007 and 2006. In addition, some debt proceeds and payments and the Mayor's Court Agency Fund activity was not recorded on the books.

VILLAGE OF SARDINIA, BROWN COUNTY
Schedule of Findings
For the Year Ended December 31, 2007 and 2006

Finding Number 2007-004 – (Continued)

These misstatements had the following net effects on the Village’s financial statements as of December 31, 2007:

Fund	UAN Fund Balance 12/31/07	Audited Fund Balance 12/31/07	Adjustment
General	\$1,046	(\$6,098)	(\$7,144)
Street Const., Maint., and Repair	5,425	5,153	(272)
Cemetery	5,228	6,595	1,367
Income Tax	1,180	1,159	(21)
Police	996	1,572	576
Fire	16,353	16,088	(265)
Fire Capital Project	28,834	44,516	15,682
Water	10,150	36,546	26,396
Sewer	20,685	(18,991)	(39,676)
Trash	2,649	2,160	(489)
Water Replacement	40	75	35
Utility Deposits	11,164	11,104	(60)
Mayor’s Court	0	822	822

These misstatements had the following net effects on the Village’s financial statements as of December 31, 2006:

Fund	UAN Fund Balance 12/31/06	Audited Fund Balance 12/31/06	Adjustment
General	\$4,256	(\$3,162)	(\$7,418)
Fire Capital Project	20,580	7,865	(12,715)
Water	12,491	49,560	37,069
Sewer	57,744	14,784	(42,960)
Trash	1,498	1,334	(164)
Water Replacement	1,940	1,064	(876)

These misstatements were caused by inadequate record keeping and a lack of management oversight. As a result, significant adjustments and reclassifications, with which the Village’s management agrees, were made to the financial statements and ledgers, and are reflected in the accompanying financial statements. We have verified that the proper cash adjustments have been made to the Village’s UAN accounting system.

We recommend the Fiscal Officer refer to the Ohio Village Handbook for proper classification and take additional care in posting transactions to the Village’s ledgers in order to ensure the Village’s year-end financial statements reflect the appropriate sources of the Village’s receipts and expenditures.

Officials’ Response

The Fiscal Officer is taking additional care in posting transactions to the Village’s ledgers and seeking help if there is a question. We believe the Village’s year-end financial statements will reflect the appropriate sources of the Village’s receipts and expenditures in the future.

VILLAGE OF SARDINIA, BROWN COUNTY
Schedule of Findings
For the Year Ended December 31, 2007 and 2006

<i>Finding Number 2007-005</i>

Significant Deficiency/Material Weakness – Utility Account Processing Procedures

The following weaknesses and errors were noted in testing utilities:

- The Village Clerk is responsible for processing utility bills, receiving payments, depositing utility receipts, collecting utility deposits and entering transactions into the utility system.
- The Village Clerk is also responsible for accepting forms for new utility customers, receiving payment of new utility service deposits, and depositing these payments in the bank.
- The Administrator is not reviewing billing, payments, delinquency journals and consumption reports on a consistent basis.
- The utility subsidiary ledgers have several adjustments made to them with no approval of the Administrator or Village Council.
- The utility subsidiary ledgers are not online with the receipt ledger and reconciliations between the ledgers are not completed.
- Several days of utility receipts are batched together and credited to the accounts on the same day.
- Several utility batches are posted to the UAN receipt ledger together.
- Customers maintain large unpaid account balances and the Village has not taken any action on these delinquent accounts.
- The Village's Utility Ordinance is not being followed.

When a new resident wanted to establish utility service, the resident completed a New Customer Sheet identifying the address receiving utility services, the owner of the property, and signed the form. The form also contained a space documenting the deposit amount paid and by whom. Either the Village Clerk or the resident completed this section upon payment of the deposit due. Village of Sardinia Ordinance 941-00 amended Section 50.03 (c) of the Village's Codified Ordinances states that the deposit to be charged and collected by the Clerk of the Sardinia Utilities shall be as follows: Utility deposit for residential and commercial establishments- \$60.00. In comparing available new customer forms completed during the period January 1, 2006 through December 31, 2007 to payments posted to the Village revenue ledgers and payments deposited in the bank, we determined 31 new customer sheets documenting utility deposits totaling \$1,860 were received but not deposited.

