

**VILLAGE OF SEBRING
MAHONING COUNTY, OHIO**

*Financial Statements
(Audited)*

For The Years Ended
December 31, 2009 and 2008

DOUG BURCHARD, VILLAGE MANAGER



Mary Taylor, CPA

Auditor of State

Members of Council and Mayor
Village of Sebring
135 East Ohio Ave
Sebring, Ohio 44672

We have reviewed the *Independent Auditor's Report* of the Village of Sebring, Mahoning County, prepared by Julian & Grube, 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.

The financial statements in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Auditor of State. Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Independent Auditor's Report* on your financial statements. While the Auditor of State does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. The attached report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the statements are misstated under the non-GAAP regulatory basis. The *Independent Auditor's Report* also includes an opinion on the financial statements using the regulatory format the Auditor of State permits.

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 Sebring is responsible for compliance with these laws and regulations.

Mary Taylor

Mary Taylor, CPA
Auditor of State

November 3, 2010

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**VILLAGE OF SEBRING
MAHONING COUNTY, OHIO**

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Julian & Grube, Inc.

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Independent Auditor's Report

Members of Council and Mayor
Village of Sebring
135 East Ohio Avenue
Sebring, Ohio 44672

We have audited the accompanying financial statements of the Village of Sebring, Mahoning County, Ohio, as of and for the years ended December 31, 2009 and 2008. These financial statements are the responsibility of the Village of Sebring'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 the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure 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 our audit provides a reasonable basis for our opinion.

As described in Note 2, the Village of Sebring has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Instead of the combined funds the accompanying financial statements present, GAAP requires presenting entity wide statements and also presenting the Village of Sebring's larger (i.e. major) funds separately. While the Village of Sebring does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The Village of Sebring has elected not to follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2009 and 2008 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Village of Sebring as of December 31, 2009 and 2008, or its changes in financial position or cash flows of its proprietary funds for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Village of Sebring, Mahoning County, Ohio, as of December 31, 2009 and 2008, and its combined cash receipts and disbursements, combined budgeted and actual cash receipts and budgeted and actual cash disbursements and encumbrances for the years then ended on the accounting basis described in Note 2.

The Village of Sebring has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 20, 2010 on our consideration of the Village of Sebring's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did 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*. You should read it in conjunction with this report in assessing the results of our audit.

A handwritten signature in cursive script that reads "Julian & Grube, Inc.".

Julian & Grube, Inc.
August 20, 2010

**VILLAGE OF SEBRING
MAHONING COUNTY, OHIO**

COMBINED STATEMENT OF CASH FUND BALANCES
ALL FUND TYPES
DECEMBER 31, 2009 AND 2008

<u>Cash and Cash Equivalents</u>	2009	2008
Cash and Cash Equivalents	\$ 407,375	\$ 477,975
Total Cash and Cash Equivalents	\$ 407,375	\$ 477,975
 <u>Cash Fund Balances</u>		
<u>Governmental Fund Types:</u>		
General Fund	\$ 128,581	\$ 126,730
Special Revenue Funds	258,514	211,134
Capital Projects Funds	35,125	23,077
Total Governmental Fund Types	422,220	360,941
 <u>Proprietary Fund Type:</u>		
Enterprise Funds	(15,539)	116,340
Total Proprietary Fund Type	(15,539)	116,340
 <u>Fiduciary Fund Type:</u>		
Agency Funds	694	694
Total Fiduciary Fund Type	694	694
Total Cash Fund Balances	\$ 407,375	\$ 477,975

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

**VILLAGE OF SEBRING
MAHONING COUNTY, OHIO**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN CASH FUND BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2009

	Governmental Fund Types			Total (Memorandum Only)
	General	Special Revenue	Capital Projects	
Cash receipts:				
Property and local taxes	\$ 1,185,509	\$ 346,049	\$ 209,468	\$ 1,741,026
Intergovernmental	167,551	206,831	-	374,382
Charges for services	60,674	49,110	-	109,784
Fines, licenses, and permits	85,175	-	-	85,175
Interest	1,145	-	-	1,145
Miscellaneous	10,716	15,336	6,157	32,209
Total cash receipts	<u>1,510,770</u>	<u>617,326</u>	<u>215,625</u>	<u>2,343,721</u>
Cash disbursements:				
Current:				
Security of persons and property	763,740	126,103	-	889,843
Public health services	15,496	-	-	15,496
Leisure time activities	-	146,921	-	146,921
Basic utility services	-	94,277	-	94,277
Transportation	-	220,444	52,582	273,026
General government	529,367	92,744	4,800	626,911
Capital outlay	-	23,990	54,723	78,713
Debt service:				
Principal retirement	130,256	-	70,000	200,256
Interest and fiscal charges	66,560	-	21,472	88,032
Total cash disbursements	<u>1,505,419</u>	<u>704,479</u>	<u>203,577</u>	<u>2,413,475</u>
Total cash receipts over/(under) cash disbursements	<u>5,351</u>	<u>(87,153)</u>	<u>12,048</u>	<u>(69,754)</u>
Other financing receipts/(disbursements):				
Operating transfers in	-	3,500	-	3,500
Operating transfers out	(3,500)	-	-	(3,500)
Other sources	-	131,033	-	131,033
Total other financing receipts/(disbursements)	<u>(3,500)</u>	<u>134,533</u>	<u>-</u>	<u>131,033</u>
Excess of cash receipts and other financing receipts over/(under) cash disbursements and other financing disbursements	1,851	47,380	12,048	61,279
Cash fund balances, January 1, 2009	<u>126,730</u>	<u>211,134</u>	<u>23,077</u>	<u>360,941</u>
Cash fund balances, December 31, 2009	<u>\$ 128,581</u>	<u>\$ 258,514</u>	<u>\$ 35,125</u>	<u>\$ 422,220</u>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**VILLAGE OF SEBRING
MAHONING COUNTY, OHIO**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN CASH
FUND BALANCES - PROPRIETARY FUND TYPE AND
SIMILAR FIDUCIARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2009

	Proprietary Fund Type	Fiduciary Fund Type	Total (Memorandum Only)
	Enterprise	Agency	
Operating cash receipts:			
Charges for services	\$ 1,508,061	\$ -	\$ 1,508,061
Other miscellaneous	7,043	6,096	13,139
Total operating cash receipts	<u>1,515,104</u>	<u>6,096</u>	<u>1,521,200</u>
Operating cash disbursements:			
Personal services	595,276	-	595,276
Employee fringe benefits	3,831	-	3,831
Contractual services	325,523	-	325,523
Supplies and material	138,746	-	138,746
Total operating cash disbursements	<u>1,063,376</u>	<u>-</u>	<u>1,063,376</u>
Operating income/loss	<u>451,728</u>	<u>6,096</u>	<u>457,824</u>
Nonoperating cash receipts/(disbursements):			
Intergovernmental receipts	1,231,625	-	1,231,625
Miscellaneous	(457)	(6,096)	(6,553)
Proceeds of notes	2,105,934	-	2,105,934
Capital outlay	(1,924,546)	-	(1,924,546)
Debt service:			
Principal	(1,843,427)	-	(1,843,427)
Interest	(152,736)	-	(152,736)
Total nonoperating cash receipts/(disbursements)	<u>(583,607)</u>	<u>(6,096)</u>	<u>(589,703)</u>
Income/(loss) before operating transfers	<u>(131,879)</u>	<u>-</u>	<u>(131,879)</u>
Transfers in	549,152	-	549,152
Transfers out	<u>(549,152)</u>	<u>-</u>	<u>(549,152)</u>
Net income/(loss)	<u>(131,879)</u>	<u>-</u>	<u>(131,879)</u>
Cash fund balances, January 1, 2009	<u>116,340</u>	<u>694</u>	<u>117,034</u>
Cash fund balances, December 31, 2009	<u>\$ (15,539)</u>	<u>\$ 694</u>	<u>\$ (14,845)</u>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**VILLAGE OF SEBRING
MAHONING COUNTY, OHIO**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,
AND ENCUMBRANCES COMPARED WITH EXPENDITURE
AUTHORITY - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2009

