



VILLAGE OF SARDINIA, BROWN COUNTY

Regular Audit

**For the Years Ended
December 31, 2009 and 2008**

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 Avenue
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, 2008 through December 31, 2009. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Village of Sardinia is responsible for compliance with these laws and regulations.

Mary Taylor

Mary Taylor, CPA
Auditor of State

December 1, 2010

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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 (the Village), Brown County as of and for the years ended December 31, 2009 and 2008, 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.

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.

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, 2009 and 2008, and the respective changes in financial position and the respective budgetary comparisons for the General Fund and major special revenue funds for the years then ended in conformity with the cash basis of accounting presented in Note 2.

In accordance with *Government Auditing Standards*, we have also issued a report dated September 28, 2010 on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and 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.

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

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.

September 28, 2010

VILLAGE OF SARDINIA, BROWN COUNTY
Management's Discussion and Analysis
For the Years Ended December 31, 2009 and 2008
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, 2009 and 2008, 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.

Highlights

Key highlights for 2009 are as follows:

Net assets of governmental activities increased \$50,197, or 37.57 percent. The fund most affected by the increase in cash and cash equivalents was the Fire Fund. Net assets of the business-type activities increased \$100,336 or 95.09 percent.

Program receipts accounted for \$754,456 or 47.39 percent of total receipts. General receipts accounted for \$837,470 or 52.61 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 proceeds of notes.

The Village had \$1,441,393 in disbursements; \$754,456 of these disbursements was offset by programs specific charges for services, operating grants and contributions, and capital grants and contributions. General receipts of \$837,470 were utilized to provide for the remainder of these programs.

Among the major funds, the Sewer Fund is the most significant with \$392,260 in receipts and other financing sources and \$352,600 in disbursements and other financing uses.

Key highlights for 2008 are as follows:

Net assets of governmental activities increased \$49,950 or 59.69 percent. The fund most affected by the increase in cash and cash equivalents was the Income Tax Fund. Net assets of the business-type activities increased \$70,430 or 200.71 percent.

Program receipts accounted for \$793,181 or 61.20 percent of total receipts. General receipts accounted for \$502,889 or 38.80 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 proceeds of notes.

The Village had \$1,175,690, in disbursements; \$793,181 of these disbursements was offset by programs specific charges for services, operating grants and contributions, and capital grants and contributions. General receipts of \$502,889 were utilized to provide for the remainder of these programs.

Among the major funds, the Sewer Fund is the most significant with \$404,231 in receipts and other financing sources and \$341,231 in disbursements and other financing uses.

VILLAGE OF SARDINIA, BROWN COUNTY
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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 2009, 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
For the Years Ended December 31, 2009 and 2008
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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, Cemetery, Income Tax, Police, Fire, and Fire Capital Funds for 2009 and General, Cemetery, Income Tax, Fire and Fire Capital Funds for 2008. 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, Sewer CIF and Utility Deposit Funds for 2009 and 2008.

VILLAGE OF SARDINIA, BROWN COUNTY
Management's Discussion and Analysis
For the Years Ended December 31, 2009 and 2008
Unaudited

The Village as a Whole

Table 1 provides a summary of the Village's net assets for 2009 compared to 2008 and 2007 on a cash basis:

(Table 1)

Net Assets

	<u>Governmental Activities</u>			<u>Business-Type Activities</u>		
	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Assets						
Cash and Cash Equivalents	\$183,823	\$133,626	\$83,676	\$205,857	\$105,521	\$35,091
Total Assets	<u>183,823</u>	<u>133,626</u>	<u>83,676</u>	<u>205,857</u>	<u>105,521</u>	<u>35,091</u>
Net Assets						
<i>Restricted for:</i>						
Capital Projects	28,973	46,891	44,516	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	138,765	79,201	38,883	0	0	0
Unrestricted	<u>9,710</u>	<u>1,159</u>	<u>(6,098)</u>	<u>205,857</u>	<u>105,521</u>	<u>35,091</u>
Total Net Assets	<u>\$183,823</u>	<u>\$133,626</u>	<u>\$83,676</u>	<u>\$205,857</u>	<u>\$105,521</u>	<u>\$35,091</u>

As mentioned previously, governmental activities net assets increased \$50,191 or 37.57 percent during 2009. The primary reason contributing to the decrease in cash balances is as follows:

- The Village had an increase in income taxes received from citizens.

Business-type activities net assets increased \$100,336 or 95.09 percent during 2009. The primary reason contributing to the increase in cash balances is the decrease in disbursements in the Water and Sewer Funds.

As mentioned previously, governmental activities net assets increased \$49,950 or 59.69 percent during 2008. 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 \$70,430 or 200.71 percent during 2008. The primary reason contributing to the increase in cash balances is related to the receipts exceeding disbursements in the Sewer Fund.

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Management's Discussion and Analysis
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Unaudited

Table 2 reflects the changes in net assets in 2009, 2008 and 2007.

(Table 2)
Change in Net Assets

	Governmental Activities			Business-Type Activities		
	2009	2008	2007	2009	2008	2007
<u>Receipts</u>						
<i>Program Receipts:</i>						
Charges for Sales and Services	\$88,595	\$111,199	\$91,839	\$622,407	\$634,866	\$880,074
Operating Grants and Contributions	36,839	38,700	38,810	0	0	0
Capital Grants and Contributions	0	0	0	6,615	8,416	290,690
Total Program Receipts	125,434	149,899	130,649	629,022	643,282	1,170,764
<i>General Receipts:</i>						
Property Taxes	64,117	82,952	75,232	0	0	0
Income Taxes	153,744	119,026	89,234	0	0	0
Special Assessments	0	0	3,868	0	0	11,149
Grants and Entitlements Not Restricted to Specific Programs	21,798	16,889	20,796	0	0	0
Earnings on Investments	1,054	1,201	1,378	1,062	63	0
Proceeds of Notes	56,000	96,000	130,000	480,889	166,738	1,143,396
Sale of Fixed Assets	0	0	12,463	0	0	0
Miscellaneous	18,476	16,683	4,467	40,330	3,337	1,585
Total General Receipts	315,189	332,751	337,438	522,281	170,138	1,156,130
Total Receipts	440,623	482,650	468,087	1,151,303	813,420	2,326,894

VILLAGE OF SARDINIA, BROWN COUNTY
Management's Discussion and Analysis
For the Years Ended December 31, 2009 and 2008
Unaudited

(Table 2) con't
Changes in Net Assets

	Governmental Activities			Business-Type Activities		
	2009	2008	2007	2009	2008	2007
<u>Disbursements:</u>						
General Government	151,195	118,167	89,178	0	0	0
Security of Persons and Property	87,176	95,712	127,953	0	0	0
Public Health Services	10,056	27,965	26,989	0	0	0
Basic Utility Services	1,963	0	0	0	0	0
Transportation	28,524	39,295	45,579	0	0	0
Capital Outlay	12,171	15,454	48,844	0	0	0
Principal Retirement	96,000	130,000	131,716	0	0	0
Interest and Fiscal Charges	3,341	6,107	6,298	0	0	0
Water	0	0	0	157,076	185,923	188,385
Sewer	0	0	0	846,563	508,447	2,136,779
Trash	0	0	0	46,810	48,291	45,632
Water Replacement	0	0	0	0	0	989
Utility Deposit	0	0	0	518	329	120
Total Disbursements	390,426	432,700	476,557	1,050,967	742,990	2,371,905
Increase (Decrease) in Net Assets	50,197	49,950	0	100,336	70,430	0
Net Assets, January 1	133,626	83,676	92,146	105,521	35,091	80,102
Net Assets, December 31	\$183,823	\$133,626	\$83,676	\$205,857	\$105,521	\$35,091

Governmental Activities

Program receipts represent 28.47 percent of total receipts for 2009 and 31.06 percent of total receipts for 2008. Program receipts are primarily comprised of fire capital charges for services.

General receipts represent 71.53 percent of total receipts for 2009 and 68.94 percent of total receipts for 2008. General receipts are comprised of property and income taxes, grants and entitlements not restricted to specific programs, proceeds of notes, interest and miscellaneous receipts. Taxes represent 49.44 percent of total receipts in 2009 and 41.85 percent in 2008. The sale of bonds represents 12.71 percent of total receipts in 2009 and 19.89 percent in 2008.

