



Dave Yost • Auditor of State

VILLAGE OF SABINA
CLINTON COUNTY

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Dave Yost • Auditor of State

Village of Sabina
Clinton County
99 N. Howard Street
Sabina, Ohio 45169

To the Village Council:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to an interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS 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. Our Report includes an adverse opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

July 25, 2011

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Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Village of Sabina
Clinton County
99 N. Howard Street
Sabina, Ohio 45169

To the Village Council:

We have audited the accompanying financial statements of Village of Sabina, Clinton County, Ohio (the Village), as of and for the years ended December 31, 2010 and 2009. 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 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. The Village processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Village because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code § 117.11(A) mandates the Auditor of State to audit Ohio governments. We believe our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the Village 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 require presenting entity wide statements and also presenting the Village's larger (i.e. major) funds separately. While the Village 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 Villages to reformat their statements. The Village 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, 2010 and 2009 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2010 and 2009, or its changes in financial position or cash flows, where applicable 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 and reserves for encumbrances of Village of Sabina, Clinton County, as of December 31, 2010 and 2009, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The Village 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 July 25, 2011, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. 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.



Dave Yost
Auditor of State

July 25, 2011

**VILLAGE OF SABINA
CLINTON COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2010**

	<u>Governmental Fund Types</u>			<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Property and Local Taxes	\$74,728	\$23,622	\$0	\$98,350
Municipal Income Tax	230,650			230,650
Intergovernmental	94,674	167,455		262,129
Special Assessments	103			103
Charges for Services	1,423			1,423
Fines, Licenses and Permits	18,020	2,468		20,488
Earnings on Investments	4,069	420		4,489
Miscellaneous	12,100	3,285		15,385
	<u>435,767</u>	<u>197,250</u>	<u>0</u>	<u>633,017</u>
Total Cash Receipts				
Cash Disbursements:				
Current:				
Security of Persons and Property	307,461	34,195		341,656
Public Health Services	785			785
Leisure Time Activities	424			424
Transportation	25,560	216,665		242,225
General Government	198,840	655		199,495
Capital Outlay			14,390	14,390
	<u>533,070</u>	<u>251,515</u>	<u>14,390</u>	<u>798,975</u>
Total Cash Disbursements				
Total Receipts Over/(Under) Disbursements	<u>(97,303)</u>	<u>(54,265)</u>	<u>(14,390)</u>	<u>(165,958)</u>
Other Financing Receipts / (Disbursements):				
Advances-In	100,000			100,000
Other Financing Uses	(167)			(167)
	<u>99,833</u>	<u>0</u>	<u>0</u>	<u>99,833</u>
Total Other Financing Receipts / (Disbursements)				
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	2,530	(54,265)	(14,390)	(66,125)
Fund Cash Balances, January 1	<u>571,151</u>	<u>239,488</u>	<u>14,390</u>	<u>825,029</u>
Fund Cash Balances, December 31	<u>\$573,681</u>	<u>\$185,223</u>	<u>\$0</u>	<u>\$758,904</u>
Reserve for Encumbrances, December 31	<u>\$26,896</u>	<u>\$14,620</u>	<u>\$0</u>	<u>\$41,516</u>

The notes to the financial statements are an integral part of this statement.

**VILLAGE OF SABINA
CLINTON COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL PROPRIETARY AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2010**

	<u>Proprietary Fund Types</u>	<u>Fiduciary Fund Types</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
Operating Cash Receipts:			
Charges for Services	\$831,618	\$0	\$831,618
Miscellaneous	1,137		1,137
Total Operating Cash Receipts	<u>832,755</u>	<u>0</u>	<u>832,755</u>
Operating Cash Disbursements:			
Personal Services	157,906		157,906
Employee Fringe Benefits	89,004		89,004
Contractual Services	201,400		201,400
Supplies and Materials	41,155		41,155
Other	6,673		6,673
Total Operating Cash Disbursements	<u>496,138</u>	<u>0</u>	<u>496,138</u>
Operating Income/(Loss)	<u>336,617</u>	<u>0</u>	<u>336,617</u>
Non-Operating Cash Receipts:			
Special Assessments	7,523		7,523
Sale of Notes	411,100		411,100
Miscellaneous Receipts	3,595		3,595
Total Non-Operating Cash Receipts	<u>422,218</u>	<u>0</u>	<u>422,218</u>
Non-Operating Cash Disbursements:			
Capital Outlay	417,772		417,772
Redemption of Principal	61,745		61,745
Interest and Other Fiscal Charges	27,300		27,300
Total Non-Operating Cash Disbursements	<u>506,817</u>	<u>0</u>	<u>506,817</u>
Excess of Receipts Over/(Under) Disbursements Before Interfund Transfers and Advances	252,018	0	252,018
Transfers-In		3,117	3,117
Transfers-Out	(3,117)		(3,117)
Advances-Out	(100,000)		(100,000)
Net Receipts Over/(Under) Disbursements	148,901	3,117	152,018
Fund Cash Balances, January 1	<u>906,135</u>	<u>0</u>	<u>906,135</u>
Fund Cash Balances, December 31	<u>\$1,055,036</u>	<u>\$3,117</u>	<u>\$1,058,153</u>
Reserve for Encumbrances, December 31	<u>\$63,796</u>	<u>\$0</u>	<u>\$63,796</u>

The notes to the financial statements are an integral part of this statement.