During the period of January 1, 2006 through December 31, 2007, the former Village Clerk, Julie Shannon, resided at 121 Pleasant Street. Ms. Shannon billed herself for utility services at this address through June 2006. Beginning in July 2006, Ms. Shannon billed services at this address to a new account opened in the name Shannon Robert. Ms. Shannon's estranged husband's name is Robert Shannon. The account was established using Mr. Shannon's first name as the last name on the account and his last name as the first name on the account. At January 16, 2008, the account reflected an outstanding balance of \$1,907.50. Robert Shannon had not resided at the residence since the summer of 2005. In addition, he had not authorized Ms. Shannon to use his name to establish a utility account at the Village of Sardinia. Based on the above information, it was determined that Ms. Shannon received \$1,907.50 of unauthorized utility services during the period of July 2006 through January 10, 2008.

The lack of segregation of duties and internal control weaknesses could result in irregularities not being detected in a timely manner, and loss of revenue or misposting of revenues to the Water and Sewer funds.

VILLAGE OF SARDINIA, BROWN COUNTY
Schedule of Findings
For the Year Ended December 31, 2007 and 2006

Finding Number 2007-005 – (Continued)

We recommend that Village Council or Administrator periodically review and initial Utility Payments Journal and compare receipts to deposits. Also, the Administrator should review billing, payments and delinquency journals and consumption reports on a monthly basis and sign off on each journal and report indicating review was completed. The Administrator should also follow up on any unusual variances noted during review. The Utility subsidiary ledger should be reconciled monthly to the Receipt Ledger. The Utility Payment Register should be printed and the posting made to the UAN receipt ledger at the end of each day. Each individual deposit should agree to the daily utility payments posting register, and to the individual UAN receipt. Also, the Village Clerk should provide a list of delinquent accounts to the Administrator and/or Village Council for authorization to write off the account or turn over to the Village solicitor for collection. The Village should also follow its adopted ordinance and shut off service after the designated delinquent period. Council should review the Utility Ordinance and amend if needed.

Officials' Response

The customer deposits of \$1,860 not deposited by former Clerk/Treasurer, Julie Shannon has been submitted to the court for collection.

The \$1,907.50 amount Ms. Shannon billed herself for utility services under her estranged husband's name has also been submitted to the court for collection.

The Village has hired an Assistant Fiscal Officer who handles most receipts and deposits with the help and supervision of the Fiscal Officer. We believe this segregation of duties will help our internal control.

The Village Administrator and Finance Committee will periodically review and initial the Utility Payments Journal and compare receipts to deposits. The Assistant Fiscal Officer or the Fiscal Officer is now providing a list of delinquent accounts to the Administrator on a monthly basis. The Public Works Committee is now working on reviewing and amending the Utility Ordinance.

Finding Number 2007-006

Significant Deficiency/Material Weakness – Payroll Withholdings

The following weaknesses and errors were noted in testing payroll:

- Form 941 – Employer's Quarterly Federal Tax Return was not filed on time for the fourth quarter 2007.
- OPERS quarterly statement for retirement withholdings was not filled on time for the fourth quarter of 2007.
- The monthly federal income tax withholdings and Village share for October, November and December 2007 were not submitted on time with the Internal Revenue Service. These amounts were properly withheld from payroll checks, but payments were not submitted to the federal agency until several months late in some cases.
- The quarterly OPERS retirement withholding and Village share for the fourth quarter of 2007 (October through December). These amounts were properly withheld from payroll checks, but payments were not submitted to the state agency until several months late in some cases.
- Late fees and penalties in the amount of \$1,805.91 were paid to the Internal Revenue Service.
- Late fees and penalties in the amount of \$238.04 were paid to the Ohio Public Employees Retirement System.