The most significant program disbursements for the Village are General Government, Principal Retirement, Security of Persons and Property, and Transportation. These programs account for 93.00 percent of total disbursements in 2009 and 88.55 percent in 2008. General Government, which accounts for 38.73 percent of the total in 2009 and 27.31 percent in 2008, represents the general operating costs of the Village. Principal Retirement, which accounts for 24.59 percent of the total in 2009 and 30.04 percent in 2008, represents costs associated with the repayment of the general obligation debt of the Village. Security of Persons and Property, which accounts for 22.33 percent of the total in 2009 and 22.12 percent in 2008, represents the costs of providing Police and Fire Protection services to the residents of the Village. Transportation, which accounts for 7.35 percent of the total in 2009 and 9.08 percent in 2008, represents the costs associated with the purchase of property and equipment.

VILLAGE OF SARDINIA, BROWN COUNTY
Management's Discussion and Analysis
For the Years Ended December 31, 2009 and 2008
Unaudited

If you look at the 2009 Statement of Activities on page 12 and the 2008 Statement of Activities on page 28 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

	Total Cost Of Services 2009	Net Cost of Services 2009	Total Cost Of Services 2008	Net Cost of Services 2008	Total Cost of Services 2007	Net Cost of Services 2007
General Government	\$151,195	\$141,596	\$118,167	\$103,697	\$89,178	\$76,363
Security of Persons & Property	87,176	17,755	95,712	12,908	127,953	98,402
Public Health Services	10,056	481	27,965	14,040	26,989	15,759
Basic Utility Services	1,963	1,963	0	0	0	0
Transportation	28,524	(8,315)	39,295	595	45,579	7,483
Capital Outlay	12,171	12,171	15,454	15,454	48,844	9,887
Principal Retirement	96,000	96,000	130,000	130,000	131,716	131,716
Interest and Fiscal Charges	3,341	3,341	6,107	6,107	6,298	6,298
Total Expenses	\$390,426	\$264,992	\$432,700	\$282,801	\$476,557	\$345,908

Business-Type Activities

The business-type activities of the Village, which include its water, sewer and trash operations, increased the net assets by \$100,336 in 2009 and increased the net assets by \$70,430 in 2008. The increase in net assets in total in the business-type activities for 2009 is due to a decrease in disbursements in the Water and Sewer Funds. The increase in net assets in total in the business-type activities for 2008 is due to the receipts exceeding disbursements in the Sewer Fund.

It should be noted that 59.85 percent of the costs of services for 2009 and 86.58 percent in 2008, are derived from program receipts including capital grants and contributions.

Governmental Funds

Total governmental funds had receipts of \$373,654 and disbursements of \$390,426 in 2009. There was a small margin of difference between the receipts and disbursements for 2009.

Total governmental funds had receipts of \$380,129 and disbursements of \$432,700 in 2008. There was a difference between the receipts and disbursements for 2008 due to disbursements in the General Fund.

Proprietary Funds

The Village's enterprise funds are the Water, Sewer, Sewer CIF, 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 2009 were \$205,857 and \$105,521 at year end 2008.

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

The Village had four major enterprise funds in 2009 and 2008, the Water, Sewer, Sewer CFI and Utility Deposits Funds which, at year end 2009, had net assets of \$58,227, \$84,011, \$21,829 and \$22,980, respectively and at year end 2008, had net assets of \$31,951, \$44,351, \$2,618 and \$17,049, respectively.

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 2009 were \$243,704 representing a \$11,800 decrease from the original budgeted receipts, while actual receipts were \$220,499. The difference between final budgeted receipts and actual receipts was \$23,205 or 9.52 percent.

General Fund final disbursements were budgeted at \$238,900 for 2009 representing a \$16,190 decrease from the original budgeted disbursements, while actual disbursements were \$217,097. The difference between final budgeted disbursements and actual disbursements was \$21,803 or 9.13 percent.

For the General Fund, final budgeted receipts for 2008 were \$200,904 representing a \$11,850 increase from the original budgeted receipts, while actual receipts were \$183,436. The difference between final budgeted receipts and actual receipts was \$17,468 or 8.69 percent.

General Fund final disbursements were budgeted at \$193,864 for 2008 representing a \$12,960 increase from the original budgeted disbursements, while actual disbursements were \$177,532. The difference between final budgeted disbursements and actual disbursements was \$16,332 or 8.42 percent.

Debt Administration

At December 31, 2009, the Village has a total of \$3,370,307 in outstanding debt.

At December 31, 2008, the Village had a total of \$3,060,218 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 Karen Miller, 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, 2009

	Governmental Activities	Business-Type Activities	Total
<u>Assets:</u>			
Equity in Pooled Cash and Cash Equivalents	\$183,823	\$205,857	\$389,680
<i>Total Assets</i>	<u>183,823</u>	<u>205,857</u>	<u>389,680</u>
<u>Net Assets:</u>			
<i>Restricted for:</i>			
Capital Projects	28,973	0	28,973
<i>Cemetery Bequest:</i>			
Expendable	1,375	0	1,375
Nonexpendable	5,000	0	5,000
Other Purposes	138,765	0	138,765
Unrestricted	<u>9,710</u>	<u>205,857</u>	<u>215,567</u>
<i>Total Net Assets</i>	<u>\$183,823</u>	<u>\$205,857</u>	<u>\$389,680</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, 2009

	Program Receipts			
	Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
<u>Governmental Activities:</u>				
General Government	\$151,195	\$9,599	\$0	\$0
Security of Persons and Property	87,176	69,421	0	0
Public Health Services	10,056	9,575	0	0
Basic Utility Services	1,963	0	0	0
Transportation	28,524	0	36,839	0
Capital Outlay	12,171	0	0	0
<i>Debt Service:</i>				
Principal Retirement	96,000	0	0	0
Interest and Fiscal Charges	3,341	0	0	0
<i>Total Governmental Activities</i>	<u>\$390,426</u>	<u>\$88,595</u>	<u>\$36,839</u>	<u>\$0</u>
<u>Business-Type Activities:</u>				
Water	\$157,076	\$181,520	\$0	\$0
Sewer	846,563	377,145	0	6,615
Trash	46,810	54,892	0	0
Utility Deposit	518	8,850	0	0
<i>Total Business-Type Activities</i>	<u>1,050,967</u>	<u>622,407</u>	<u>0</u>	<u>6,615</u>
<i>Totals Primary Government</i>	<u>\$1,441,393</u>	<u>\$711,002</u>	<u>\$36,839</u>	<u>\$6,615</u>
<u>General Receipts:</u>				
Property Taxes				
Income Taxes				
Grants and Entitlements not Restricted to Specific Programs				
Proceeds of Notes				
Earnings on Investment				
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
(\$141,596)	\$0	(\$141,596)
(17,755)	0	(17,755)
(481)	0	(481)
(1,963)	0	(1,963)
8,315	0	8,315
(12,171)	0	(12,171)
(96,000)	0	(96,000)
(3,341)	0	(3,341)
(264,992)	0	(264,992)
0	24,444	24,444
0	(462,803)	(462,803)
0	8,082	8,082
0	8,332	8,332
0	(421,945)	(421,945)
(264,992)	(421,945)	(686,937)
64,117	0	64,117
153,744	0	153,744
21,798	0	21,798
56,000	480,889	536,889
1,054	1,062	2,116
18,476	40,330	58,806
315,189	522,281	837,470
50,197	100,336	150,533
133,626	105,521	239,147
<u>\$183,823</u>	<u>\$205,857</u>	<u>\$389,680</u>

VILLAGE OF SARDINIA, BROWN COUNTY
Statement of Cash Basis Assets and Fund Balances
Governmental Funds
December 31, 2009

	General	Cemetery	Income Tax	Police
<u>Assets:</u>				
Equity in Pooled Cash and Cash Equivalents	\$9,711	\$21,251	\$19,011	\$25,353
<i>Total Assets</i>	<u>\$9,711</u>	<u>\$21,251</u>	<u>\$19,011</u>	<u>\$25,353</u>
 <u>Fund Balances:</u>				
Reserved for Encumbrance	\$5,150	\$0	\$919	\$1,647
<i>Unreserved</i>				
General Fund	4,561	0	0	0
Special Revenue Funds	0	21,251	18,092	23,706
Capital Projects Funds	0	0	0	0
Permanent Fund	0	0	0	0
<i>Total Fund Balances</i>	<u>\$9,711</u>	<u>\$21,251</u>	<u>\$19,011</u>	<u>\$25,353</u>

See accompanying notes to the basic financial statements.