Fund Types	Receipts					Disbursements						
	County Certified Unencumbered Cash	Budget	Total Estimated Resources	Actual 2009 Receipts	Variance Favorable (Unfavorable)	Prior Year Carryover Appropriations	2009 Appropriations	Total	Actual 2009 Disbursements	Encumbrances Outstanding at 12/31/09	Total	Variance Favorable (Unfavorable)
Governmental:												
General	\$ 36,956	\$ 1,550,340	\$ 1,587,296	\$ 1,510,770	\$ (39,570)	\$ -	\$ 1,499,172	\$ 1,499,172	\$ 1,508,919	\$ 2,956	\$ 1,511,875	\$ (12,703)
Special Revenue	57,460	674,951	732,411	751,859	76,908	-	670,549	670,549	704,479	218	704,697	(34,148)
Capital Projects	37,082	225,000	262,082	215,625	(9,375)	-	244,500	244,500	203,577	-	203,577	40,923
Proprietary:												
Enterprise	308,663	2,148,700	2,457,363	5,401,815	3,253,115	-	2,184,815	2,184,815	5,533,694	6,810	5,540,504	(3,355,689)
Total												
(Memorandum Only)	\$ 440,161	\$ 4,598,991	\$ 5,039,152	\$ 7,880,069	\$ 3,281,078	\$ -	\$ 4,599,036	\$ 4,599,036	\$ 7,950,669	\$ 9,984	\$ 7,960,653	\$ (3,361,617)

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**VILLAGE OF SEBRING
MAHONING COUNTY, OHIO**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN CASH FUND BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2008

	Governmental Fund Types			Total (Memorandum Only)
	General	Special Revenue	Capital Projects	
Cash receipts:				
Local taxes	\$ 1,281,436	\$ 385,947	\$ 230,544	\$ 1,897,927
Intergovernmental	211,512	269,713	-	481,225
Charges for services	65,182	55,767	-	120,949
Fines, licenses, and permits	53,782	-	-	53,782
Interest	8,340	-	-	8,340
Miscellaneous	1,773	21,281	13,015	36,069
Total cash receipts	<u>1,622,025</u>	<u>732,708</u>	<u>243,559</u>	<u>2,598,292</u>
Cash disbursements:				
Current:				
Security of persons and property	816,246	10,464	-	826,710
Public health services	15,294	-	-	15,294
Leisure time activities	-	148,267	-	148,267
Community environment	-	15,600	-	15,600
Transportation	-	228,624	-	228,624
General government	469,843	96,284	39,736	605,863
Capital outlay	-	621	63,872	64,493
Debt service:				
Principal retirement	136,009	229,993	485,530	851,532
Interest and fiscal charges	73,359	7,337	42,326	123,022
Total cash disbursements	<u>1,510,751</u>	<u>737,190</u>	<u>631,464</u>	<u>2,879,405</u>
Total cash receipts over/(under) cash disbursements	<u>111,274</u>	<u>(4,482)</u>	<u>(387,905)</u>	<u>(281,113)</u>
Other financing receipts/(disbursements):				
Proceeds from sale of notes	-	-	373,900	373,900
Operating transfers in	-	21,500	-	21,500
Operating transfers out	(21,500)	-	-	(21,500)
Other sources	-	136,656	-	136,656
Total other financing receipts/(disbursements)	<u>(21,500)</u>	<u>158,156</u>	<u>373,900</u>	<u>510,556</u>
Excess of cash receipts and other financing receipts over/(under) cash disbursements and other financing disbursements	89,774	153,674	(14,005)	229,443
Cash fund balances, January 1, 2008	<u>36,956</u>	<u>57,460</u>	<u>37,082</u>	<u>131,498</u>
Cash fund balances, December 31, 2008	<u>\$ 126,730</u>	<u>\$ 211,134</u>	<u>\$ 23,077</u>	<u>\$ 360,941</u>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**VILLAGE OF SEBRING
MAHONING COUNTY, OHIO**

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN CASH
FUND BALANCES - PROPRIETARY FUND TYPE AND
SIMILAR FIDUCIARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2008

	Proprietary Fund Type	Fiduciary Fund Type	Total (Memorandum Only)
	Enterprise	Agency	
Operating cash receipts:			
Charges for services	\$ 1,520,429	\$ -	\$ 1,520,429
Other miscellaneous	8,961	1,270	10,231
Total operating cash receipts	<u>1,529,390</u>	<u>1,270</u>	<u>1,530,660</u>
Operating cash disbursements:			
Personal services	572,300	-	572,300
Employee fringe benefits	3,469	-	3,469
Contractual services	426,746	-	426,746
Supplies and material	125,398	-	125,398
Total operating cash disbursements	<u>1,127,913</u>	<u>-</u>	<u>1,127,913</u>
Operating income/(loss)	<u>401,477</u>	<u>1,270</u>	<u>402,747</u>
Nonoperating cash receipts/(disbursements):			
Miscellaneous	(1,182)	(8,321)	(9,503)
Proceeds of notes	185,376	-	185,376
Capital outlay	(200,412)	-	(200,412)
Debt service:			
Principal	(415,852)	-	(415,852)
Interest	(161,730)	-	(161,730)
Total nonoperating cash receipts/(disbursements)	<u>(593,800)</u>	<u>(8,321)</u>	<u>(602,121)</u>
Income/loss before operating transfers	<u>(192,323)</u>	<u>(7,051)</u>	<u>(199,374)</u>
Transfers in	553,352	-	553,352
Transfers out	<u>(553,352)</u>	<u>-</u>	<u>(553,352)</u>
Net income/(loss)	<u>(192,323)</u>	<u>(7,051)</u>	<u>(199,374)</u>
Cash fund balances, January 1, 2008	<u>308,663</u>	<u>7,745</u>	<u>316,408</u>
Cash fund balances, December 31, 2008	<u>\$ 116,340</u>	<u>\$ 694</u>	<u>\$ 117,034</u>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**VILLAGE OF SEBRING
MAHONING COUNTY, OHIO**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,
AND ENCUMBRANCES COMPARED WITH EXPENDITURE
AUTHORITY - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2008

Fund Types	Receipts					Disbursements						
	County Certified Unencumbered Cash	Budget	Total Estimated Resources	Actual 2008 Receipts	Variance Favorable (Unfavorable)	Prior Year Carryover Appropriations	2008 Appropriations	Total	Actual 2008 Disbursements	Encumbrances Outstanding at 12/31/08	Total	Variance Favorable (Unfavorable)
Governmental:												
General	\$ 36,956	\$ 1,484,650	\$ 1,521,606	\$ 1,622,025	\$ 137,375	\$ -	\$ 1,422,379	\$ 1,422,379	\$ 1,532,251	\$ -	\$ 1,532,251	\$ (109,872)
Special Revenue	57,460	728,631	786,091	890,864	162,233	-	613,500	613,500	737,190	-	737,190	(123,690)
Capital Projects	37,082	226,600	263,682	617,459	390,859	-	253,630	253,630	631,464	-	631,464	(377,834)
Proprietary:												
Enterprise	308,663	2,166,700	2,475,363	2,268,118	101,418	-	2,078,015	2,078,015	2,258,847	-	2,258,847	(180,832)
Total												
Ⓞ (Memorandum Only)	\$ 440,161	\$ 4,606,581	\$ 5,046,742	\$ 5,398,466	\$ 791,885	\$ -	\$ 4,367,524	\$ 4,367,524	\$ 5,159,752	\$ -	\$ 5,159,752	\$ (792,228)

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**VILLAGE OF SEBRING
MAHONING COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

NOTE 1 - DESCRIPTION OF THE ENTITY

The Village of Sebring (the “Village”) is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio.