**VILLAGE OF SABINA
CLINTON COUNTY**

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

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Property and Local Taxes	\$73,836	\$23,971	\$0	\$97,807
Municipal Income Tax	225,958			225,958
Intergovernmental	307,700	138,692		446,392
Charges for Services	1,751			1,751
Fines, Licenses and Permits	22,511	1,231		23,742
Earnings on Investments	9,693	166		9,859
Miscellaneous	9,699	11,255		20,954
	<u>651,148</u>	<u>175,315</u>	<u>0</u>	<u>826,463</u>
Total Cash Receipts				
Cash Disbursements:				
Current:				
Security of Persons and Property	299,319	36,790		336,109
Public Health Services	850			850
Leisure Time Activities	476			476
Transportation		113,093		113,093
General Government	248,943	3,810		252,753
Debt Service:				
Interest and Fiscal Charges	5,438			5,438
	<u>555,026</u>	<u>153,693</u>	<u>0</u>	<u>708,719</u>
Total Cash Disbursements				
Total Receipts Over/(Under) Disbursements	<u>96,122</u>	<u>21,622</u>	<u>0</u>	<u>117,744</u>
Other Financing Receipts / (Disbursements):				
Sale of Fixed Assets	179	61		240
Transfers-In	26,416			26,416
Transfers-Out	(10,000)			(10,000)
Advances-Out	(100,000)			(100,000)
Other Financing Uses	(428)			(428)
	<u>(83,833)</u>	<u>61</u>	<u>0</u>	<u>(83,772)</u>
Total Other Financing Receipts / (Disbursements)				
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	12,289	21,683	0	33,972
Fund Cash Balances, January 1	<u>558,862</u>	<u>217,805</u>	<u>14,390</u>	<u>791,057</u>
Fund Cash Balances, December 31	<u>\$571,151</u>	<u>\$239,488</u>	<u>\$14,390</u>	<u>\$825,029</u>
Reserve for Encumbrances, December 31	<u>\$676</u>	<u>\$809</u>	<u>\$0</u>	<u>\$1,485</u>

The notes to the financial statements are an integral part of this statement.

**VILLAGE OF SABINA
CLINTON COUNTY**

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

	<u>Proprietary Fund Types</u>	<u>Fiduciary Fund Types</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
Operating Cash Receipts:			
Charges for Services	\$606,876	\$0	\$606,876
Miscellaneous	575		575
Total Operating Cash Receipts	<u>607,451</u>	<u>0</u>	<u>607,451</u>
Operating Cash Disbursements:			
Personal Services	184,304		184,304
Employee Fringe Benefits	95,208		95,208
Contractual Services	233,136		233,136
Supplies and Materials	44,212		44,212
Claims	6,286		6,286
Total Operating Cash Disbursements	<u>563,146</u>	<u>0</u>	<u>563,146</u>
Operating Income/(Loss)	<u>44,305</u>	<u>0</u>	<u>44,305</u>
Non-Operating Cash Receipts:			
Special Assessments	1,600		1,600
Earnings on Investments	277		277
Miscellaneous Receipts	8,738		8,738
Total Non-Operating Cash Receipts	<u>10,615</u>	<u>0</u>	<u>10,615</u>
Non-Operating Cash Disbursements:			
Capital Outlay	39,899		39,899
Redemption of Principal	57,321		57,321
Interest and Other Fiscal Charges	31,194		31,194
Total Non-Operating Cash Disbursements	<u>128,414</u>	<u>0</u>	<u>128,414</u>
Excess of Receipts Over/(Under) Disbursements Before Interfund Transfers and Advances	(73,494)	0	(73,494)
Transfers-In	231,924		231,924
Transfers-Out	(221,924)	(26,416)	(248,340)
Advances-In	100,000		100,000
Net Receipts Over/(Under) Disbursements	36,506	(26,416)	10,090
Fund Cash Balances, January 1	<u>869,629</u>	<u>26,416</u>	<u>896,045</u>
Fund Cash Balances, December 31	<u>\$906,135</u>	<u>\$0</u>	<u>\$906,135</u>
Reserve for Encumbrances, December 31	<u>\$4,410</u>	<u>\$0</u>	<u>\$4,410</u>

The notes to the financial statements are an integral part of this statement.