Fire	Fire Capital	Other Governmental Funds	Total Governmental Funds
\$45,622	\$28,973	\$33,902	\$183,823
<u>\$45,622</u>	<u>\$28,973</u>	<u>\$33,902</u>	<u>\$183,823</u>
\$0	\$0	\$0	\$7,716
0	0	0	4,561
45,622	0	27,527	136,198
0	28,973	0	28,973
0	0	6,375	6,375
<u>\$45,622</u>	<u>\$28,973</u>	<u>\$33,902</u>	<u>\$183,823</u>

VILLAGE OF SARDINIA, BROWN COUNTY
Statement of Receipts, Disbursements and Changes in Cash Basis Fund Balances
 Governmental Funds
 For the Year Ended December 31, 2009

	General	Cemetery	Income Tax	Police
<u>Receipts:</u>				
Property Taxes	\$8,510	\$2,388	\$0	\$37,719
Income Taxes	0	0	153,744	0
Charges for Services	915	9,575	0	0
Licenses, Permits and Fines	8,896	0	0	0
Intergovernmental	20,958	0	0	0
Earnings on Investments	946	0	0	0
Miscellaneous	12,474	3,494	7	205
<i>Total Receipts</i>	<u>52,699</u>	<u>15,457</u>	<u>153,751</u>	<u>37,924</u>
<u>Disbursements:</u>				
<i>Current:</i>				
General Government	118,696	1,018	12,902	4,829
Security of Persons and Property	12,464	0	0	40,055
Public Health Services	117	9,939	0	0
Basic Utility Services	1,260	0	0	0
Transportation	0	0	0	0
Capital Outlay	0	0	0	0
<i>Debt Service:</i>				
Principal Retirement	46,000	0	0	0
Interest and Fiscal Charges	1,610	0	0	0
<i>Total Disbursements</i>	<u>180,147</u>	<u>10,957</u>	<u>12,902</u>	<u>44,884</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	(127,448)	4,500	140,849	(6,960)
<u>Other Financing Sources (Uses):</u>				
Proceeds of Notes	31,000	0	0	0
Transfers In	136,800	0	0	24,800
Transfers Out	(31,800)	0	(136,800)	0
<i>Total Other Financing Sources (Uses)</i>	<u>136,000</u>	<u>0</u>	<u>(136,800)</u>	<u>24,800</u>
<i>Net Change in Fund Balances</i>	8,552	4,500	4,049	17,840
<i>Fund Balances at Beginning of Year</i>	<u>1,159</u>	<u>16,751</u>	<u>14,962</u>	<u>7,513</u>
<i>Fund Balances at End of Year</i>	<u>\$9,711</u>	<u>\$21,251</u>	<u>\$19,011</u>	<u>\$25,353</u>

See accompanying notes to the basic financial statements.

Fire	Fire Capital	Other Governmental Funds	Total Governmental Funds
\$13,596	\$0	\$1,904	\$64,117
0	0	0	153,744
52,506	16,000	0	78,996
0	0	703	9,599
0	0	37,679	58,637
0	0	108	1,054
437	0	1,859	18,476
<u>66,539</u>	<u>16,000</u>	<u>42,253</u>	<u>384,623</u>
13,743	0	7	151,195
34,657	0	0	87,176
0	0	0	10,056
0	0	703	1,963
0	0	28,524	28,524
0	7,187	4,984	12,171
0	50,000	0	96,000
0	1,731	0	3,341
<u>48,400</u>	<u>58,918</u>	<u>34,218</u>	<u>390,426</u>
18,139	(42,918)	8,035	(5,803)
0	25,000	0	56,000
0	0	7,000	168,600
0	0	0	(168,600)
<u>0</u>	<u>25,000</u>	<u>7,000</u>	<u>56,000</u>
18,139	(17,918)	15,035	50,197
<u>27,483</u>	<u>46,891</u>	<u>18,867</u>	<u>133,626</u>
<u>\$45,622</u>	<u>\$28,973</u>	<u>\$33,902</u>	<u>\$183,823</u>

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, 2009

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<u>Receipts:</u>				
Property Taxes	\$8,662	\$7,000	\$8,510	\$1,510
Intergovernmental	33,044	26,704	20,958	(5,746)
Fines, Licenses and Permits	17,942	14,500	8,896	(5,604)
Earnings on Investments	1,237	1,000	946	(54)
Charges for Services	0	0	915	915
Miscellaneous	619	500	12,474	11,974
<i>Total Receipts</i>	<u>61,504</u>	<u>49,704</u>	<u>52,699</u>	<u>2,995</u>
<u>Disbursements:</u>				
<i>Current:</i>				
General Government	150,952	139,963	123,846	16,117
Security of Persons and Property	14,496	13,441	12,464	977
Public Health Services	539	500	117	383
Basic Utility Services	5,065	4,696	1,260	3,436
<i>Debt Service:</i>				
Principal Retirement	49,612	46,000	46,000	0
Interest and Fiscal Charges	1,736	1,610	1,610	0
<i>Total Disbursements</i>	<u>222,400</u>	<u>206,210</u>	<u>185,297</u>	<u>20,913</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	(160,896)	(156,506)	(132,598)	23,908
<u>Other Financing Sources (Uses):</u>				
Proceeds of Notes	46,000	46,000	31,000	(15,000)
Transfers In	148,000	148,000	136,800	(11,200)
Transfers Out	(32,690)	(32,690)	(31,800)	890
<i>Total Other Financing Sources (Uses)</i>	<u>161,310</u>	<u>161,310</u>	<u>136,000</u>	<u>(25,310)</u>
<i>Excess of Receipts and Other Financing Sources Over (Under) Disbursements and Other Financing Uses</i>	414	4,804	3,402	(1,402)
<i>Fund Balance at Beginning of Year</i>	(194)	(194)	(194)	0
<i>Prior Year Encumbrances Appropriated</i>	<u>1,353</u>	<u>1,353</u>	<u>1,353</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u><u>\$1,573</u></u>	<u><u>\$5,963</u></u>	<u><u>\$4,561</u></u>	<u><u>(\$1,402)</u></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)*
Cemetery Fund
For the Year Ended December 31, 2009

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>Receipts:</u>				
Property Taxes	\$0	\$0	\$2,388	\$2,388
Charges for Services	46,267	13,000	9,575	(3,425)
Miscellaneous	0	0	3,494	3,494
<i>Total Receipts</i>	46,267	13,000	15,457	2,457
<u>Disbursements:</u>				
<i>Current:</i>				
General Government	838	838	1,018	(180)
Public Health Services	17,062	17,062	9,939	7,123
<i>Total Disbursements</i>	17,900	17,900	10,957	6,943
<i>Excess of Receipts Over (Under) Disbursements</i>	28,367	(4,900)	4,500	9,400
<i>Fund Balance at Beginning of Year</i>	16,280	16,280	16,280	0
<i>Prior Year Encumbrances Appropriated</i>	471	471	471	0
<i>Fund Balance at End of Year</i>	\$45,118	\$11,851	\$21,251	\$9,400

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)*
Income Tax Fund
For the Year Ended December 31, 2009