VILLAGE OF SARDINIA, BROWN COUNTY
Schedule of Findings
For the Year Ended December 31, 2007 and 2006

Finding Number 2007-006 – (Continued)

The Village's lack of proper submission of required forms and payments to the various State and Federal agencies could lead to additional penalties and interest assessed to the Village, and could affect individual employees retirement accounts.

We recommend that the Village use due professional care when completing forms for and submitting payments to the Internal Revenue Service and the Ohio Public Employees Retirement System.

Officials' Response

The Fiscal Officer is now submitting payroll withholdings reports and payments on time as required.

Finding Number 2007-007

Significant Deficiency/Material Weakness - Recording of Village Debt

In 2006, the Village reissued bond anticipation notes for various purposes. The payment of the 2005 bond anticipation notes, including interest was completed by wire-transfer from the Village's depository. The receipt of funds for the 2006 issues were also completed by wire-transfer into the Village's depository. Neither the receipt of note proceeds, nor the payment of note principal and interest was recorded by the Village Clerk onto the Village's accounting system. Additionally, the Village received funding for a Waste Water Treatment Plant Project through the Ohio Water Development Authority (OWDA) in the form of a loan. Many of the transactions flowed through the Village's accounting system, but some transactions were made directly to the contractor by the OWDA. Neither the receipt of loan proceeds, nor the payment of these capital outlays for the direct payments from OWDA was recorded by the Village Clerk onto the Village's accounting system. Also, the Village advance refunded their Water Mortgage Revenue Bonds through defeasance and the issuance of Water System Refunding Bonds. These transactions were completed by wire-transfer between lending institutions. Neither the receipt of the bond proceeds, nor the payment of bond principal and interest was recorded by the Village Clerk onto the Village's accounting system.

In 2007, the Village reissued bond anticipation notes for various purposes. The payment of the 2006 bond anticipation notes, including interest was completed by wire-transfer from the Village's depository. The receipt of funds for the 2007 issues were also completed by wire-transfer into the Village's depository. Neither the receipt of note proceeds, nor the payment of note principal and interest was recorded by the Village Clerk onto the Village's accounting system. Additionally, the Village received funding for the Waste Water Treatment Plant Project through the Ohio Water Development Authority (OWDA) in the form of a loan. Many of the transactions flowed through the Village's accounting system, but some transactions were made directly to the contractor by the OWDA. Neither the receipt of loan proceeds, nor the payment of these capital outlays for the direct payments from OWDA was recorded by the Village Clerk onto the Village's accounting system. Also, the Village received funding for the Waste Water Treatment Plant Project through the Ohio Public Works Commission (OPWC) in the form of a loan. These transactions were made directly to the contractor by the OPWC. Neither the receipt of loan proceeds, nor the payment of these capital outlays for the direct payments OPWC was recorded by the Village Clerk onto the Village's accounting system.

VILLAGE OF SARDINIA, BROWN COUNTY
Schedule of Findings
For the Year Ended December 31, 2007 and 2006

Finding Number 2007-007- (Continued)

Although the Village utilizes the Uniform Accounting Network (UAN) System developed and monitored by the Auditor of State, several transactions relating to the issuance and retirement of long term debt were not posted or were not classified correctly. This did not allow the Village Clerk to accurately reflect the long term debt of the Village and resulted in several adjustments and reclassifications to the Village's financial statements.

As further discussed in Auditor of State Bulletin 2000-008, the Village shall record the appropriations in accordance with the terms and conditions of the on-behalf grant or project agreement. In addition, prior to the Village recording the appropriations, Ohio Revised Code Section 5705.40 requires the legislative authority to pass a resolution amending its appropriation measure.

