



Mary Taylor, CPA
Auditor of State

VILLAGE OF SEBRING
MAHONING COUNTY

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Mary Taylor, CPA
Auditor of State

Village of Sebring
Mahoning County
135 East Ohio Avenue
Sebring, Ohio 44672

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.

Mary Taylor

Mary Taylor, CPA
Auditor of State

April 27, 2009

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Village of Sebring
Mahoning County
135 East Ohio Avenue
Sebring, Ohio 44672

To the Village Council:

We have audited the accompanying financial statements of the Village of Sebring, Mahoning County, (the Village) as of and for the years ended December 31, 2007 and 2006. 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. 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.

The Village failed to provide in writing annual financial information and operating data to all approved Nationally Recognized Municipal Security Information Repositories (NRMSIRs) and to the 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 such holdings were to lose their tax exempt status.

In our opinion, because of the effects of the matters discussed in paragraphs three and four above, the financial statements referred to above for the years ended December 31, 2007 and 2006 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, 2007 and 2006, or its changes in financial position or cash flows, where applicable for the years then ended.

Also, in our opinion, except for the effect if any from the matter discussed in paragraph five above, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Village of Sebring, Mahoning County, as of December 31, 2007 and 2006, 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 April 27, 2009, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and 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.



Mary Taylor, CPA
Auditor of State

April 27, 2009

**VILLAGE OF SEBRING
MAHONING COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2007**

	<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	\$1,166,343	\$339,305	\$215,521	\$1,721,169
Intergovernmental	191,025	223,165	0	414,190
Charges for Services	47,028	39,235	0	86,263
Fines, Licenses and Permits	58,732	0	0	58,732
Earnings on Investments	27,100	24,384	0	51,484
Miscellaneous	10,578	9,139	9,335	29,052
Total Cash Receipts	<u>1,500,806</u>	<u>635,228</u>	<u>224,856</u>	<u>2,360,890</u>
Cash Disbursements:				
Current:				
Security of Persons and Property	811,605	88,051	0	899,656
Public Health Services	14,973	0	0	14,973
Leisure Time Activities	0	117,029	0	117,029
Community Environment	0	30,000	0	30,000
Transportation	0	187,316	0	187,316
General Government	375,642	77,706	0	453,348
Debt Service:				
Redemption of Principal	132,617	130,005	116,170	378,792
Interest and Fiscal Charges	80,022	11,897	48,692	140,611
Capital outlay	0	390	27,885	28,275
Total Cash Disbursements	<u>1,414,859</u>	<u>642,394</u>	<u>192,747</u>	<u>2,250,000</u>
Total Receipts Over/(Under) Disbursements	<u>85,947</u>	<u>(7,166)</u>	<u>32,109</u>	<u>110,890</u>
Other Financing Receipts / (Disbursements):				
Transfers-In	42,000	36,200	0	78,200
Transfers-Out	(109,239)	(78,200)	0	(187,439)
Total Other Financing Receipts / (Disbursements)	<u>(67,239)</u>	<u>(42,000)</u>	<u>0</u>	<u>(109,239)</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>18,708</u>	<u>(49,166)</u>	<u>32,109</u>	<u>1,651</u>
Fund Cash Balances, January 1	<u>18,248</u>	<u>106,626</u>	<u>4,973</u>	<u>129,847</u>
Fund Cash Balances, December 31	<u><u>\$36,956</u></u>	<u><u>\$57,460</u></u>	<u><u>\$37,082</u></u>	<u><u>\$131,498</u></u>