The Village operates under a council-mayor form of government and provides the following services: park operations, fire services, police services, water and sewer utility services, street maintenance and repair, as well as other general government services.

Management believes the financial statements included in this report represent all of the funds of the Village over which the Village officials are financially accountable.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The most significant of the Village’s accounting policies are described below.

A. BASIS OF PRESENTATION - FUND ACCOUNTING

The accounts of the Village are maintained on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts. The following fund types are used by the Village:

Governmental Fund Type:

General Fund

The general fund is the general operating fund and is used to account for all activities of the Village not required to be included in another fund.

Special Revenue Funds

These funds are used to account for the proceeds of specific revenue sources that are legally restricted expenditures for specific purposes.

The Village had the following significant special revenue fund:

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

**VILLAGE OF SEBRING
MAHONING COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Capital Projects Funds

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

Capital Improvement Fund - This fund receives a portion of the Village's income tax receipts for equipment purchase and repair, improvements to the Village's buildings and other structures, miscellaneous projects and street projects.

Proprietary Fund Type:

Enterprise Funds

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

Water Works System Fund - This fund receives charges for services from residents to cover water service costs.

Sewer Fund - This fund receives charges for services from residents to cover sewer service costs.

Fiduciary Funds

Fiduciary funds include private purpose trust funds and agency funds. Trust funds account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Village's own programs. The Village did not have private purpose trust funds.

Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Village disburses these funds as directed by the individual, organization or other government. The Village's agency funds account for fire damage done to buildings in the community and for possible damage done by contractors doing work within the Village limits.

B. BASIS OF ACCOUNTING

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

**VILLAGE OF SEBRING
MAHONING COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

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

C. BUDGETARY PROCESS

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriations resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. All funds are legally required to be budgeted and appropriated except agency funds. The primary level of budgetary control is at the object level within each office, department and division within each fund. Any budgetary modifications at this level may only be made by resolution of the Village's Council.

Tax Budget:

A budget of estimated cash receipts and disbursements is submitted to the County Auditor, as secretary of the County Budget Commission, by July 20 of each year, for the period January 1 to December 31 of the following year. The expressed purpose of the tax budget is to reflect the need for existing (or increased) tax rates.

Estimated Resources:

The County Budget Commission determines if the budget substantiates a need to levy the full amount of authorized property tax rates and reviews receipt estimates. The County Budget Commission certifies its actions to the Village by September 1. As part of this certification, the Village receives the official certificate of estimated resources, which states the projected receipts of each fund. On or about January 1, the certificate is amended to include unencumbered fund balances at December 31 of the preceding year. Further amendments may be made during the year if the Village determines that receipts collected will be greater than or less than the prior estimates and the Budget Commission finds the revised estimates to be reasonable. Prior to December 31, the Village must revise its budget so that the total contemplated expenditures from a fund during the ensuing fiscal year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriation measure.

**VILLAGE OF SEBRING
MAHONING COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Appropriations:

A temporary appropriation measure to control cash disbursements may be passed on or about January 1 of each year for the period January to March 31. An annual appropriation measure must be passed by April 1 of each year for the period January 1 to December 31. The appropriations measure may be amended or supplemented during the year as new information becomes available. Appropriations may not exceed estimated resources.

Encumbrances:

As part of formal budgetary control, purchase orders, contracts, and other commitments for the expenditure of funds are recorded in order to reserve the portion of the applicable appropriation.

At the close of each fiscal year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriations. The encumbered appropriation balance is carried forward to the succeeding fiscal year and need not be reappropriated. The Village had outstanding encumbrances at December 31, 2009 and there were no outstanding encumbrances at December 31, 2008.

D. CASH AND CASH EQUIVALENTS

For reporting purposes, the Village considers "Cash and Cash Equivalents" to be cash on hand, demand deposits, and all investments held by the Village with a maturity date less than or equal to three months from the date of purchase. Interest earned on investments held by the Village is credited to its respective funds. Interest income earned and received by the Village totaled \$1,145 and \$8,340 for the years ended December 31, 2009 and 2008, respectively.

E. PROPERTY, PLANT AND EQUIPMENT

Capital assets are not capitalized in any of the Village's funds. Instead, capital acquisition and construction costs are reflected as expenditures in the fund in the year expended. The costs of normal maintenance and repairs are also expended, along with improvements. Depreciation is not recorded.

F. INTERGOVERNMENTAL REVENUES

Intergovernmental revenues, such as entitlements and grants awarded on a non-reimbursable basis are recorded when received in accordance with the Village's cash basis method of accounting.

**VILLAGE OF SEBRING
MAHONING COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

G. INTERFUND TRANSACTIONS

During the course of normal operations, the Village had transactions between funds. The most significant include:

Transfers of resources from one fund to another fund. The resources transferred are to be expended for operations by the receiving fund and are recorded as operating transfers.

H. TOTAL COLUMNS ON FINANCIAL STATEMENTS

Total columns on the financial statements are captioned "Total (Memorandum Only)" to indicate that they are presented only to facilitate financial analysis. Interfund-type eliminations have not been made in the aggregation of this data.

NOTE 3 - EQUITY IN POOLED CASH AND CASH EQUIVALENTS

The Village maintains a cash and cash equivalent pool used by all funds. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash and cash equivalents at December 31, 2009 and 2008 were as follows:

	<u>2009</u>	<u>2008</u>
Deposits: Demand Deposits	<u>\$ 407,375</u>	<u>\$ 477,975</u>

Deposits: Deposits are either (1) insured by the Federal Deposit Insurance Corporation or (2) collateralized by the financial institution's public entity deposit pool.

**VILLAGE OF SEBRING
MAHONING COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008**

NOTE 4 - PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by Village Council. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as Intergovernmental 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 on the following June 20.

In prior years, tangible personal property assessments were twenty-five percent of true value for capital assets and twenty-three percent of true value for inventory. Tangible personal property tax is being phased out. This assessment percentage for property, including inventory, was reduced to 12.5% for 2007, 6.25% for 2008, and was zero for 2009. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, the first payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

House Bill No. 66 was signed into law on June 30, 2005. House Bill No. 66 phases out the tax on tangible personal property of general businesses, telephone and telecommunications companies, and railroads. The tax on general business and railroad property will be eliminated by calendar year 2009, and the tax on telephone and telecommunications property will be eliminated by calendar year 2011. The tax is phased out by reducing the assessment rate on the property each year. The bill replaces the revenue lost by the Village due to the phasing out of the tax. In calendar years 2006-2010, the Village will be fully reimbursed for the lost revenue. In calendar years 2011-2017, the reimbursements will be phased out.