Not properly recording these transactions could lead to the Village misstating their budgetary documents and possible loss of grant monies. We recommend the Village follow the accounting treatment as prescribed in Auditor of State Bulletin 2000-008 for on-behalf grants or improvement projects, which states, in part, the cash value benefit of the program received under the agreement should be recorded as memorandum receipts and disbursements in the year on-behalf-of disbursements are made.

We recommend the Village properly record and classify debt transactions in the Village's accounting system and prepare the required disclosures for the footnotes to the financial statements.

Officials' Response

The Fiscal Officer has corrected the way re-issued bond anticipation notes for various purposes are being posted.

The Village is now properly recording and classifying debt transactions in the Village's accounting system and preparing the required disclosures for the footnotes to the financial statements.

Finding Number 2007-008

Significant Deficiency/Material Weakness/Noncompliance Citation - Record Retention

Section 149.351 of the Ohio Revised Code states that all records are the property of the public office concerned and shall not be removed, destroyed, mutilated, transferred, or otherwise damaged or disposed of, in whole or in part, except as provided by law or under the rules adopted by the records commission.

During testing, the Village was unable to provide a complete set of records and supporting documentation. None of the records and supporting documentation for utility billing and receipts for the year ended December 31, 2006 was made available for examination. We were unable to perform certain generally accepted auditing procedures, including testing of some internal controls.

On December 28, 2007, Julie Shannon, former Village Clerk issued herself check 19903 for \$609.07 with a notation in the memo line stating "one monthly payment", for which no supporting documentation was provided. No invoice, timesheet or purchase order could be produced to support this disbursement. Additionally, proper approval could not be verified, and the purpose or necessity for the payment could not be ascertained. Despite numerous request, no further documentation was provided.

VILLAGE OF SARDINIA, BROWN COUNTY
Schedule of Findings
For the Year Ended December 31, 2007 and 2006

Finding Number 2007-008 –(Continued)

Supporting documentation is needed for testing and to support amounts and disclosures included in the financial statements. We recommend that the Village properly maintain records and supporting documentation, and that arrangements are made to securely and safely store such items.

Officials' Response

Check #19903 for \$609.07 that Julie Shannon, former Village Clerk, issued to herself without approval has been submitted to the court for collection

The Village is being more diligent in maintaining records and supporting documentation and are storing them more securely and safely.

Finding Number 2007-009

Noncompliance Citation – Negative Fund Cash Balances

Section 5705.10 of the Ohio Revised Code states that monies paid into a fund must be used only for the purposes for which such fund has been established. As a result, a negative fund cash balance indicates that money from one fund was used to cover the expenses of another fund. At December 31, 2007, there were negative cash balances in the General Fund and the Sewer Fund. At December 31, 2006, there was a negative cash balance in the General Fund.

We recommend the Village take the necessary steps to eliminate negative fund balances and only post disbursements into a fund for the purposes for which such fund has been established.

Officials' Response

The Village has increased their Earning Income Tax to 1% (one percent) which generates more funds. This is helping eliminate negative cash balance in the General Fund. Fiscal Officer is making sure no disbursements are posted to incorrect funds.

Finding Number 2007-010

Noncompliance Citation – Estimated Receipts Exceeding Actual Receipts

Section 5705.36(A)(2) of the Ohio Revised Code, in summary, states that each subdivision is allowed to request increased or decreased amended certificates of estimated resources upon determination of the fiscal officer that revenue collected will be greater or less than the amount in the official certificate of estimated resources. Section 5705.36(A)(4) of the Ohio Revised Code requires the obtaining of a reduced amended certificate if the amount of the deficiency will reduce available resources below the current level of appropriations.