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>Receipts:</u>				
Income Tax	160,000	160,000	153,744	(6,256)
Miscellaneous	0	0	7	7
<i>Total Receipts</i>	<u>160,000</u>	<u>160,000</u>	<u>153,751</u>	<u>(6,249)</u>
<u>Disbursements:</u>				
<i>Current:</i>				
General Government	21,298	21,298	13,821	7,477
<i>Total Disbursements</i>	<u>21,298</u>	<u>21,298</u>	<u>13,821</u>	<u>7,477</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	138,702	138,702	139,930	1,228
<u>Other Financing Sources (Uses):</u>				
Transfers Out	(137,000)	(137,000)	(136,800)	200
<i>Total Other Financing Sources (Uses)</i>	<u>(137,000)</u>	<u>(137,000)</u>	<u>(136,800)</u>	<u>200</u>
<i>Excess of Receipts and Other Financing Sources Over (Under) Disbursements and Other Financing Uses</i>	1,702	1,702	3,130	1,428
<i>Fund Balance at Beginning of Year</i>	14,844	14,844	14,844	0
<i>Prior Year Encumbrances Appropriated</i>	<u>118</u>	<u>118</u>	<u>118</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u><u>\$16,664</u></u>	<u><u>\$16,664</u></u>	<u><u>\$18,092</u></u>	<u><u>\$1,428</u></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)*
Police Fund
For the Year Ended December 31, 2009

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>Receipts:</u>				
Property Taxes	\$36,000	\$36,000	\$37,719	\$1,719
Miscellaneous	500	500	205	(295)
<i>Total Receipts</i>	36,500	36,500	37,924	1,424
<u>Disbursements:</u>				
<i>Current:</i>				
General Government	5,118	5,118	4,829	289
Security of Persons and Property	54,696	54,696	41,702	12,994
Capital Outlay	1,880	1,880	0	1,880
<i>Total Disbursements</i>	61,694	61,694	46,531	15,163
<i>Excess of Receipts Over (Under) Disbursements</i>	(25,194)	(25,194)	(8,607)	16,587
<u>Other Financing Sources (Uses):</u>				
Transfers In	24,800	24,800	24,800	0
<i>Total Other Financing Sources (Uses)</i>	24,800	24,800	24,800	0
<i>Excess of Receipts and Other Financing Sources Over (Under) Disbursements and Other Financing Uses</i>	(394)	(394)	16,193	16,587
<i>Fund Balance at Beginning of Year</i>	5,834	5,834	5,834	0
<i>Prior Year Encumbrances Appropriated</i>	1,679	1,679	1,679	0
<i>Fund Balance at End of Year</i>	\$7,119	\$7,119	\$23,706	\$16,587

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, 2009

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>Receipts:</u>				
Property Taxes	\$17,685	\$11,000	\$13,596	\$2,596
Charges for Services	62,703	42,000	52,506	10,506
Miscellaneous	0	0	437	437
<i>Total Receipts</i>	<u>80,388</u>	<u>53,000</u>	<u>66,539</u>	<u>13,539</u>
<u>Disbursements:</u>				
<i>Current:</i>				
General Government	14,283	14,429	13,743	686
Security of Persons and Property	34,411	34,764	34,657	107
<i>Total Disbursements</i>	<u>48,694</u>	<u>49,193</u>	<u>48,400</u>	<u>793</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	31,694	3,807	18,139	14,332
<i>Fund Balance at Beginning of Year</i>	<u>27,483</u>	<u>27,483</u>	<u>27,483</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u><u>\$27,483</u></u>	<u><u>\$31,290</u></u>	<u><u>\$27,483</u></u>	<u><u>\$14,332</u></u>

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, 2009

	<u>Water</u>	<u>Sewer</u>	<u>Sewer CIF</u>	<u>Utility Deposit</u>
<u>Assets:</u>				
Equity in Pooled Cash and Cash Equivalents	<u>\$58,227</u>	<u>\$84,011</u>	<u>\$21,829</u>	<u>\$22,980</u>
<i>Total Assets</i>	<u>58,227</u>	<u>84,011</u>	<u>21,829</u>	<u>22,980</u>
<u>Net Assets:</u>				
<i>Restricted for:</i>				
Other Purposes	0	0	0	0
Unrestricted	<u>58,227</u>	<u>84,011</u>	<u>21,829</u>	<u>22,980</u>
<i>Total Net Assets</i>	<u><u>\$58,227</u></u>	<u><u>\$84,011</u></u>	<u><u>\$21,829</u></u>	<u><u>\$22,980</u></u>

See accompanying notes to the basic financial statements.

Other Enterprise Funds	Total Proprietary	Fiduciary Fund Agency
\$18,810	\$205,857	\$54
<u>18,810</u>	<u>205,857</u>	<u>54</u>
0	0	54
<u>18,810</u>	<u>205,857</u>	<u>0</u>
<u>\$18,810</u>	<u>\$205,857</u>	<u>\$54</u>

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, 2009

	Water	Sewer	Sewer CIF	Utility Deposit
<u>Operating Receipts:</u>				
Charges for Services	\$181,520	\$377,145	\$0	\$8,850
<i>Total Operating Receipts</i>	<u>181,520</u>	<u>377,145</u>	<u>0</u>	<u>8,850</u>
<u>Operating Disbursements:</u>				
Personal Services	25,631	39,016	0	0
Employee Fringe Benefits	3,071	12,632	0	0
Contractual Services	91,006	93,708	510,941	0
Supplies and Materials	7,849	26,850	0	0
Other	247	1,517	0	518
<i>Total Operating Disbursements</i>	<u>127,804</u>	<u>173,723</u>	<u>510,941</u>	<u>518</u>
<i>Operating Income (Loss)</i>	53,716	203,422	(510,941)	8,332
<u>Non-Operating Receipts (Disbursements):</u>				
Proceeds of Notes	0	0	480,889	0
Transfers In	1,100	7,569	17,000	0
Transfers Out	0	(17,000)	(6,382)	(2,401)
Special Assessments	0	6,615	0	0
Miscellaneous Receipts	732	931	38,667	0
Earnings on Investment	0	0	0	0
Other Financing Sources	0	0	0	0
Other Financing Uses	0	0	0	0
Capital Outlay	0	0	(22)	0
Principal Payments	(10,958)	(119,842)	0	0
Interest and Fiscal Charges	(18,314)	(42,035)	0	0
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(27,440)</u>	<u>(163,762)</u>	<u>530,152</u>	<u>(2,401)</u>
<i>Change in Net Assets</i>	26,276	39,660	19,211	5,931
<i>Net Assets at Beginning of Year</i>	<u>31,951</u>	<u>44,351</u>	<u>2,618</u>	<u>17,049</u>
<i>Net Assets at End of Year</i>	<u><u>\$58,227</u></u>	<u><u>\$84,011</u></u>	<u><u>\$21,829</u></u>	<u><u>\$22,980</u></u>

See accompanying notes to the basic financial statements.

Other Enterprise Funds	Total Enterprise Funds	Fiduciary Fund
		Agency
\$54,892	\$622,407	\$0
54,892	622,407	0
0	64,647	0
0	15,703	0
46,352	742,007	0
435	35,134	0
0	2,282	0
46,787	859,773	0
8,105	(237,366)	0
0	480,889	0
114	25,783	0
0	(25,783)	0
0	6,615	0
0	40,330	0
1,062	1,062	0
0	0	12,085
0	0	(13,148)
(23)	(45)	0
0	(130,800)	0
0	(60,349)	0
1,153	337,702	(1,063)
9,258	100,336	(1,063)
9,552	105,521	1,117
\$18,810	\$205,857	\$54

VILLAGE OF SARDINIA, BROWN COUNTY

Statement of Net Assets - Cash Basis

December 31, 2008

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<u>Assets:</u>			
Equity in Pooled Cash and Cash Equivalents	\$133,626	\$105,521	\$239,147
<i>Total Assets</i>	<u>133,626</u>	<u>105,521</u>	<u>239,147</u>
<u>Net Assets:</u>			
<i>Restricted for:</i>			
Capital Projects	46,891	0	46,891
<i>Cemetery Bequest:</i>			
Expendable	1,375	0	1,375
Nonexpendable	5,000	0	5,000
Other Purposes	79,201	0	79,201
Unrestricted	<u>1,159</u>	<u>105,521</u>	<u>106,680</u>
<i>Total Net Assets</i>	<u>\$133,626</u>	<u>\$105,521</u>	<u>\$239,147</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, 2008