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

**VILLAGE OF SEBRING
MAHONING COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

NOTE 5 - DEBT OBLIGATIONS

At December 31, 2009 and 2008, debt obligations consisted of the following issuances:

<u>Description</u>	<u>Balance 12/31/09</u>	<u>Balance 12/31/08</u>
Waterworks System - 1 st Mortgage Revenue Bond for improvements to the Village's waterworks system due in annual installments on varying amounts through 2022 bearing interest of 5.00%.	\$1,991,000	\$2,096,000
Ohio Water Development Authority (OWDA) note for a sewer treatment plant improvement project that was mandated by the Ohio Environmental Protection Agency for the Clean Water Act due in semiannual installments of \$132,415, through 2011, bearing interest of 2.00%.	260,910	516,679
Ohio Public Works Commission (OPWC) note for the 15 th Street/Ohio Avenue Repair/Replacement project, due in semiannual installments of \$9,362, through 2026, bearing no interest.	327,669	337,031
OWDA Waste Water Treatment Plant Phase II note for the improvements to the sewer treatment plant due in semiannual installments of \$26,659, through 2024, bearing interest of 4.84%.	550,974	576,688
OWDA Note for a headworks bypass and sewer Rehabilitation project through 2030, bearing interest of 1.00%.	872,942	-
OWDA Waste Water Treatment Plant improvements Design note for planning and design of the Waste Water Treatment Plant improvements. Upon the beginning of Construction in 2009, the loan was paid off and rolled into the 2009 construction loan.	-	185,376
Streetscape Improvement Bonds for certain downtown economic revitalization improvements, including streetscape improvements to Maryland and Ohio Avenues in the Village, due in semiannual payments of \$30,000, through 2023, bearing interest of 5.38%.	810,000	870,000
Downtown Economic Revitalization Improvement Bonds, Series 2003B for general parks improvements including the acquisition and renovation of a building known as the Stringray Building, due in semiannual payments of \$7,017, through 2013, bearing interest of 6.94%.	48,295	58,446

**VILLAGE OF SEBRING
MAHONING COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

NOTE 5 - DEBT OBLIGATIONS - (Continued)

<u>Description</u>	<u>Balance 12/31/09</u>	<u>Balance 12/31/08</u>
Downtown Economic Revitalization Improvement Bonds, Series 2003B for paying part of the cost of downtown economic revitalization improvements, including streetscape improvements to Maryland and Ohio Avenues, due in semiannual payments of \$12,684, through 2013, bearing interest of 4.76%.	91,417	111,707
Economic Development Revenue Bonds, Series 2003A for the Village to make loans as part of the revolving loan fund for economic development, due in semiannual payments of \$21,051, through 2013, bearing interest of 6.94%.	144,885	175,338
Real Estate Bond Anticipation Note (Renewal) for the acquisition of real estate, due in annual installments of \$50,000, through 2014, bearing interest of 5.11%.	250,000	300,000
Street Improvement Bond Anticipation Note for the partial cost of street improvements, due in annual installments of \$20,000, through 2014, bearing interest of 5.11%.	100,000	120,000
Various Purpose Bond Anticipation Note, Series 2008 (Renewal) for the partial cost of the economic revitalization improvements to the park and downtown, due in full in one year, bearing interest of 5.25% (See Note 13).	373,900	373,900
Aquatech sewer vacuum truck, due in annual installments of \$45,130, through 2011, bearing interest of 5.37%.	<u>83,478</u>	<u>122,054</u>
Total	<u>\$5,905,470</u>	<u>\$5,843,219</u>

**VILLAGE OF SEBRING
MAHONING COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

NOTE 5 - DEBT OBLIGATIONS - (Continued)

Transactions for the years ended December 31, 2009 and 2008 are summarized as follows:

2009	Fund Type	Balance at 12/31/08	Proceeds	Retirements	Balance at 12/31/09
Waterworks System - 1st Mortgage Revenue Bond	Enterprise	\$ 2,096,000	\$ -	\$ (105,000)	\$ 1,991,000
Wastewater Treatment Plant - OWDA	Enterprise	516,679	-	(255,769)	260,910
Downtown Revitalization - OPWC	General	337,031	-	(9,362)	327,669
Wastewater Treatment Plant Phase II - OWDA	Enterprise	576,688	-	(25,714)	550,974
Wastewater Treatment Plant Improvements Design - OWDA	Enterprise	185,376	1,367	(186,743)	-
OWDA Headworks and Sewer Project	Enterprise	-	2,104,567	(1,231,625)	872,942
Streetscape Improvement Bonds	General	870,000	-	(60,000)	810,000
Economic Development Revenue Bonds - 2003B	General	58,446	-	(10,151)	48,295
Economic Development Revenue Bonds - 2003B	General	111,707	-	(20,290)	91,417
Economic Development Revenue Bonds - 2003A	General	175,338	-	(30,453)	144,885
Real Estate Acquisition BAN	Capital Projects	300,000	-	(50,000)	250,000
Street Improvement BAN	Capital Projects	120,000	-	(20,000)	100,000
Various Purpose BAN - 2008	Capital Projects	373,900	-	-	373,900
Vacuum Truck - Aquatech	Enterprise	122,054	-	(38,576)	83,478
Total		\$ 5,843,219	\$ 2,105,934	\$ (2,043,683)	\$ 5,905,470

2008	Fund Type	Balance at 12/31/07	Proceeds	Retirements	Balance at 12/31/08
Waterworks System - 1st Mortgage Revenue Bond	Enterprise	\$ 2,200,000	\$ -	\$ (104,000)	\$ 2,096,000
Wastewater Treatment Plant - OWDA	Enterprise	767,408	-	(250,729)	516,679
Downtown Revitalization - OPWC	General	355,755	-	(18,724)	337,031
Wastewater Treatment Plant Phase II - OWDA	Enterprise	601,201	-	(24,513)	576,688
Wastewater Treatment Plant Improvements Design - OWDA	Enterprise	-	185,376	-	185,376
Economic Development TAN	Special Revenue	109,993	-	(109,993)	-
Fire Equipment and Building Bonds	Special Revenue	120,000	-	(120,000)	-
Streetscape Improvement Bonds	General	930,000	-	(60,000)	870,000
Economic Development Revenue Bonds - 2003B	General	67,928	-	(9,482)	58,446
Economic Development Revenue Bonds - 2003B	General	131,065	-	(19,358)	111,707
Economic Development Revenue Bonds - 2003A	General	203,783	-	(28,445)	175,338
Real Estate Acquisition BAN	Capital Projects	350,000	-	(50,000)	300,000
Street Improvement BAN	Capital Projects	140,000	-	(20,000)	120,000
Various Purpose BAN - 2007	Capital Projects	415,530	-	(415,530)	-
Various Purpose BAN - 2008	Capital Projects	-	373,900	-	373,900
Vacuum Truck - Aquatech	Enterprise	158,664	-	(36,610)	122,054
Total		\$ 6,551,327	\$ 559,276	\$ (1,267,384)	\$ 5,843,219

**VILLAGE OF SEBRING
MAHONING COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008**

NOTE 5 - DEBT OBLIGATIONS - (Continued)

The principal and interest requirements to retire the debt obligations outstanding at December 31, 2009 follows:

Year Ending December 31,	Waterworks System		WWTP OWDA		Downtown Revitalization OPWC		WWTP Phase II OWDA		Streetscape Improvement Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2010	\$ 115,000	\$ 99,550	\$ 129,806	\$ 2,609	\$ 18,724	\$ -	\$ 13,326	\$ 13,333	\$ 60,000	\$ 42,775
2011	116,000	93,800	131,104	1,311	18,724	-	27,628	25,690	60,000	39,543
2012	126,000	88,000	-	-	18,724	-	28,980	24,338	60,000	36,315
2013	128,000	81,700	-	-	18,724	-	30,400	22,918	60,000	33,087
2014	139,000	75,300	-	-	18,724	-	31,890	21,428	60,000	29,859
2015-2019	791,000	266,600	-	-	93,620	-	184,460	82,130	300,000	100,875
2020-2024	576,000	58,350	-	-	93,620	-	234,290	32,300	210,000	22,596
2025-2026	-	-	-	-	46,809	-	-	-	-	-
TOTALS	\$ 1,991,000	\$ 763,300	\$ 260,910	\$ 3,920	\$ 327,669	\$ -	\$ 550,974	\$ 222,137	\$ 810,000	\$ 305,050

Year Ending December 31,	Downtown Economic Revitalization Improvement Bonds		Downtown Economic Revitalization Improvement Bonds		Economic Development Revenue Bonds		Real Estate Acquisition BAN		Street Improvement BAN	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2010	\$ 10,868	\$ 3,166	\$ 21,268	\$ 4,100	\$ 32,603	\$ 9,499	\$ 50,000	\$ 12,818	\$ 20,000	\$ 5,127
2011	11,635	2,399	22,292	3,076	34,905	7,197	50,000	10,220	20,000	4,088
2012	12,456	1,578	23,365	2,003	37,369	4,733	50,000	7,665	20,000	3,066
2013	13,336	698	24,492	876	40,008	2,094	50,000	5,110	20,000	2,044
2014	-	-	-	-	-	-	50,000	2,555	20,000	1,022
2015-2019	-	-	-	-	-	-	-	-	-	-
2020-2024	-	-	-	-	-	-	-	-	-	-
2025-2026	-	-	-	-	-	-	-	-	-	-
TOTALS	\$ 48,295	\$ 7,841	\$ 91,417	\$ 10,055	\$ 144,885	\$ 23,523	\$ 250,000	\$ 38,368	\$ 100,000	\$ 15,347

Year Ending December 31,	Various Purpose BAN		Aquatech Truck Lease		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2010	\$ 373,900	\$ 19,630	\$ 40,648	\$ 4,482	\$ 886,143	\$ 217,089
2011	-	-	42,830	2,300	535,118	189,624
2012	-	-	-	-	376,894	167,698
2013	-	-	-	-	384,960	148,527
2014	-	-	-	-	319,614	130,164
2015-2019	-	-	-	-	1,369,080	449,605
2020-2024	-	-	-	-	1,113,910	113,246
2025-2026	-	-	-	-	46,809	-
TOTALS	\$ 373,900	\$ 19,630	\$ 83,478	\$ 6,782	\$ 5,032,528	\$ 1,415,953

The 2009 OWDA Note for the headworks bypass and sewer rehabilitation project has not been completely disbursed and thus there is no amortization schedule available.

**VILLAGE OF SEBRING
MAHONING COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

NOTE 6 - DEBT COVENANT

The Village's Water Works System revenue bond debt covenant requires the Village to maintain a Water Works System 1st Mortgage Revenue Fund, a Water Works System Debt Service Fund, and a Water Works System Reserve Fund. The debt covenant further requires the following: the Village must first pay all reasonable and proper expenses of operating and maintaining the Water Works fund; second, the Village must monthly, deposit 1/12th of the next ensuing principal and interest payment into the Water Works System Debt Service Fund; third, out of the remaining balance the Village must make up any previous deficiency in any monthly allocation; and fourth, out of the remaining balance of income and revenue after the previous allocations required are made, deposit in the Water Works System Reserve Fund the sum of \$1,767 each month until there is accumulated in the fund the sum of \$212,040 after which no further deposits need be made into said Water Works System Reserve Fund except to replace withdrawals. Whenever disbursements are made from the Water Works Reserve Fund, monthly payments in the amount of \$1,767 each shall be resumed until there is again accumulated in the fund the maximum amount of \$212,040, at which time payments may be discontinued.

NOTE 7 - RETIREMENT SYSTEMS

The Village's salaried employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost sharing, multiple-employer plan. This plan provides retirement benefits, including post-retirement healthcare and survivor and disability benefits to participants as prescribed by the Ohio Revised Code. The Village's Police, Fire and Emergency Medical Services employees belong to the Ohio Police & Fire Pension Fund (OP&F).

Contribution rates are also prescribed by the Ohio Revised Code. For 2009, OPERS members contributed 10% of their gross salaries. The Village contributed an amount equal to 14% of participants' gross salaries. For 2009, OP&F members contributed 10% of their gross salaries. The Village contributed an amount equal to 19.5% and 24.0% for police and fire, respectively, for the year ended December 31, 2009. At December 31, 2009, all amounts for the years ended 2009 and 2008 have been paid.

NOTE 8 - RISK MANAGEMENT

A. Property and Other

For 2009 and 2008, the Village obtained commercial insurance for the following risks:

- General liability and casualty
- Public official's liability
- Property (fleet and fire)

**VILLAGE OF SEBRING
MAHONING COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

NOTE 8 - RISK MANAGEMENT - (Continued)

B. Medical

For 2009 and 2008, the Village provided traditional health, life, disability, and prescription insurance to full-time employees through a private carrier. Effective January 1, 2008, the Village was no longer self-insured.

NOTE 9 - CONTINGENT LIABILITY

LITIGATION

The Village is currently not involved in litigation for which the Village's legal counsel anticipates a loss.

NOTE 10 - INTERFUND TRANSACTIONS

The Village had the following interfund transactions for the year ended December 31, 2009:

<u>Fund Type/Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General	\$ -	\$ 3,500
Special Revenue Funds:		
Street Construction, Maintenance and Repair	3,500	-
Total Special Revenue Funds	3,500	-
Enterprise Funds:		
Water Works System	-	211,567
Water 1st Mortgage	209,800	-
Water Debt Reserve	21,204	19,437
Sewer	-	318,148
Sewer 1st Mortgage	318,148	-
Total Enterprise Funds	549,152	549,152
Total Transfers	\$ 552,652	\$ 552,652

**VILLAGE OF SEBRING
MAHONING COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

NOTE 10 - INTERFUND TRANSACTIONS - (Continued)

The Village had the following interfund transactions for the year ended December 31, 2008:

<u>Fund Type/Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General	\$ -	\$ 21,500
Special Revenue Funds:		
Street Construction, Maintenance and Repair	<u>21,500</u>	<u>-</u>
Total Special Revenue Funds	<u>21,500</u>	<u>-</u>
Enterprise Funds:		
Water Works System	-	102,635
Water 1st Mortgage	235,204	-
Water Debt Reserve	-	132,569
Sewer	-	318,148
Sewer 1st Mortgage	<u>318,148</u>	<u>-</u>
Total Enterprise Funds	<u>553,352</u>	<u>553,352</u>
Total Transfers	<u>\$ 574,852</u>	<u>\$ 574,852</u>

Transfers from the general fund are used to subsidize other funds' activities. The transfers from the water works system fund and the water debt reserve fund to the water 1st mortgage fund and from the sewer fund to the sewer 1st mortgage fund are for the retirement of the debt and debt reserve requirements as described in the Village's debt covenant.

All transfers were in accordance with Sections 5705.14, 5705.15, 5705.16 of the Ohio Revised Code.