**VILLAGE OF SABINA
CLINTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009**

1. Summary of Significant Accounting Policies

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of Sabina, Clinton County, Ohio (the Village), as a body corporate and politic. A publicly-elected six-member Council directs the Village. The Village provides water and sewer utilities, park operations, and police services

The Village participates in one jointly governed organization. This organization is:

Jointly Governed Organization:

The SRWW #2 Joint Fire District, is a jointly governed organization, which provides fire protection and rescue services to the Village of Sabina, Richland Township, Wayne Township, and Wilson Township. Each of the four political subdivisions appoints one member of the four member board of trustees. This Board owns and operates assets in its own name. The Board of has authority to levy taxes and approve its own budget. Funding for operations comes from the participants in the District, charges for services and a tax levy.

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

B. Accounting Basis

These financial statements follow the accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The Village recognizes receipts when received in cash rather than when earned, and recognizes disbursements 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).

These statements include adequate disclosure of material matters, as the Auditor of State prescribes or permits.

C. Deposits and Investments

The Village's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

The Village values certificates of deposit and the sweep account at cost.

D. Fund Accounting

The Village uses fund accounting to segregate cash and investments that are restricted as to use. The Village classifies its funds into the following types:

**VILLAGE OF SABINA
CLINTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

1. General Fund

The General Fund reports all financial resources except those required to be accounted for in another fund.

2. Special Revenue Funds

These funds account for proceeds from specific sources (other than from private-purpose trusts or for capital projects) that are restricted to expenditure 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.

3. Capital Project Funds

These funds account for receipts restricted to acquiring or constructing major capital projects (except those financed through enterprise or trust funds). The Village had the following significant capital project fund:

Wilsons Crk/Mary's Fork Flood Mitigation Fund – This fund receives moneys from other funds for cleaning creek and stream beds.

4. Enterprise Funds

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

Water 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.

OPWC Sewer Construction Fund - This fund receives loan and grant proceeds from the Ohio Public Works Commission to finance improvements to the Sewer plant.

5. Fiduciary Funds

Fiduciary funds include private purpose trust funds and agency 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 fund accounts for Unclaimed Monies.

**VILLAGE OF SABINA
CLINTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

E. Budgetary Process

The Ohio Revised Code requires that each fund be budgeted annually.

1. Appropriations

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

2. Estimated Resources

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

3. Encumbrances

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 2010 and 2009 budgetary activity appears in Note 3.

F. Property, Plant, and Equipment

The Village records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

G. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

**VILLAGE OF SABINA
CLINTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009
(Continued)**

2. Equity in Pooled Deposits and Investments

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

	2010	2009
Demand deposits	\$621,637	\$286,732
Certificates of deposit	40,000	358,254
Total deposits	661,637	644,986
Money Market Sweep Account	1,155,420	1,086,178
Total investments	1,155,420	1,086,178
Total deposits and investments	\$1,817,057	\$1,731,164

Deposits: Deposits are insured by the Federal Depository Insurance Corporation or collateralized by the financial institution's public entity deposit pool.

Investments:

The Village maintains a sweep account which is an uninsured and unregistered investment for which securities are held by the counter party or by its department or agent, but not in the Village's name.

3. Budgetary Activity

Budgetary activity for the years ending December 31 follows:

2010 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$428,681	\$435,767	\$7,086
Special Revenue	197,313	197,250	(63)
Enterprise	1,255,387	1,254,973	(414)
Total	\$1,881,381	\$1,887,990	\$6,609

2010 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$735,125	\$560,133	\$174,992
Special Revenue	330,611	266,135	64,476
Capital Projects	14,390	14,390	0
Enterprise	1,592,208	1,069,868	522,340
Total	\$2,672,334	\$1,910,526	\$761,808

**VILLAGE OF SABINA
CLINTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009
(Continued)**

3. Budgetary Activity (Continued)

2009 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$613,934	\$677,743	\$63,809
Special Revenue	157,692	175,376	17,684
Enterprise	704,906	849,990	145,084
Total	\$1,476,532	\$1,703,109	\$226,577

2009 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$649,064	\$6,130	\$642,934
Special Revenue	226,988	154,202	72,786
Capital Projects	4,000	0	4,000
Enterprise	1,170,277	917,894	252,383
Total	\$2,050,329	\$1,078,226	\$972,103

4. Property Tax

Real property taxes become a lien on January 1 preceding the October 1 date for which the Council adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, 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.