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

**VILLAGE OF SEBRING
MAHONING 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, 2007**

	<u>Proprietary Fund Types</u>		<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Internal Service</u>	<u>Agency</u>	
Operating Cash Receipts:				
Charges for Services	\$1,623,828	\$0	\$0	\$1,623,828
Miscellaneous	0	0	11,952	11,952
Total Operating Cash Receipts	<u>1,623,828</u>	<u>0</u>	<u>11,952</u>	<u>1,635,780</u>
Operating Cash Disbursements:				
Personal Services	1,097,854	0	0	1,097,854
Basic Utility Service	40,129	0	0	40,129
Capital Outlay	121,355	0	0	121,355
Total Operating Cash Disbursements	<u>1,259,338</u>	<u>0</u>	<u>0</u>	<u>1,259,338</u>
Operating Income/(Loss)	<u>364,490</u>	<u>0</u>	<u>11,952</u>	<u>376,442</u>
Non-Operating Cash Receipts:				
Total Non-Operating Cash Receipts	<u>98,790</u>	<u>761</u>	<u>0</u>	<u>99,551</u>
Non-Operating Cash Disbursements:				
Debt Service	501,239	0	0	501,239
Other Non-Operating Cash Disbursements	0	0	35,552	35,552
Total Non-Operating Cash Disbursements	<u>501,239</u>	<u>0</u>	<u>35,552</u>	<u>536,791</u>
Excess of Receipts Over/(Under) Disbursements Before Interfund Transfers and Advances	(37,959)	761	(23,600)	(60,798)
Transfers-In	522,443	109,239	0	631,682
Transfers-Out	(522,443)	0	0	(522,443)
Net Receipts Over/(Under) Disbursements	(37,959)	110,000	(23,600)	48,441
Fund Cash Balances, January 1	<u>346,622</u>	<u>(110,000)</u>	<u>31,345</u>	<u>267,967</u>
Fund Cash Balances, December 31	<u>\$308,663</u>	<u>\$0</u>	<u>\$7,745</u>	<u>\$316,408</u>

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

**VILLAGE OF SEBRING
MAHONING COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2006**

	<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	\$837,904	\$307,738	\$158,503	\$1,304,145
Intergovernmental	405,513	343,707	0	749,220
Charges for Services	36,186	28,350	0	64,536
Fines, Licenses and Permits	57,955	0	0	57,955
Earnings on Investments	18,363	16,875	0	35,238
Miscellaneous	28,020	11,241	8,610	47,871
	<u>1,383,941</u>	<u>707,911</u>	<u>167,113</u>	<u>2,258,965</u>
Total Cash Receipts				
	<u>1,383,941</u>	<u>707,911</u>	<u>167,113</u>	<u>2,258,965</u>
Cash Disbursements:				
Current:				
Security of Persons and Property	646,318	1,010	0	647,328
Public Health Services	14,904	119,955	0	134,859
Leisure Time Activities		97,007	0	97,007
Transportation		216,184	0	216,184
General Government	405,316	73,283	0	478,599
Debt Service:				
Redemption of Principal	120,071	130,002	121,300	371,373
Interest and Fiscal Charges	107,982	16,423	32,223	156,628
Capital Outlay	0	1,389	0	1,389
	<u>1,294,591</u>	<u>655,253</u>	<u>153,523</u>	<u>2,103,367</u>
Total Cash Disbursements				
	<u>1,294,591</u>	<u>655,253</u>	<u>153,523</u>	<u>2,103,367</u>
Total Receipts Over/(Under) Disbursements	<u>89,350</u>	<u>52,658</u>	<u>13,590</u>	<u>155,598</u>
Other Financing Receipts / (Disbursements):				
Transfers-In	85,000	31,200	0	116,200
Transfers-Out	(163,765)	(93,500)	(10,000)	(267,265)
	<u>(78,765)</u>	<u>(62,300)</u>	<u>(10,000)</u>	<u>(151,065)</u>
Total Other Financing Receipts / (Disbursements)				
	<u>(78,765)</u>	<u>(62,300)</u>	<u>(10,000)</u>	<u>(151,065)</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	10,585	(9,642)	3,590	4,533
Fund Cash Balances, January 1	<u>7,663</u>	<u>116,268</u>	<u>1,383</u>	<u>125,314</u>
Fund Cash Balances, December 31	<u><u>\$18,248</u></u>	<u><u>\$106,626</u></u>	<u><u>\$4,973</u></u>	<u><u>\$129,847</u></u>