NOTE 11 - COMPLIANCE

- A. The Village did not obtain a reduced amended certificate when the amount of the deficiency reduced available resources below the level of approved appropriations in certain funds in noncompliance with Ohio Revised Code Section 5705.36(A)(4) for the years ended December 31, 2009 and 2008.
- B. The Village had appropriations in excess of resources at the years end and throughout the years ended December 31, 2009 and 2008 in noncompliance with Ohio Revised Code Sections 5705.39 and 5705.36.
- C. The Village did not timely certify expenditures for the years ended December 31, 2009 and December 31, 2008 in noncompliance with Ohio Revised Code Section 5705.41(D).

**VILLAGE OF SEBRING
MAHONING COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008**

NOTE 11 - COMPLIANCE - (Continued)

- D. The Village did not certify to the county the proper fund balances at January 1, 2009 in noncompliance with Ohio Revised Code Section 5705.36.
- E. The Village had expenditures exceeding appropriations at December 31, 2009 and 2008 in noncompliance with Ohio Revised Code Sections 5705.40 and 5705.41(B).
- F. The Village had negative fund balances throughout the years and at the years ended for December 31, 2009 and 2008 in noncompliance with Ohio Revised Code Section 5705.10.
- G. The Village did not submit the annual financial report to the NRMSIR or SID for the years ended December 31, 2009 and 2008 in noncompliance with 17 CFR 240.15c-12.

NOTE 12 - OTHER SOURCES

For the year ended December 31, 2009, special revenue fund type other sources consisted of revolving loan repayments of principal and interest and a reimbursement from a local company for the Johnson Road project. For the year ended December 31, 2008, special revenue fund type other sources consisted of revolving loan repayments of principal and interest.

NOTE 13 - SUBSEQUENT EVENT

The Village received an extension of payment and refinanced the 2008 Various Purpose Bond Anticipation Notes on February 17, 2010.



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**Report on Internal Control Over Financial Reporting and on Compliance
and Other Matters Based on an Audit of Financial Statements
Performed in Accordance With *Government Auditing Standards***

Members of Council and Mayor
Village of Sebring
Mahoning County
135 East Ohio Avenue
Sebring, Ohio 43332

We have audited the financial statements of the Village of Sebring, Mahoning County, Ohio, as of and for the years ended December 31, 2009 and 2008, and have issued our report thereon dated August 20, 2010 wherein we noted the Village of Sebring prepared its financial statements using accounting practices the Auditor of State prescribes or permits rather than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village of Sebring's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of opining on the effectiveness of the Village of Sebring's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Village of Sebring'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 and responses, we identified two deficiencies in internal control over financial reporting, that we consider to be material weaknesses.

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 deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Village of Sebring's financial statements will not be prevented, or detected and timely corrected. We consider findings 2009-VOS-001 and 2009-VOS-005 described in the accompanying schedule of findings and responses to be material weaknesses.

Members of Council and Mayor
Village of Sebring

Compliance and Other Matters

As part of reasonably assuring whether the Village of Sebring's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed nine instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings and responses as items 2009-VOS-002 through 2009-VOS-010.

We also noted certain matters not requiring inclusion in this report that we reported to the Village of Sebring's management in a separate letter dated August 20, 2010.

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

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



Julian & Grube, Inc.
August 20, 2010

**VILLAGE OF SEBRING
MAHONING COUNTY, OHIO**

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

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS	
Finding Number	2009-VOS-001

Material Weakness

A critical part of financial reporting is to maintain internal controls to help ensure the proper reporting of financial statement amounts.

We identified misstatements in the financial statements for the years under audit that were not initially identified by the Village's internal control.

The Village had the following audit adjustments necessary to properly record activity in 2009 and 2008:

2009 Adjustments:

General Fund

Increase intergovernmental receipts and decrease local tax receipts in the amount of \$20,384 to properly reflect tangible personal property tax reimbursements as intergovernmental revenue.

Increase intergovernmental receipts and security of persons and property disbursements in the amount of \$13,447 to properly reflect the Police Department Finger Print Equipment reimbursement from the State.

Special Revenue Fund Type

Recreation Fund

Increase intergovernmental receipts and decrease local tax receipts in the amount of \$14,058 to properly reflect tangible personal property tax reimbursements as intergovernmental revenue.

Fire Levy Fund

Increase intergovernmental receipts and decrease local tax receipts in the amount of \$21,088 to properly reflect tangible personal property tax reimbursements as intergovernmental revenue.

Pool Fund

Increase intergovernmental receipts and decrease local tax receipts in the amount of \$3,515 to properly reflect tangible personal property tax reimbursements as intergovernmental revenue.

Capital Project Fund Type

Capital Improvement Fund

Increase proceeds of notes and principal disbursements in the amount of \$373,900 to properly reflect the payoff and renewal of the Various Purpose BANs, Series 2007/2008.

**VILLAGE OF SEBRING
MAHONING COUNTY, OHIO**

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

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS - (Continued)	
Finding Number	2009-VOS-001- (Continued)

Enterprise Fund Type

Water Works System Fund

1. Increase proceeds of notes and increase capital outlay disbursements in the amount of \$1,231,625 to properly reflect on behalf payments made by the Ohio Water Development Authority.
2. Increase proceeds of notes in the amount of \$686,199, increase capital outlay disbursements in the amount of \$682,849 and increase interest expense in the amount of \$3,350 to properly reflect on behalf payments made by the Ohio Water Development Authority.
3. Increase intergovernmental receipts and increase principal disbursements in the amount of \$1,231,625 to properly record on behalf payments made by the Ohio Water Development Authority.
4. Increase proceeds of notes in the amount of \$188,110, increase principal disbursements in the amount of \$186,743 and increase interest disbursements in the amount of \$1,367 to properly reflect on behalf payments made by the Ohio Water Development Authority.

Storm Water Utility Fund

Increase principal disbursements in the amount of \$19,288, interest disbursements in the amount of \$3,277 and decrease capital outlay in the amount of \$22,565 to properly reflect debt payments for the Aquatech sewer vacuum truck debt.

2008 Adjustments:

General Fund

Increase intergovernmental receipts and decrease local tax receipts in the amount of \$17,737 to properly reflect tangible personal property reimbursements as intergovernmental revenues.

Special Revenue Fund Type

Recreation Fund

Increase intergovernmental receipts and decrease local tax receipts in the amount of \$11,607 to properly reflect tangible personal property reimbursements as intergovernmental revenues.

Fire Levy Fund

Increase intergovernmental receipts and decrease local tax receipts in the amount of \$17,410 to properly reflect tangible personal property reimbursements as intergovernmental revenues.

**VILLAGE OF SEBRING
MAHONING COUNTY, OHIO**

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

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS - (Continued)	
Finding Number	2009-VOS-001- (Continued)

Pool Fund

Increase intergovernmental receipts and decrease local tax receipts in the amount of \$2,902 to properly reflect tangible personal property tax reimbursements as intergovernmental revenue.

Revolving Loan Fund

Increase interest receipts and decrease other financing sources in the amount of \$4,573 to properly record interest on revolving loan agreement in interest receipts.

Enterprise Fund Type

Water Works System Fund

Increase proceeds of notes receipts in the amount of \$185,376, increase capital outlay disbursements in the amount of \$185,072 and increase interest disbursements in the amount of \$304 to properly reflect on behalf payments made by the Ohio Water Development Authority.

Storm Water Utility Fund

Increase principal disbursements in the amount of \$18,305, interest in the amount of \$4,260 and decrease capital outlay disbursements in the amount of \$22,565 to properly reflect debt payments for the Aquatech sewer vacuum fund debt.