	Disbursements	Program Receipts		
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
<u>Governmental Activities:</u>				
General Government	\$118,167	\$14,470	\$0	\$0
Security of Persons and Property	95,712	82,804	0	0
Public Health Services	27,965	13,925	0	0
Transportation	39,295	0	38,700	0
Capital Outlay	15,454	0	0	0
<i>Debt Service:</i>				
Principal Retirement	130,000	0	0	0
Interest and Fiscal Charges	6,107	0	0	0
<i>Total Governmental Activities</i>	<u>\$432,700</u>	<u>\$111,199</u>	<u>\$38,700</u>	<u>\$0</u>
<u>Business-Type Activities:</u>				
Water	\$185,923	\$180,138	\$0	\$0
Sewer	508,447	394,948	0	8,416
Trash	48,291	52,495	0	0
Utility Deposit	329	7,285	0	0
<i>Total Business-Type Activities</i>	<u>742,990</u>	<u>634,866</u>	<u>0</u>	<u>8,416</u>
<i>Totals Primary Government</i>	<u>\$1,175,690</u>	<u>\$746,065</u>	<u>\$38,700</u>	<u>\$8,416</u>
<u>General Receipts:</u>				
Property Taxes				
Income Taxes				
Grants and Entitlements not Restricted to Specific Programs				
Proceeds of Notes				
Earnings on Investment				
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
(\$103,697)	\$0	(\$103,697)
(12,908)	0	(12,908)
(14,040)	0	(14,040)
(595)	0	(595)
(15,454)	0	(15,454)
(130,000)	0	(130,000)
(6,107)	0	(6,107)
(282,801)	0	(282,801)
0	(5,785)	(5,785)
0	(105,083)	(105,083)
0	4,204	4,204
0	6,956	6,956
0	(99,708)	(99,708)
(282,801)	(99,708)	(382,509)
82,952	0	82,952
119,026	0	119,026
16,889	0	16,889
96,000	166,738	262,738
1,201	63	1,264
16,683	3,337	20,020
332,751	170,138	502,889
49,950	70,430	120,380
83,676	35,091	118,767
\$133,626	\$105,521	\$239,147

VILLAGE OF SARDINIA, BROWN COUNTY
Statement of Cash Basis Assets and Fund Balances
 Governmental Funds
 December 31, 2008

	General	Cemetery	Income Tax	Fire
<u>Assets:</u>				
Equity in Pooled Cash and Cash Equivalents	\$1,159	\$16,751	\$14,962	\$27,483
<i>Total Assets</i>	\$1,159	\$16,751	\$14,962	\$27,483
 <u>Fund Balances:</u>				
Reserved for Encumbrance	\$1,353	\$471	\$118	\$0
<i>Unreserved</i>				
General Fund	(194)	0	0	0
Special Revenue Funds	0	16,280	14,844	27,483
Capital Projects Funds	0	0	0	0
Permanent Fund	0	0	0	0
<i>Total Fund Balances</i>	\$1,159	\$16,751	\$14,962	\$27,483

See accompanying notes to the basic financial statements.

Fire Capital	Other Governmental Funds	Total Governmental Funds
\$46,891	\$26,380	\$133,626
<u>\$46,891</u>	<u>\$26,380</u>	<u>\$133,626</u>
\$0	\$2,492	\$4,434
0	0	(194)
0	17,513	76,120
46,891	0	46,891
<u>0</u>	<u>6,375</u>	<u>6,375</u>
<u>\$46,891</u>	<u>\$26,380</u>	<u>\$133,626</u>

VILLAGE OF SARDINIA, BROWN COUNTY
Statement of Receipts, Disbursements and Changes in Cash Basis Fund Balances
 Governmental Funds
 For the Year Ended December 31, 2008

	General	Cemetery	Income Tax	Fire
<u>Receipts:</u>				
Property Taxes	\$7,717	\$22,806	\$0	\$13,616
Income Taxes	0	0	119,026	0
Charges for Services	25	13,925	0	38,852
Licenses, Permits and Fines	13,182	0	0	0
Intergovernmental	16,889	0	0	0
Earnings on Investments	1,183	0	0	0
Miscellaneous	4,743	137	0	220
<i>Total Receipts</i>	<u>43,739</u>	<u>36,868</u>	<u>119,026</u>	<u>52,688</u>
<u>Disbursements:</u>				
<i>Current:</i>				
General Government	98,881	850	11,526	2,726
Security of Persons and Property	9,089	0	0	38,567
Public Health Services	2,103	25,862	0	0
Transportation	0	0	0	0
Capital Outlay	0	0	0	0
<i>Debt Service:</i>				
Principal Retirement	47,610	0	0	0
Interest and Fiscal Charges	996	0	0	0
<i>Total Disbursements</i>	<u>158,679</u>	<u>26,712</u>	<u>11,526</u>	<u>41,293</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	(114,940)	10,156	107,500	11,395
<u>Other Financing Sources (Uses):</u>				
Proceeds of Notes	46,000	0	0	0
Transfers In	93,697	0	0	0
Transfers Out	(17,500)	0	(93,697)	0
<i>Total Other Financing Sources (Uses)</i>	<u>122,197</u>	<u>0</u>	<u>(93,697)</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	7,257	10,156	13,803	11,395
<i>Fund Balances at Beginning of Year</i>	<u>(6,098)</u>	<u>6,595</u>	<u>1,159</u>	<u>16,088</u>
<i>Fund Balances at End of Year</i>	<u>\$1,159</u>	<u>\$16,751</u>	<u>\$14,962</u>	<u>\$27,483</u>

See accompanying notes to the basic financial statements.

Fire Capital	Other Governmental Funds	Total Governmental Funds
\$0	\$38,813	\$82,952
0	0	119,026
43,952	0	96,754
0	1,263	14,445
0	38,700	55,589
0	18	1,201
3,922	7,661	16,683
<u>47,874</u>	<u>86,455</u>	<u>386,650</u>
0	4,184	118,167
0	48,056	95,712
0	0	27,965
0	39,295	39,295
7,998	7,456	15,454
82,390	0	130,000
5,111	0	6,107
<u>95,499</u>	<u>98,991</u>	<u>432,700</u>
(47,625)	(12,536)	(46,050)
50,000	0	96,000
0	17,500	111,197
0	0	(111,197)
<u>50,000</u>	<u>17,500</u>	<u>96,000</u>
2,375	4,964	49,950
<u>44,516</u>	<u>21,416</u>	<u>83,676</u>
<u>\$46,891</u>	<u>\$26,380</u>	<u>\$133,626</u>

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, 2008

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		Positive (Negative)
<u>Receipts:</u>				
Property Taxes	\$4,124	\$6,000	\$7,717	\$1,717
Intergovernmental	12,307	17,904	16,889	(1,015)
Fines, Licenses and Permits	8,592	12,500	13,182	682
Earnings on Investments	687	1,000	1,183	183
Charges for Services	0	0	25	25
Miscellaneous	344	500	4,743	4,243
<i>Total Receipts</i>	<u>26,054</u>	<u>37,904</u>	<u>43,739</u>	<u>5,835</u>
<u>Disbursements:</u>				
<i>Current:</i>				
General Government	96,566	100,528	100,234	294
Security of Persons and Property	10,347	12,000	9,089	2,911
Public Health Services	4,079	4,730	2,103	2,627
<i>Debt Service:</i>				
Principal Retirement	39,945	46,325	47,610	(1,285)
Interest and Fiscal Charges	1,967	2,281	996	1,285
<i>Total Disbursements</i>	<u>152,904</u>	<u>165,864</u>	<u>160,032</u>	<u>5,832</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	(126,850)	(127,960)	(116,293)	11,667
<u>Other Financing Sources (Uses):</u>				
Proceeds of Notes	45,000	45,000	46,000	1,000
Transfers In	118,000	118,000	93,697	(24,303)
Transfers Out	(28,000)	(28,000)	(17,500)	10,500
<i>Total Other Financing Sources (Uses)</i>	<u>135,000</u>	<u>135,000</u>	<u>122,197</u>	<u>(12,803)</u>
<i>Excess of Receipts and Other Financing Sources Over (Under) Disbursements and Other Financing Uses</i>	8,150	7,040	5,904	(1,136)
<i>Fund Balance at Beginning of Year</i>	<u>(6,098)</u>	<u>(6,098)</u>	<u>(6,098)</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u>\$2,052</u>	<u>\$942</u>	<u>(\$194)</u>	<u>(\$1,136)</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)*
Cemetery Fund
For the Year Ended December 31, 2008