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

**VILLAGE OF SEBRING
MAHONING 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, 2006**

	<u>Proprietary Fund Types</u>		<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Internal Service</u>	<u>Agency</u>	
Operating Cash Receipts:				
Charges for Services	\$1,568,056	\$0	\$0	\$1,568,056
Miscellaneous	0	0	27,100	27,100
Total Operating Cash Receipts	<u>1,568,056</u>	<u>0</u>	<u>27,100</u>	<u>1,595,156</u>
Operating Cash Disbursements:				
Personal Services	957,600	0	0	957,600
Contractual Services	0	161,065	0	161,065
Supplies and Materials	8,254	0	0	8,254
Capital Outlay	139,326	0	0	139,326
Total Operating Cash Disbursements	<u>1,105,180</u>	<u>161,065</u>	<u>0</u>	<u>1,266,245</u>
Operating Income/(Loss)	<u>462,876</u>	<u>(161,065)</u>	<u>27,100</u>	<u>328,911</u>
Non-Operating Cash Receipts:				
Other Non-Operating Cash Receipts	135,047	0	0	135,047
Total Non-Operating Cash Receipts	<u>135,047</u>	<u>0</u>	<u>0</u>	<u>135,047</u>
Non-Operating Cash Disbursements:				
Debt Service	647,565	0	0	647,565
Other Non-Operating Cash Disbursements	0	0	6,600	6,600
Total Non-Operating Cash Disbursements	<u>647,565</u>	<u>0</u>	<u>6,600</u>	<u>654,165</u>
Excess of Receipts Over/(Under) Disbursements Before Interfund Transfers and Advances	(49,642)	(161,065)	20,500	(190,207)
Transfers-In	553,852	151,065	0	704,917
Transfers-Out	(553,852)	0	0	(553,852)
Net Receipts Over/(Under) Disbursements	(49,642)	(10,000)	20,500	(39,142)
Fund Cash Balances, January 1	396,264	(100,000)	10,845	307,109
Fund Cash Balances, December 31	<u><u>\$346,622</u></u>	<u><u>(\$110,000)</u></u>	<u><u>\$31,345</u></u>	<u><u>\$267,967</u></u>

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

**VILLAGE OF SEBRING
MAHONING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006**

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 Sebring, Mahoning County, (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, fire services and police services. The Village appropriates general fund money to support a volunteer fire department.

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.

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:

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 Funds:

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**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Fire Levy Fund – The Village levies a tax on all property located within the Village. Fire Levy revenues are specifically for purchasing fire vehicles and equipment and also for constructing an addition to the current fire station #1.

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:

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 and storm sewer projects.

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 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.

5. Internal Service Fund

This fund accounts for services provided by one department to other departments of the government unit. The Village had the following Internal Service Fund:

Hospitalization Fund – This fund receives insurance premium payments from other funds to pay medical premiums and claims of employees enrolled in the health insurance plan.

6. 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 had no 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.

**VILLAGE OF SEBRING
MAHONING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

E. Budgetary Process

The Ohio Revised Code requires that each fund (except certain agency funds) be budgeted annually.

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the 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. Appropriations lapse at year end.

2. Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus 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. The Village did not encumber all commitments required by Ohio law.

A summary of 2007 and 2006 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.

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:

	<u>2007</u>	<u>2006</u>
Demand deposits	\$447,906	\$397,814
Total deposits	<u>447,906</u>	<u>397,814</u>

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

**VILLAGE OF SEBRING
MAHONING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006
(Continued)**

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2007 and 2006 follows:

2007 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,449,762	\$1,542,806	\$93,044
Special Revenue	675,274	671,428	(3,846)
Capital Projects	202,000	224,856	22,856
Enterprise	2,202,940	2,245,061	42,121
Internal Service	110,000	110,000	0
Total	\$4,639,976	\$4,794,151	\$154,175

2006 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$0	\$1,468,941	\$1,468,941
Special Revenue	0	739,111	739,111
Capital Projects	0	167,113	167,113
Enterprise	0	2,256,955	2,256,955
Internal Service	0	151,065	151,065
Total	\$0	\$4,783,185	\$4,783,185

2006 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,257,370	\$1,458,356	(\$200,986)
Special Revenue	704,154	748,753	(44,599)
Capital Projects	153,195	163,523	(10,328)
Enterprise	2,087,939	2,306,597	(218,658)
Internal Service	150,000	161,065	(11,065)
Total	\$4,352,658	\$4,838,294	(\$485,636)

Contrary to Ohio law, the total amount from all sources available for expenditure was not certified in 2006.

**VILLAGE OF SEBRING
MAHONING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006
(Continued)**

3. BUDGETARY ACTIVITY – (Continued)

Contrary to Ohio law, expenditures were not being properly certified in 2006 and 2007.

Contrary to Ohio law, total appropriations exceeded total estimated resources available for expenditure in all funds in 2006. In 2007 the Fire Levy and Hospitalization funds were found in violation.

Contrary to Ohio law, expenditures exceeded appropriations for 2007 in the following funds: General, Street Maintenance and Repair, Recreation, State Highway, Civic Center, Income Tax, MVL Tax, Fire Levy, Revolving Loan, Water Debt Reserve, Sewer First Mortgage, and Fire Security and Repair. In 2006 the General, Street Maintenance and Repair, Recreation, Civic Center, MVL Tax, Fire Levy, Revolving Loan, Capital Improvements, Water Works System, Water Debt Reserve, Sewer, Sewer First Mortgage, Hospitalization, and Fire Security and Repair funds had expenditures which exceeded appropriations.