Proper posting of Village revenue and expenditures is a crucial part of the Village's financial statements as potential users may rely on the statements to make decisions that could have an impact on the Village. In addition, improper posting of receipts could mislead the Members of Council and Village citizens during the year and additionally may misrepresent individual fund balances and possibly misrepresent budget and planning reports.

We recommend that the Village implement additional internal controls to help ensure revenues and expenditures are properly recorded and reflected in the Village's records. We further recommend the Village implement additional internal controls over financial reporting to help ensure accurate financial reports throughout the year and at year end. We also recommend the Village consult local government services and SSI for proper posting of transactions.

Client Response: The current Fiscal Officer will attempt to properly post all transactions in the future. He will consult the Village Handbook, Local Government Services and/or its auditors when unusual/or infrequent transactions occur.

**VILLAGE OF SEBRING
MAHONING COUNTY, OHIO**

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

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS	
Finding Number	2009-VOS-002

Ohio Revised Code Section 5705.36 (A)(4) states that upon a determination by the fiscal officer of a subdivision that the revenue to be collected by the subdivision will be less than the amount included in an official certificate and that the amount of the deficiency will reduce available resources below the level of current appropriations, the fiscal officer shall certify the amount of the deficiency to the commission, and the commission shall certify an amended certificate reflecting the deficiency.

At December 31, the Village had appropriations greater than actual resources, which consist of actual revenues and beginning fund balances in the following funds:

<u>Fund Type/Fund</u>	<u>Actual Resources</u>	<u>Appropriations</u>	<u>Excess</u>
<u>2009</u>			
<u>Special Revenue:</u>			
Street Construction, Maintenance and Repair	\$ 194,041	\$ 226,350	\$ 32,309
Community Center	53,734	64,850	11,116
<u>Capital Projects</u>			
Capital Improvement	238,701	244,500	5,799
<u>Enterprise</u>			
Sewer 1st Mortgage	318,148	318,500	352
Water Works System	677,125	770,550	93,425
<u>2008</u>			
<u>Special Revenue:</u>			
Fire Levy	93,123	127,200	34,077
<u>Enterprise</u>			
Water Works System	672,487	745,800	73,313

By appropriating more funds than actual resources, the Village is at risk of spending more money than is available and not utilizing the budget for its intended purpose. This may result in negative fund balances.

We recommend the Village monitor appropriations in comparison to actual resources and obtain decreased amended appropriations as needed. Further guidance may be found in Auditor of State Bulletin 97-010.

Client Response: The Village is attempting to monitor the budget more closely.

**VILLAGE OF SEBRING
MAHONING COUNTY, OHIO**

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

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS - (Continued)	
Finding Number	2009-VOS-003

Ohio Revised Code Section 5705.39 in part requires that total appropriations from each fund should not exceed total estimated resources.

At December 31, the Village had appropriations in excess of estimated resources in the following funds:

<u>Fund Type/Fund</u>	<u>Estimated Resources</u>	<u>Appropriations</u>	<u>Excess</u>
<u>December 31, 2009</u>			
<u>Special Revenue Fund Type:</u>			
Community Center	\$ 53,643	\$ 64,850	\$ 11,207
Motor Vehicle License Tax	33,034	60,000	26,966
<u>Enterprise Fund:</u>			
Sewer 1st Mortgage	291,500	318,500	27,000
<u>December 31, 2008</u>			
<u>Special Revenue Fund Type:</u>			
Fire Levy	49,404	127,200	77,796

With appropriations exceeding estimated resources, the Village is appropriating monies that are not in the Treasury or in the process of collection that have been certified with the County Auditor. Thus, over appropriating may cause expenditures to increase and cause a deficit fund balance.

We recommend the Village comply with the Ohio Revised Code by monitoring appropriations so they do not exceed estimated resources. This may be achieved by monitoring the budget more closely on a continual basis and amending estimated resources or appropriations as necessary.

Client Response: The Village will continue to attempt to modify appropriations in an efficient and accurate manner.

**VILLAGE OF SEBRING
MAHONING COUNTY, OHIO**

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

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS - (Continued)	
Finding Number	2009-VOS-004

Ohio Revised Code Sections 5705.36, in part, requires Fiscal Officers to certify to the County Auditor the total amount from all sources which are available for expenditures from each fund in the tax budget along with any unencumbered balances that existed at the end of the preceding year.

During the years and at the years ended December 31, 2009 and December 31, 2008, the Village did not request enough amended certificates throughout the year upon notice of increased or decreased resources.

The Village is not properly certifying its most current estimated resources to the appropriate authorities and thus causing appropriations to exceed estimated resources.

We recommend that the Village certify its available sources at year end and file amended certificates as necessary throughout the year. This will facilitate the Village’s appropriation process.

Client Response: The Village is attempting to monitor the budget more closely.

Finding Number	2009-VOS-005
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Material Weakness/Noncompliance

Ohio Revised Code Section 5705.41(D) requires that no orders or contracts involving the expenditure of money are to be made unless there is a certificate of the fiscal officer that the amount required for the order or contract has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances.

The Village had 90.16% and 90.32% of expenditures that were not timely certified for the years ended December 31, 2009 and December 31, 2008, respectively. The Village also does not utilize purchase orders for recurring expenditures, such as utilities.

Without timely certification, the Village may expend more funds than available in the Treasury, in the process of collection or in the funds appropriated. It may also result in unnecessary purchases.

We recommend that all orders or contracts involving the expenditure of money be timely certified to ensure all monies expended are lawfully appropriated and available in the treasury or in the process of collection. A policy and procedure statement adopted by the Council and distributed at least annually may be beneficial. The Village should consider using “Then” and “Now” certificates where applicable.

Client Response: The Village is attempting to use blanket certificates and ‘then and now’ certificates when applicable.

**VILLAGE OF SEBRING
MAHONING COUNTY, OHIO**

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

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS - (Continued)	
Finding Number	2009-VOS-006

Ohio Revised Code Section 5705.36, in part, requires fiscal officers to certify to the County Auditor the total amount from all sources which is available for expenditures from each fund in the tax budget along with any unencumbered balances that existed at the end of the preceding year.

The Village certified balances that did not agree to the financial reports at January 1, 2009.

The Village is not accurately reflecting its various fund balances to the County Auditor for proper certification of available resources to be appropriated.

We recommend that the Village consult with Ohio Compliance Supplement, the Village manual and its auditors to ensure that Village fund balances agree to audited reports. This will enable the County Auditor to perform the proper certification with accurate information. This will in turn allow the Village to properly appropriate funds within its available resources.

Client Response: The Village is attempting to monitor the budget more closely.

Finding Number	2009-VOS-007
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Ohio Revised Code Section 5705.41(B) provides that no subdivision or taxing unit shall make any expenditure of money unless it has been appropriated as provided in such chapter. The Village had expenditures exceeding appropriations in the following funds and by the corresponding amounts at December 31, 2009 and 2008, respectively.