VILLAGE OF SARDINIA, BROWN COUNTY
Schedule of Findings
For the Year Ended December 31, 2007 and 2006

Finding Number 2007-010- (Continued)

Actual receipts were significantly less than estimated receipts, reducing available resources below the level of appropriations in the General, Street, Street Levy, Police, Fire, Sewer Debt, Fire Capital, Water, Sewer, Utility Deposit, and Water Replacement Funds during 2007 and the General, Street, Cemetery, Police, Fire Capital, Water, Sewer, and Water Replacement Funds during 2006. Since the expenditure of Village funds is based on estimated resources, instances when actual receipts do not meet budgetary estimates could lead to overspending.

The Village Fiscal Officer should closely monitor estimated and actual receipts. When it is apparent that actual receipts will fall short of budgetary estimates, the Fiscal Officer should obtain a reduced amended certificate from the County Budget Commission. The Village Council should then make corresponding reductions in appropriations.

Officials' Response

The Village Fiscal Officer is monitoring the estimated and actual receipts more closely and obtaining an amended certificate from the County Budget Commission if necessary. The Village Council is also making corresponding reductions in appropriations when necessary.

Finding Number 2007-011

Noncompliance Citation – Appropriations Exceeding Estimated Resources

Section 5705.39 of the Ohio Revised Code, in summary, states that for each subdivision the total appropriations from each fund shall not exceed the total estimated resources.

The Village had appropriations that exceeded estimated resources in the Street, Income Tax, Fire, Computer, Water, Sewer, and Trash Funds during 2007 and in the Street, Cemetery, Income Tax, Police, Computer, Law Enforcement, Sewer, and Water Replacement Funds during 2006. This could lead to the Village appropriating more than is actually available to spend in these same funds. Appropriations should be reduced when estimated resources are determined to be lower than the current appropriation level.

We recommend that the Village closely monitor the receipts and appropriations of each fund and when it is determined that estimated resources will fall short of estimates, that a request for an amendment to the appropriations be made, if needed, to prevent any fund from being overspent.

Officials' Response

The Village is monitoring the receipts and appropriations of each fund and requesting an amendment to the appropriations if needed.

VILLAGE OF SARDINIA, BROWN COUNTY
Schedule of Findings
For the Year Ended December 31, 2007 and 2006

Finding Number 2007-012

Noncompliance Citation – Expenditures Exceeding Appropriations

Section 5705.41(B) of the Ohio Revised Code, in summary, states that no subdivision or taxing unit is to expend money unless it has been appropriated.

The Village had expenditures that exceeded appropriations in the Trash Fund during 2006. This could lead to the Village expending more than is actually available to spend in these same funds, which could cause these funds to carry a negative balance.

The Village should not certify the availability of funds and should deny payment requests exceeding appropriations. The Village may approve increased expenditure levels by increasing appropriations and amending estimated resources, if necessary.

Officials' Response

The Village is not certifying the availability of funds and denying payment requests if they exceed appropriations.

VILLAGE OF SARDINIA, BROWN COUNTY
Schedule of Prior Audit Findings
For the Year Ended December 31, 2007 and 2006

Description	Status	Comments
<i>Government Auditing Standards:</i>		
1. Significant Deficiency - Records of the utility billing and receipts were not available for audit.	Not Corrected	Reissued as a Material Weakness See Finding 2007-005
2. Significant Deficiency - The Bond and Payout Schedule for the Mayor's Court was not approved by the Village Council.	Corrected	N/A
3. ORC 5705.36 - Subdivision must obtain a reduced amended certificate when actual resources fall below the current level of appropriations.	Not Corrected	Reissued as Finding 2007-010
4. ORC 5705.39 - Subdivision shall not make any appropriations to any fund in excess of the total estimated resources.	Not Corrected	Reissued as Finding 2007-011
5. ORC 5705.41(B) - Subdivision shall not expend money from any fund unless it has been appropriated.	Not Corrected	Reissued as Finding 2007-012



Mary Taylor, CPA
Auditor of State

VILLAGE OF SARDINIA

BROWN 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
OCTOBER 19, 2009**