Contrary to Ohio law, the following funds had a negative cash balance at December 31, 2007: Fire Levy Fund and at December 31, 2006: Fire Levy and the Hospitalization Fund.

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 1.5 percent in 2006 and 2 percent in 2007 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 SEBRING
MAHONING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006
(Continued)**

6. DEBT

Debt outstanding at December 31, 2007 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Waterworks System - 1st Mortgage Revenue Bond	\$2,200,000	5.00%
OWDA Waste Water Treatment Plant Loan	\$767,408	2.00%
OPWC Downtown Revitalization (15th St.)	\$355,755	0.00%
OWDA - WWTP Phase II	\$601,201	4.84%
Economic Development TAN (Everett)	\$109,993	3.95%
Fire Equipment & Building Bonds	\$120,000	3.43%
Streetscape Improvement Bonds	\$930,000	5.38%
Economic Dev. Revenue Bonds Series 2003B	\$67,928	6.94%
Downtown Economic Revitalization Imp. Bonds 2003B	\$131,065	4.76%
Economic Dev. Revenue Bonds Series 2003A	\$203,783	6.94%
Real Estate Acquisition BAN (Renewal)	\$350,000	5.11%
Street Improvement BAN (Renewal)	\$140,000	5.11%
Various Purpose BAN, Series 2007 (Renewal)	\$415,530	4.07%
Aquatech Loan Truck	158,664	4.19%
Total	<u><u>\$6,551,327</u></u>	

The Waterworks System First Mortgage Revenue Bonds relate to improvements to the Village's waterworks system. The bonds consist of Municipal Waterworks Improvement issues taken out in 1982 in the amount of \$3,575,000 and are payable in annual installments, including interest, from revenues of the Water Fund. To the extent that the Enterprise funds are not able to pay, transfers from the General Fund will be used. As required by the mortgage revenue bond covenant, the Village has established and funded a debt service reserve fund, included as an enterprise fund on the financial statements. The balance in the debt service reserve fund at December 31, 2007 is \$91,928.

The Ohio Water Development Authority (OWDA) loan relates to a sewer treatment plant improvement project that was mandated by the Ohio Environmental Protection Agency for the Clean Water Act. The OWDA approved up to \$4,347,746 in loans to the Village for this project. The loan is to be repaid in semiannual installments of \$132,415 (annually payments of \$264,830), including interest of 2%, over 20 years. The scheduled payment amount assumes that \$4,347,746 has been borrowed.

The scheduled payment has been adjusted to reflect any revisions in amounts actually borrowed. The loan is to be repaid with sewer receipts. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

The Ohio Public Works Commission (OPWC) Loan relates to the 15th Street/Ohio Avenue Repair/Replacement project. This loan was taken out on July 1, 2002 in the amount of \$374,479. The loan is to be repaid in semiannual installments of \$9,362 (annual payments of \$18,724) over 20 years, with no interest. The loan is to be repaid with Water/Sewer revenues or any other revenues available to pay for this loan. The Village has agreed to set utility rates sufficient to cover OPWC debt service requirements.

**VILLAGE OF SEBRING
MAHONING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006
(Continued)**

6. DEBT - (Continued)

The OWDA Waste Water Treatment Plant Phase II Note relates to improvements to the sewer treatment plant. This note was taken out on October 21, 2002 in the amount of \$678,328. The loan is to be repaid in semiannual installments of \$26,659 (annual payments of \$53,318), including interest of 4.84%, over 20 years. The scheduled payment amount below assumes that \$678,328 has been borrowed. The scheduled payment has been adjusted to reflect any revisions in amounts actually borrowed. The loan is to be repaid with sewer receipts. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

The Economic Development Tax Anticipation Note relates to a business loan given to a local company for improvements to be made to the business' building. The notes were taken out on June 11, 2003 in the amount of \$150,000. The notes are to be paid in annual installments of \$10,000, plus interest of 3.95%. The notes are to be paid from anticipated income tax revenues of the Village. In the case of a default or if income tax receipts are not sufficient to cover the payments, an additional income tax will be levied on the Village residents.