2009

<u>Fund Type/Fund</u>	<u>Appropriations</u>	<u>Expenditures</u>	<u>Excess</u>
General	\$ 1,499,172	\$ 1,511,875	\$ 12,703
<u>Special Revenue Funds:</u>			
Recreation	70,175	91,969	21,794
Income Tax	82,000	89,152	7,152
Special Project Grant	-	112,182	112,182
Fire Levy	57,200	71,855	14,655
<u>Enterprise Funds:</u>			
Water Extension Line	-	717	717
Water Works System	770,550	4,110,723	3,340,173
Sewer	799,865	818,463	18,598

**VILLAGE OF SEBRING
MAHONING COUNTY, OHIO**

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

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS - (Continued)	
Finding Number	2009-VOS-007 - (Continued)

2008

<u>Fund Type/Fund</u>	<u>Appropriations</u>	<u>Expenditures</u>	<u>Excess</u>
General	\$ 1,422,379	\$ 1,532,251	\$ 109,872
<u>Special Revenue Funds:</u>			
FEMA	-	8,949	8,949
Street Construction, Maintenance and Repair	213,050	226,388	13,338
Recreation	68,150	86,436	18,286
Civic Center	48,400	62,216	13,816
Income Tax	81,000	92,425	11,425
Revolving Loan	-	129,930	129,930
<u>Capital Improvement Fund:</u>			
Capital Improvement	253,630	631,464	377,834
<u>Enterprise Funds:</u>			
Water 1st Mortgage	209,800	214,000	4,200
Sewer	753,315	824,789	71,474
Sewer 1st Mortgage	291,500	318,148	26,648
Storm Water	77,700	87,309	9,609
Water Debt Reserve	-	111,365	111,365
Water Works System	745,800	918,595	172,795

Disclosure is presented at the fund level, rather than at the department and item level within the fund due to the practicality of determining these values.

We recommend that Village Council and the Village Manager monitor closely the annual budget and file amended certificates of estimated resources and appropriations as needed to ensure disbursements are within the amounts legally appropriated. We also recommend that the Village Manager deny expenditures that exceed appropriations. In addition, we also recommend the Village Manager review and amend appropriations when it is determined that expenditures will exceed appropriations.

Client Response: When necessary, the Village will file amended certificates of estimated resources and appropriations as needed to ensure disbursements are within the amounts legally appropriated. The administration will deny any and all expenditures that exceed appropriations.

**VILLAGE OF SEBRING
MAHONING COUNTY, OHIO**

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

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS - (Continued)	
Finding Number	2009-VOS-008

Ohio Revised Code Section 5705.40 outlines the requirements for amending and supplementing appropriations. This section requires that any amendments to an appropriation measure be made by Council resolution and comply with the same provisions of the law as used in making the original appropriations.

Expenditures exceeded appropriations during 2009 and 2008 due to the Village not timely or properly modifying its appropriations throughout the year.

By not timely and properly modifying the Village's appropriations, the Village is not adequately monitoring appropriations versus expenditures. With expenditures exceeding appropriations, overspending may occur which may result in a negative fund balance.

We recommend that the Village comply with Ohio Revised Code and Auditor of State Bulletin 97-010 by monitoring expenditures so they do not exceed lawful appropriations. This may be achieved by monitoring the budget more closely on a continual basis and making appropriation amendments as necessary.

Client Response: The Village will continue to attempt to modify appropriations in an efficient and accurate manner.

**VILLAGE OF SEBRING
MAHONING COUNTY, OHIO**

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

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS - (Continued)	
Finding Number	2009-VOS-009

Ohio Revised Code Section 5705.10 in part requires that on a cash basis, no fund shall have a negative fund balance during the fiscal year or at fiscal year end.

The Village had negative fund balances throughout the years and at the following years ended December 31,:

<u>May 31, 2009</u>	
<u>Special Revenue</u>	<u>Amount</u>
Street Construction, Maintenance and Repair	\$ (266)
Community Center	(18,532)
<u>Enterprise</u>	
Sewer 1st Mortgage	(159,074)
<u>December 31, 2009</u>	
<u>Enterprise</u>	
Water Works System	(127,093)
<u>April 30, 2008</u>	
<u>Special Revenue</u>	
Street Construction, Maintenance and Repair	(18,673)
Community Center	(27,677)
Fire Levy	(71,089)
<u>December 31, 2008</u>	
<u>Special Revenue</u>	
Fire Levy	(32,052)
<u>Enterprise</u>	
Water Works System	(44,468)

By having a negative fund balance, these funds have spent other funds' balances. This could indicate insufficient monitoring of appropriations and related expenditures and continual review of cash management.

We recommend that the Village properly expend monies only after funds have been received and subsequent to proper appropriation. If funds are anticipated, but not yet received and expenditures are necessary, the Village should advance or transfer funds from the General Fund with proper Council approval. We recommend the Village utilize its accounting software program to its fullest and continually review relevant reports to assist in preventing negative fund balances.

Client Response: The Village will attempt to monitor the fund balances more closely.

**VILLAGE OF SEBRING
MAHONING COUNTY, OHIO**

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

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS - (Continued)	
Finding Number	2009-VOS-010

17 CFR 240.15c-12 states that the issuer of bonds must provide a copy of the annual report to each Nationally Recognized Municipal Securities Information Repository (NRMSIR) and State Information Depository (SID).

The Village did not submit the annual financial report to the NRMSIR or SID for the years ended December 31, 2009 and 2008.

By not timely filing to all approved Nationally Recognized Municipal Securities Information Repository (NRMSIR) and State Information Depository (SID) failure to provide the annual information and operating data could lead to the Village losing tax exempt status and could result in the debt holder declaring the entire principal amount then outstanding and accrued interest immediately due and payable. The Village could also be liable for any or all taxes incurred by the debt holder if holdings were to lose their tax exempt status.

We recommend the annual financial report be provided to the NRMSIR and SID on a timely basis following the issuance of the annual report.

Client Response: The administration was not apprised of its obligation to make annual reports to Nationally Recognized Municipal Security Information Repositories and the State Information Depository on previously issued and outstanding bonds held by the Village. The Village will remit the request information as noted.

**VILLAGE OF SEBRING
MAHONING COUNTY, OHIO**

**STATUS OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2009 AND 2008**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
2007-001	Ohio Revised Code Section 5705.41(D) states that no subdivision shall make any contract or order any expenditure of money unless the certificate of the Fiscal Officer is attached.	No	Repeated as finding 2009-VOS-005
2007-002	Ohio Revised Code Section 5705.36(A)(1) states that on or about the first day of each fiscal year, the Fiscal Officer of each subdivision and other taxing unit shall certify to the County Auditor the total amount from all sources available for expenditures from each fund set up in the tax budget or, if the adoption of a tax budget was waived under Section 5705.281 of the Revised Code, from each fund created by or on behalf of the taxing authority.	Yes	N/A
2007-003	17 C.F.R. Section 240.15c2-12 states that the issuer and/or obligated persons (i.e., entities directly or contingently responsible for repaying securities) must agree in writing, to provide to all approved Nationally Recognized Municipal Security Repositories (NRMSIR's) and to the State Information Depository (SID).	No	Repeated as finding 2009-VOS-010

**VILLAGE OF SEBRING
MAHONING COUNTY, OHIO**

**STATUS OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2009 AND 2008**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No <u>Longer</u> Valid; <i>Explain:</i>
2007-004	Ohio Revised Code Section 5705.39 provides, in part, the total appropriations from each fund shall not exceed the total of the estimated revenue available for expenditure there from, as certified by the county budget commission.	No	Repeated as finding 2009-VOS-003
2007-005	Ohio Revised Code Section 5705.41(B) provides that no subdivision or taxing unit shall make any expenditure of money unless it has been appropriated as provided in such chapter.	No	Repeated as finding 2009-VOS-007
2007-006	Ohio Revised Code Section 5705.10(H) states that money that is paid into a fund must be used only for the purposes for which such fund has been established.	No	Repeated as finding 2009-VOS-009

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Mary Taylor, CPA
Auditor of State

VILLAGE OF SEBRING

MAHONING 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
NOVEMBER 16, 2010**