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>Receipts:</u>				
Property Taxes	\$22,016	\$21,500	\$22,806	\$1,306
Charges for Services	13,312	13,000	13,925	925
Miscellaneous	0	0	137	137
<i>Total Receipts</i>	35,328	34,500	36,868	2,368
<u>Disbursements:</u>				
<i>Current:</i>				
General Government	724	850	850	0
Public Health Services	27,276	32,040	26,333	5,707
<i>Total Disbursements</i>	28,000	32,890	27,183	5,707
<i>Excess of Receipts Over (Under) Disbursements</i>	7,328	1,610	9,685	8,075
<i>Fund Balance at Beginning of Year</i>	6,595	6,595	6,595	0
<i>Fund Balance at End of Year</i>	\$13,923	\$8,205	\$16,280	\$8,075

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)*
Income Tax Fund
For the Year Ended December 31, 2008

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>Receipts:</u>				
Income Tax	\$252,840	\$134,819	\$119,026	(\$15,793)
<i>Total Receipts</i>	<u>252,840</u>	<u>134,819</u>	<u>119,026</u>	<u>(15,793)</u>
<u>Disbursements:</u>				
<i>Current:</i>				
General Government	80,000	16,628	11,644	4,984
<i>Total Disbursements</i>	<u>80,000</u>	<u>16,628</u>	<u>11,644</u>	<u>4,984</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	172,840	118,191	107,382	(10,809)
<u>Other Financing Sources (Uses):</u>				
Transfers Out	(118,000)	(118,000)	(93,697)	24,303
<i>Total Other Financing Sources (Uses)</i>	<u>(118,000)</u>	<u>(118,000)</u>	<u>(93,697)</u>	<u>24,303</u>
<i>Excess of Receipts and Other Financing Sources Over (Under) Disbursements and Other Financing Uses</i>	54,840	191	13,685	13,494
<i>Fund Balance at Beginning of Year</i>	<u>1,159</u>	<u>1,159</u>	<u>1,159</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u><u>\$55,999</u></u>	<u><u>\$1,350</u></u>	<u><u>\$14,844</u></u>	<u><u>\$13,494</u></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)*
Fire Fund
For the Year Ended December 31, 2008

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<u>Receipts:</u>				
Property Taxes	\$13,979	\$10,000	\$13,616	\$3,616
Charges for Services	43,470	31,096	38,852	7,756
Miscellaneous	0	0	220	220
<i>Total Receipts</i>	<u>57,449</u>	<u>41,096</u>	<u>52,688</u>	<u>11,592</u>
<u>Disbursements:</u>				
<i>Current:</i>				
General Government	3,776	4,904	2,726	2,178
Security of Persons and Property	37,320	48,468	38,567	9,901
<i>Total Disbursements</i>	<u>41,096</u>	<u>53,372</u>	<u>41,293</u>	<u>12,079</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	16,353	(12,276)	11,395	23,671
<i>Fund Balance at Beginning of Year</i>	<u>16,088</u>	<u>16,088</u>	<u>16,088</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u><u>\$32,441</u></u>	<u><u>\$3,812</u></u>	<u><u>\$27,483</u></u>	<u><u>\$23,671</u></u>

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, 2008

	<u>Water</u>	<u>Sewer</u>	<u>Sewer CIF</u>	<u>Utility Deposit</u>
<u>Assets:</u>				
Equity in Pooled Cash and Cash Equivalents	<u>\$31,951</u>	<u>\$44,351</u>	<u>\$2,618</u>	<u>\$17,049</u>
<i>Total Assets</i>	<u><u>31,951</u></u>	<u><u>44,351</u></u>	<u><u>2,618</u></u>	<u><u>17,049</u></u>
<u>Net Assets:</u>				
<i>Restricted for:</i>				
Other Purposes	0	0	0	0
Unrestricted	<u>31,951</u>	<u>44,351</u>	<u>2,618</u>	<u>17,049</u>
<i>Total Net Assets</i>	<u><u>\$31,951</u></u>	<u><u>\$44,351</u></u>	<u><u>\$2,618</u></u>	<u><u>\$17,049</u></u>

See accompanying notes to the basic financial statements.

Other Enterprise Funds	Total	Fiduciary Fund Agency
\$9,552	\$105,521	\$1,117
<u>9,552</u>	<u>105,521</u>	<u>1,117</u>
0	0	1,117
<u>9,552</u>	<u>105,521</u>	<u>0</u>
<u>\$9,552</u>	<u>\$105,521</u>	<u>\$1,117</u>

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, 2008

	<u>Water</u>	<u>Sewer</u>	<u>Sewer CIF</u>	<u>Utility Deposit</u>
<u>Operating Receipts:</u>				
Charges for Services	\$180,138	\$394,948	\$0	\$7,285
<i>Total Operating Receipts</i>	<u>180,138</u>	<u>394,948</u>	<u>0</u>	<u>7,285</u>
<u>Operating Disbursements:</u>				
Personal Services	26,790	34,523	0	0
Employee Fringe Benefits	9,822	15,217	0	0
Contractual Services	98,837	129,467	169,949	0
Supplies and Materials	20,145	22,455	0	0
Other	742	2,996	0	329
<i>Total Operating Disbursements</i>	<u>156,336</u>	<u>204,658</u>	<u>169,949</u>	<u>329</u>
<i>Operating Income (Loss)</i>	23,802	190,290	(169,949)	6,956
<u>Non-Operating Receipts (Disbursements):</u>				
Proceeds of Notes	0	0	166,738	0
Transfers In	284	445	4,113	0
Transfers Out	0	(4,113)	0	(1,011)
Special Assessments	0	8,416	0	0
Earnings on Investment	0	0	0	0
Miscellaneous Receipts	906	422	0	0
Other Financing Sources	0	0	0	0
Other Financing Uses	0	0	0	0
Capital Outlay	0	(45,917)	(204)	0
Principal Payments	(10,457)	(61,193)	0	0
Interest and Fiscal Charges	(19,130)	(25,350)	(1,176)	0
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(28,397)</u>	<u>(127,290)</u>	<u>169,471</u>	<u>(1,011)</u>
<i>Change in Net Assets</i>	(4,595)	63,000	(478)	5,945
<i>Net Assets at Beginning of Year</i>	<u>36,546</u>	<u>(18,649)</u>	<u>3,096</u>	<u>11,104</u>
<i>Net Assets at End of Year</i>	<u><u>\$31,951</u></u>	<u><u>\$44,351</u></u>	<u><u>\$2,618</u></u>	<u><u>\$17,049</u></u>

See accompanying notes to the basic financial statements.

Other Enterprise Funds	Total Proprietary Funds	Fiduciary Fund
		Agency
\$52,495	\$634,866	\$0
52,495	634,866	0
0	61,313	0
0	25,039	0
45,000	443,253	0
3,273	45,873	0
0	4,067	0
48,273	579,545	0
4,222	55,321	0
0	166,738	0
282	5,124	0
0	(5,124)	0
0	8,416	0
63	63	0
2,009	3,337	0
0	0	21,621
0	0	(21,326)
(18)	(46,139)	0
0	(71,650)	0
0	(45,656)	0
2,336	15,109	295
6,558	70,430	295
2,994	35,091	822
\$9,552	\$105,521	\$1,117

VILLAGE OF SARDINIA – BROWN COUNTY
Notes to the Basic Financial Statements
For the Years Ended December 31, 2009 and 2008

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, 2009 and 2008

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 for 2009:

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.

Cemetery Fund – This fund is used to account for the operations of the cemetery.

Income Tax Fund – This fund comprised of taxes from the enactment of a local income tax.

Police Fund – This fund comprised of taxes designated for the operation of the police department.

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.

The following are the Village's major governmental funds for 2008:

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.

Cemetery Fund – This fund is to account for the operations of the cemetery.

Income Tax Fund – This fund comprised of taxes from the enactment of a local income tax.