The Fire Equipment and Building Bonds were taken out to purchase a fire truck and expand Fire Station No. 1. The Bonds were taken out on August 22, 2003 in the amount of \$600,000. The bonds are to be paid in semiannual payments of \$60,000, plus interest of 3.43% over five years. The bonds are to be repaid with anticipated property tax revenues generated from a levy passed specifically to fund this project.

The Streetscape Improvement Bonds (formerly known as Downtown Economic Revitalization Improvement Bonds) were taken out to make certain downtown economic revitalization improvements, including streetscape improvements to Maryland and Ohio Avenues in the Village. The bonds were taken out on April 15, 2003 in the amount of \$1,200,000. The bonds are to be repaid in semiannual installments of \$30,000, plus interest of 5.38%, over 20 years. The bonds are to be repaid from an additional property tax levy imposed by the Village.

The Downtown Economic Revitalization Improvement Bonds, Series 2003B relate to general parks improvements including the acquisition and renovation of a building known as the Stringray Building. The Bonds were taken out on December 5, 2003, in the amount of \$100,000. The bonds are to be paid in semiannual payments, including interest of 6.94% over ten years. The bonds are to be repaid with anticipated money from the sale of the Stingray or any sources of revenue other than tax revenue that is available.

The Downtown Economic Revitalization Improvement Bonds, Series 2003B relate to paying part of the cost of downtown economic revitalization improvements, including streetscape improvements to Maryland and Ohio Avenues. The bonds were taken out on December 5, 2003, in the amount of \$200,000. The bonds are to be paid in semiannual payments of \$12,684, including interest of 4.76% over ten years. The bonds are to be repaid with anticipated property tax revenues generated from a levy passed specifically to fund this project.

**VILLAGE OF SEBRING
MAHONING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006
(Continued)**

6. DEBT - (Continued)

The Economic Development Revenue Bonds, Series 2003A relate to the village making loans as part of the creation and maintenance of a revolving loan fund for economic development. The bonds were taken out on December 5, 2003, in the amount of \$300,000. The bonds are to be paid in semiannual payments of \$21,051, including interest of 6.94% over ten years. The bonds are to be repaid with amounts received by the Municipality in repayment of the current outstanding revolving loans and all revenue from all sources other than tax revenue that is available.

The Real Estate Bond Anticipation Notes relate to the acquisition of real estate. The Bond Anticipation Notes were taken out on July 6, 2004 in the amount of \$500,000. The notes are to be paid in annual installments of \$50,000, plus interest of 5.11% over ten years. The Notes are to be paid from the anticipated general revenues of the Village.

The Street Improvement Bond Anticipation Notes relate to paying for part of the cost of street improvements. The Bond Anticipation Notes were taken out on July 6, 2004, in the amount of \$200,000. The notes are to be paid in annual installments of \$20,000, plus interest of 5.11% over ten years. The notes are to be paid from anticipated income tax revenues of the Village. In the case of a default or if income tax receipts are not sufficient to cover the payments, an additional income tax will be levied on the Village residents.

The Various Purpose Bond Anticipation Notes, Series 2007 relates to paying for part of the cost of the economic revitalization improvements to the park and the downtown. This loan was issued on November 10, 2007, and is to be repaid one year from the date of issue in the full amount of \$415,530 plus interest of 4.07%. The loan is to be paid with anticipated income tax receipts. In the case of a default or if income tax receipts are not sufficient to cover the payments, an additional income tax will be levied on the Village residents.

The 2006 Aquatech Capital Lease was entered into June 15, 2006 for the purpose of leasing a new Sewer Vacuum Truck. This truck is to be used by the Sanitary Sewer Collection and Storm Water Departments. This lease is to be paid in 5 annual installments of \$45,130 which includes interest at 5.37%. The lease is to be paid from the Sewer and Storm Water Departments.

**VILLAGE OF SEBRING
MAHONING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006
(Continued)**

6. DEBT - (Continued)

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

Year ending December 31:	Waterworks	OWDA Waste
	1st Mortgage Rev. Bond	Water Treatment Note
2008	\$214,000	\$264,830
2009	209,800	264,830
2010	214,550	264,830
2011	209,800	131,104
2012	214,000	0
2013 – 2017	1,057,300	0
2018 – 2022	1,058,650	0
2023 – 2027	0	0
Total	\$3,178,100	\$925,594