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

5. Local Income Tax

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

**VILLAGE OF SABINA
CLINTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009
(Continued)**

6. Debt

Debt outstanding at December 31, 2010 was as follows:

	Principal	Interest Rate
1991 Ohio Water Development Authority Loan	\$330,748	8.07%
2001 Ohio Water Development Authority Loan	5,000	0.00%
2005 Dump Truck Lease Agreement	779	5.41%
OPWC Phase I Loan	411,100	0.00%
Total	\$747,627	

Additional Principal and Interest Paid during 2010 and 2009:

2009	Police Cruiser	\$5,438
2009	Dump Truck (payments not made previously)	9,474
2010	Dump Truck	3,915

The 1991 Ohio Water Development Authority (OWDA) loan relates to a sewer plant expansion project. The OWDA disbursed \$962,621 to the Village for this project. The Village will repay the loans in semiannual installments of \$45,359, including interest, over 25 years. This loan is secured by utility fund customer charges for services.

The 2001 Ohio Water Development Authority (OWDA) loan relates to the preliminary engineering for a water/wastewater treatment system. The OWDA disbursed \$25,000 to the Village for this project. The Village will repay the loan in annual installments of \$2,500, including interest, over 10 years. This loan is secured by utility fund customer charges for services.

The 2005 Dump Truck Lease Agreement is a lease-purchase agreement over a 60 month term for a new dump truck for the street department. The Village will pay \$783.00 each month. The agreement is collateralized by the vehicle.

The Ohio Public Works Commission (OPWC) Phase I loan relates to a sewer plant expansion project. The OPWC approved up to \$426,979 in loans to the Village for this project. As of December 31, 2010, OPWC has disbursed \$411,100 to the Village for this project. The Village will repay the loans in semiannual installments of \$10,674, including interest, over 20 years.

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

**VILLAGE OF SABINA
CLINTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009
(Continued)**

6. Debt

Year ending December 31:	1991 OWDA Loan	2001 OWDA Loan	Dump Truck Lease	OPWC Loan
2011	\$87,179	\$2,500	\$783	\$21,349
2012	87,864	2,500		21,349
2013	88,604			21,349
2014	89,404			21,349
2015	44,910			21,349
2016-2020				106,745
2021-2025				106,745
2026-2030				106,744
Total	<u>\$397,961</u>	<u>\$5,000</u>	<u>\$783</u>	<u>\$426,979</u>

7. Retirement Systems

The Village's full-time Police Officers belong to the Police and Fire Pension Fund (OP&F). Other employees belong to the Ohio Public Employees Retirement System (OPERS). OP&F and OPERS are cost-sharing, multiple-employer plans. The Ohio Revised Code prescribes these plans' benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2010 and 2009, OP&F participants contributed 10% of their wages. For 2010 and 2009, the Village contributed to OP&F an amount equal to 19.5% of full-time police members' wages. For 2010 and 2009, OPERS members contributed 10%, of their gross salaries and the Village contributed an amount equaling 14%, of participants' gross salaries. The Village has paid all contributions required through December 31, 2010.

8. Risk Management

Commercial Insurance

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles; and
- Errors and omissions.

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INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY GOVERNMENT AUDITING STANDARDS

Village of Sabina
Clinton County
99 N. Howard Street
Sabina, Ohio 45169

To the Village Council:

We have audited the financial statements of the Village of Sabina, Clinton County, Ohio (the Village), as of and for the years ended December 31, 2010 and 2009, and have issued our report thereon dated July 25, 2011, wherein we noted the Village 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 also noted the Village uses the Auditor of State's Uniform Accounting Network (UAN) to process its financial transactions. *Government Auditing Standards* considers this service to impair the Auditor of State's independence to audit the Village. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

Compliance and Other Matters

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We did note certain matters not requiring inclusion in this report that we reported to the Village's management in a separate letter dated July 25, 2009.

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

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State

July 25, 2009

**VILLAGE OF SABINA
CLINTON COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2010 AND 2009**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2008-001	Finding for Recovery - Garrett Benton Pay and Payroll Errors		
2008-002	Finding for Recovery – Gerald Strickland Resignation Pay		
2008-003	Finding for Recovery – Jodi Rolston Termination Pay		
2008-004	Finding for Recovery – Justin Ellenberger’s Payroll		
2008-005	Finding for Recovery – Jessica Hawk Pool Change Drawers & Final Deposit	Yes	
2008-006	Finding for Recovery – Amy Vaughn Pool Change Drawers & Final Deposit	Yes	
2008-007	ORC 5705.09(F), ORC 5705.10(H), ORC 733.28 Posting Errors	Yes	
2008-008	ORC 5705.41(D)(1) – Not properly encumbering.	No	Partially corrected, moved to management letter.
2008-009	ORC 5705.39, Appropriations exceed Estimated Resources.	Yes	
2008-010	ORC Section 2981.13(C)(1) and ORC 4511.19(G)(5)(a) Law Enforcement funds posted to General Fund.	Yes	
2008-011	Management Monitoring of Official Policies.	Yes	
2008-012	Management Controls Related to Swimming Pool Receipts.	No	Partially corrected, moved to management letter.

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VILLAGE OF SABINA

CLINTON COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
AUGUST 9, 2011