VILLAGE OF SARDINIA – BROWN COUNTY
Notes to the Basic Financial Statements
For the Years Ended December 31, 2009 and 2008

Note 2 – Summary of Significant Accounting Policies (continued)

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 for 2009 and 2008:

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.

Sewer CIF Fund – This fund is used to account for the wastewater treatment plant improvements.

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.

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.

VILLAGE OF SARDINIA – BROWN COUNTY
Notes to the Basic Financial Statements
For the Years Ended December 31, 2009 and 2008

Note 2 – Summary of Significant Accounting Policies (continued)

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 and object level for all funds.

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

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

E. Cash and Investments

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

Investments of the cash management pool and investments with an original maturity of three months or less at the time of purchase are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months that were not purchased from the pool are reported as investments. Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or negative receipts (contra revenue), respectively.

During 2009 and 2008, the Village invested in 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 2009 and 2008 was \$946 and \$1,183, respectively, which includes interest earned from all other funds except for the Street Fund. The Street Fund received interest earnings of \$108 in 2009 and \$18 in 2008.

VILLAGE OF SARDINIA – BROWN COUNTY
Notes to the Basic Financial Statements
For the Years Ended December 31, 2009 and 2008

Note 2 – Summary of Significant Accounting Policies (continued)

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.

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.

VILLAGE OF SARDINIA – BROWN COUNTY
Notes to the Basic Financial Statements
For the Years Ended December 31, 2009 and 2008

Note 2 – Summary of Significant Accounting Policies (continued)

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 – Prior Period Adjustment

The Village restated net assets/fund balances at December 31, 2007 to reclassify a fund. The Village reclassified the Sewer Debt Fund from the Other Governmental Funds to be combined the Sewer Fund.

	Governmental Activities	Other Governmental Funds	Business- Type Activities	Sewer
Net Assets/Fund Balances at December 31, 2007	\$84,017	\$21,757	\$34,750	(\$18,990)
Adjustment to reclassify fund	(341)	(341)	341	341
Restated Net Assets/Fund Balances at December 31, 2007	<u>\$83,676</u>	<u>\$21,416</u>	<u>\$35,091</u>	<u>(\$18,649)</u>

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).

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, 2009:

	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	\$3,402	\$5,150	\$8,552
Cemetery	4,500	0	4,500
Income Tax	3,130	919	4,049
Police	16,193	1,647	17,840
Fire	18,139	0	18,139

VILLAGE OF SARDINIA – BROWN COUNTY
Notes to the Basic Financial Statements
For the Years Ended December 31, 2009 and 2008

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, 2008:

	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	\$5,904	\$1,353	\$7,257
Cemetery	9,685	471	10,156
Income Tax	13,685	118	13,803
Fire	11,395	0	11,395

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;
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;

VILLAGE OF SARDINIA – BROWN COUNTY
Notes to the Basic Financial Statements
For the Years Ended December 31, 2009 and 2008

Note 5 – Deposits and Investments (Continued)

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, 2009, the carrying amount of all Village deposits was \$389,734. Based on the criteria described in GASB Statement No. 40, “Deposit and Investment Risk Disclosures”, as of December 31, 2009, \$220,926 of the Village’s bank balance of \$470,926 was exposed to custodial risk as discussed above, while \$250,000 was covered by Federal Deposit Insurance. The \$220,926 exposed to custodial risk was collateralized with securities held by the Village or its agency in the Village’s name.

At December 31, 2008, the carrying amount of all Village deposits was \$240,264. Based on the criteria described in GASB Statement No. 40, “Deposit and Investment Risk Disclosures”, as of December 31, 2008, all of the Village’s bank balance of \$244,016 was covered by Federal Deposit Insurance.

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.

VILLAGE OF SARDINIA – BROWN COUNTY
Notes to the Basic Financial Statements
For the Years Ended December 31, 2009 and 2008

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 State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as Intergovernmental Receipts. Payments are due to the county by December 31. If the property owner elects to make semiannual payments, the first half is due December 31. The second half payment is due the following June 20.

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

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30. Tangible personal property tax revenue received during calendar year 2009 (other than public utility property) represents the collection of 2009 taxes. Tangible personal property taxes received in calendar year 2009 were levied after April 1, 2008, on the value as of December 31, 2008. 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 2008 is 6.25 percent and will be reduced to 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, 2009 and 2008

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, 2009, the members of all three plans, except those in law enforcement or public safety participating in the traditional plan, were required to contribute 10.0 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 10.1 percent. The Village's contribution rate for pension benefits for 2009 was 14.0 percent, except for those plan members in law enforcement or public safety. For those classifications, the Village's pension contributions were 17.63 percent of covered payroll. The Ohio Revised Code provides statutory authority for member and employer contributions.

For the year ended December 31, 2008, the members of all three plans, except those in law enforcement or public safety participating in the traditional plan, were required to contribute 10.0 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 10.1 percent. The Village's contribution rate for pension benefits for 2008 was 14.0 percent, except for those plan members in law enforcement or public safety. For those classifications, the Village's pension contributions were 17.4 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, 2009, 2008, and 2007 were \$33,956, \$27,694, and \$25,732, respectively.

VILLAGE OF SARDINIA – BROWN COUNTY
Notes to the Basic Financial Statements
For the Years Ended December 31, 2009 and 2008

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 2009 local government employer contribution rate was 14.0 percent of covered payroll (17.63 percent for public safety and law enforcement); 7.0 percent of covered payroll was the portion that was used to fund health care. The 2008 local government employer contribution rate was 14.0 percent of covered payroll (17.4 percent for public safety and law enforcement); 7.0 percent from January 1 through March 31, 2009 and 5.5 percent from April 1 through December 31, 2009 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, 2009, 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 3.0 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 357,584. 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, 2009, (the latest information available) was \$10.7 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$29.6 billion and \$18.9 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, 2009 and 2008

Note 11 - Debt

A summary of the debt transactions for the year ended December 31, 2008, follows:

	Interest Rate	Balance December 31, 2007	Additions	Reductions	Balance December 31, 2008	Due In One Year
<i>Governmental Activities:</i>						
Municipal Building Note	4.60%	\$47,610	\$0	\$47,610	\$0	\$0
Fire Rescue Truck Note	4.60%	82,390	0	82,390	0	0
Fire Rescue Truck Note	6.00%	0	13,000	0	13,000	13,000
Fire Equipment Note	6.00%	0	37,000	0	37,000	37,000
Municipal Building Note	6.00%	0	46,000	0	46,000	46,000
Total Governmental Activities		\$130,000	\$96,000	\$130,000	\$96,000	\$96,000
<i>Business-Type Activities:</i>						
OWDA Loan	6.25%	\$88,996	\$0	\$23,463	\$65,533	\$10,958
OWDA Construction Loan	1.50%	2,316,869	166,738	37,730	2,445,877	0
OPWC Construction Loan	0.00%	70,467	0	0	70,467	0
Water System Refunding Bonds	4.79%	392,798	0	10,457	382,341	12,087
Total Business-Type Activities		\$2,869,130	\$166,738	\$71,650	\$2,964,218	\$23,045

VILLAGE OF SARDINIA – BROWN COUNTY
Notes to the Basic Financial Statements
For the Years Ended December 31, 2009 and 2008

Note 11 - Debt - (Continued)

A summary of the debt transactions for the year ended December 31, 2009, follows:

	Interest Rate	Balance December 31, 2008	Additions	Reductions	Balance December 31, 2009	Due In One Year
<i>Governmental Activities:</i>						
Fire Rescue Truck Note	6.00%	\$13,000	\$0	\$13,000	\$0	\$0
Fire Equipment Note	6.00%	37,000	0	37,000	0	0
Municipal Building Note	6.00%	46,000	0	46,000	0	0
Fire Equipment Note	4.00%	0	31,000	0	31,000	31,000
Municipal Building Note	4.00%	0	25,000	0	25,000	25,000
Total Governmental Activities		<u>\$96,000</u>	<u>\$56,000</u>	<u>\$96,000</u>	<u>\$56,000</u>	<u>\$56,000</u>
<i>Business-Type Activities:</i>						
OWDA Loan	6.25%	\$65,533	\$0	\$24,930	\$40,603	\$26,487
OWDA Construction Loan	1.50%	2,445,877	82,246	71,456	2,456,667	0
OPWC Construction Loan	0.00%	70,467	398,643	23,456	445,654	23,456
Water System Refunding Bonds	4.79%	382,341	0	10,958	371,383	29,272
Total Business-Type Activities		<u>\$2,964,218</u>	<u>\$480,889</u>	<u>\$130,800</u>	<u>\$3,314,307</u>	<u>\$81,753</u>

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 2008 and 2009, the Village received \$166,738 and \$82,246, 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, 2009 and 2008

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 2008 for \$96,000 for one year. These notes were originally issued to purchase a fire truck and equipment, and make improvements to the Village administration building. In 2009, the Village renewed two of these notes for \$56,000 for one year. These notes are general obligations of the Village. These notes will be repaid from the General and Fire Capital Funds.

The OPWC Construction Loan relates to the wastewater treatment plant improvement project. During 2009, OPWC made payments on behalf of the Village, directly to contractors, from the OPWC Loan Fund in the amount of \$398,643. The project is completed and the full loan approved by the OPWC is \$469,110. The loan will be repaid in semi-annual payments of \$11,728 over 20 years. This is a zero interest loan that will be repaid from the Sewer Fund.

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

Year Ending December 31	OWDA Loan		OPWC Construction Loan		Water System Refunding Bonds		Bond Anticipation Notes	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2010	\$26,487	\$2,538	\$23,456	\$0	\$11,483	\$17,789	\$56,000	\$3,360
2011	14,116	397	23,456	0	12,033	17,239	0	0
2012	0	0	23,456	0	12,610	16,663	0	0
2013	0	0	23,456	0	13,214	16,058	0	0
2014	0	0	23,456	0	13,847	15,426	0	0
2015 – 2019	0	0	117,280	0	79,840	66,520	0	0
2020 – 2024	0	0	117,280	0	100,884	45,476	0	0
2025 – 2029	0	0	93,814	0	127,472	4,727	0	0
Total Debt Payments	\$40,603	\$2,935	\$445,654	\$0	\$371,383	\$199,898	\$56,000	\$3,360

Note 12 – Transfers

Interfund Transfers between funds during 2009 were as follows:

Transfer from Funds	Transfers To Funds							Total
	General	Police	Other Governmental	Water	Sewer	Sewer CIF	Other Enterprise	
General	\$0	\$24,800	\$7,000	\$0	\$0	\$0	\$0	\$31,800
Income Tax	136,800	0	0	0	0	0	0	136,800
Sewer	0	0	0	0	0	17,000	0	17,000
Sewer CIF	0	0	0	0	6,382	0	0	6,382
Utility Deposit	0	0	0	1,100	1,187	0	114	2,401
	\$136,800	\$24,800	\$7,000	\$1,100	\$7,569	\$17,000	\$114	\$194,383

VILLAGE OF SARDINIA – BROWN COUNTY
Notes to the Basic Financial Statements
For the Years Ended December 31, 2009 and 2008

Note 12 – Transfers-(Continued)

Interfund Transfers between funds during 2008 were as follows:

Transfer from Funds	Transfers To Funds						Total
	General	Other Governmental	Water	Sewer	Sewer CIF	Other Enterprise	
General	\$0	\$17,500	\$0	\$0	\$0	\$0	\$17,500
Income Tax	93,697	0	0	0	0	0	93,697
Sewer	0	0	0	0	4,113	0	4,113
Utility Deposit	0	0	284	445	0	282	1,011
	\$93,697	\$17,500	\$284	\$445	\$4,113	\$282	\$116,321

The above mentioned transfers from/to were used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to spend them; to move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due; to use unrestricted revenue collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations; and to move money into the capital project funds to be spent on capital related projects.

Note 13 – Accountability and Compliance

The Village had the following violations for budgetary noncompliance:

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

Note 14 – 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.

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

Village Council
Village of Sardinia
151 Maple Ave.
Sardinia, OH 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, 2009 and 2008, which collectively comprise the Village's basic financial statements and have issued our report thereon dated September 28, 2010. 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. 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 as a basis for designing our audit procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of opining on the effectiveness of the Village's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Village's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. Therefore, we cannot assure that we have identified all deficiencies, significant deficiencies or material weaknesses. However, as described in the accompanying schedule of findings we identified a certain deficiency in internal control over financial reporting, that we consider a material weakness.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of deficiency, in internal control such that there is a reasonable possibility that a material misstatement of the Village's financial statements will not be prevented, or detected and timely corrected. We consider finding 2009-001 described in the accompanying schedule of findings to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters we must report under *Government Auditing Standards* as finding 2009-002.

We also noted certain additional matters that we have reported to management of the Village in a separate letter dated September 28, 2010

The Village's written responses to the findings identified in our audit have not been subjected to the audit procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

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

September 28, 2010

VILLAGE OF SARDINIA, BROWN COUNTY
Schedule of Findings
For the Years Ended December 31, 2009 and 2008

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

Finding Number 2009-001

Financial Statement Adjustments - Material Weakness

Rule 117-2-01(A) and 117-2-01(B)(1) of the Ohio Administrative Code directs all public offices to design and operate a system of internal control that is adequate to provide reasonable assurance regarding the reliability of financial reporting.

Sound financial reporting is the responsibility of the Fiscal Officer and City Council and is essential to ensure the information provided to the readers of the financial statements is complete and accurate. It is also important to note that independent auditors are not part of an entity's internal control structure and should not be relied upon by management to detect misstatements in the financial statements.

Thus, it is important that management develop control procedures related to drafting financial statements and footnotes that enable management to prevent and detect potential misstatements in the financial statements and footnotes prior to audit.

The following audit adjustments were made to the December 31, 2009 financial statements:

1. To correctly classify the proceeds of a new debt issuance.
2. To correctly classify debt payments.

The following audit adjustments were made to the December 31, 2008 financial statements:

1. To correctly classify debt payments.

These proposed adjustments have been made to the financial statements for both years.

The lack of controls over the posting of financial transactions and financial reporting can result in errors and irregularities that may go undetected and decreases the reliability of financial data throughout the year.

We recommend the Village adopt policies and procedures for controls over recording of financial transactions and over financial reporting to help ensure the information accurately reflects the activity of the Village and thereby increasing the reliability of the financial data throughout the year.

Officials' Response

No officials' response was provided by the Village.

VILLAGE OF SARDINIA, BROWN COUNTY
Schedule of Findings
For the Years Ended December 31, 2009 and 2008

Finding Number 2009-002

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 Fire Capital Fund during 2008. 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 request if they exceed appropriations.

VILLAGE OF SARDINIA, BROWN COUNTY
Schedule of Prior Audit Findings
For the Year Ended December 31, 2009 and 2008

Description	Status	Comments
Government Auditing Standards:		
1. Village Clerk overpayment of annual compensation set forth by ordinance compared to form W-2.	Corrected	N/A
2. Village failed to ensure that two employees were paying proper percentage of health and medical insurance.	Corrected	N/A
3. Village did not have an adequate segregation of duties.	Corrected	N/A
4. The Village misclassified and misposted tax receipts, intergovernmental receipts charges for services	Corrected	N/A
5. Significant Deficiency - Records of the utility billing and receipts were not available for audit.	Corrected	N/A
6. Village lacked proper submission of required forms and payments to various State and Federal agencies.	Corrected	N/A
7. Village did not accurately reflect the long term debt.	Corrected	N/A
8. Village unable to provide a complete set of records and supporting documentation.	Corrected	N/A
9. Village did take necessary steps to eliminate negative fund balances and only posted disbursements into a fund for the purposes for which such fund was established.	Corrected	N/A
10. ORC 5705.36 - Subdivision must obtain a reduced amended certificate when actual resources fall below the current level of appropriations.	Corrected	N/A
11. ORC 5705.39 - Subdivision shall not make any appropriations to any fund in excess of the total estimated resources.	Corrected	N/A
12. ORC 5705.41(B) - Subdivision shall not expend money from any fund unless it has been appropriated.	Not Corrected	Reissued as Finding 2009-002

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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
DECEMBER 14, 2010**