Year ending December 31:	OPWC Downtown Revitalization (15th Street)	OWDA - WWTP Phase II	Economic Development TAN (Everett)	Fire Equipment & Building Bonds	Streetscape Improvement Bonds
	2008	\$18,724	\$53,319	\$114,345	\$123,087
2009	18,724	53,319	0	0	105,999
2010	18,724	53,319	0	0	102,771
2011	18,724	53,319	0	0	99,543
2012	18,724	53,319	0	0	96,315
2013 – 2017	93,620	266,593	0	0	433,155
2018 – 2022	93,620	266,593	0	0	352,455
2023 – 2027	74,896	79,978	0	0	30,807
2028 – 2032	0	0	0	0	0
Total	\$355,756	\$879,759	\$114,345	\$123,087	\$1,330,272

Year ending December 31:	Economic Dev. Revenue Bonds Series 2003B	Downtown Economic Revitalization Imp. Bonds 2003B	Economic Dev. Revenue Bonds Series 2003B	Real Estate Acquisition BAN	Street Improvement BAN
	2008	\$14,034	\$25,369	\$42,102	\$67,885
2009	14,034	25,369	42,102	65,330	26,132
2010	14,034	25,369	42,102	62,775	25,110
2011	14,034	25,369	42,102	60,220	24,088
2012	14,034	25,369	42,102	57,665	23,066
2013 – 2017	14,034	25,369	42,102	107,665	43,066
Total	\$84,204	\$152,214	\$252,612	\$421,540	\$168,616

**VILLAGE OF SEBRING
MAHONING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006
(Continued)**

6. DEBT - (Continued)

Year ending December 31:	Various Purpose BAN, Series 2007	Aquatech Loan - Truck	Total Debt Service
2008	\$432,442	\$45,130	\$1,551,648
2009	0	45,130	870,769
2010	0	45,130	868,714
2011	0	45,130	723,433
2012	0	0	544,594
2013 – 2017	0	0	2,082,904
2018 – 2022	0	0	1,771,318
2023 – 2027	0	0	185,681
2028 – 2032	0	0	0
Total	<u>\$432,442</u>	<u>\$180,520</u>	<u>\$8,599,061</u>

Contrary to the Code of Federal Regulations, annual financial information was not submitted to the Nationally Recognized Municipal Security Information Repositories and the State Information Depository (SID).

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 2007 and 2006, OP&F participants contributed 10% of their wages. For 2007 and 2006, the Village contributed to OP&F an amount equal to 19.5% of full-time police members' wages. For 2007 and 2006, OPERS members contributed 9.5% of their gross salaries and the Village contributed an amount equaling 13.85% of participants' gross salaries. The Village has paid all contributions required through December 31, 2007.

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.

**VILLAGE OF SEBRING
MAHONING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006
(Continued)**

8. RISK MANAGEMENT – (Continued)

Self Insurance

In 2006, The Village was self insured for medical and life insurance with Managed Care of America (MCA), who acted as the Third Party Administrator (TPA) for claims processing. The Self Insurance Fund paid covered claims to service providers, and recovered the costs from charges to other funds based on an actuarially determined cost per employee.

9. CONTINGENT LIABILITIES

The Village is defendant in several lawsuits. Although management cannot presently determine the outcome of these suits, management believes that the resolution of these matters will not materially adversely affect the Village's financial condition.

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Mary Taylor, CPA

Auditor of State

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

Village of Sebring
Mahoning County
135 East Ohio Avenue
Sebring, Ohio 44672

To Village Council:

We have audited the financial statements of the Village of Sebring (the Village) as of and for the years ended December 31, 2007 and 2006, and have issued our report thereon dated April 27, 2009, wherein we noted the Village followed accounting practices the Auditor of State prescribes 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's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinion on the financial statements, but not to opine on the effectiveness of the Village's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Village's internal control over financial reporting.

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

We consider the following deficiency described in the accompanying schedule of findings to be significant deficiency in internal control over financial reporting: 2007-003.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all internal control deficiencies that might be significant deficiencies or material weaknesses. However, we believe finding number 2007-003 is also a material weakness.

We noted certain matters that we reported to the Village's management in a separate letter dated April 27, 2009.

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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 instances of noncompliance or other matters that we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2007-001 through 2007-006.

We also noted a certain noncompliance or other matter not requiring inclusion in this report that we reported to the Village's management in a separate letter dated April 27, 2009.

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

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

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

Mary Taylor, CPA
Auditor of State

April 27, 2009

VILLAGE OF SEBRING
MAHONING COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2007 AND 2006

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

FINDING NUMBER 2007-001

Noncompliance Finding

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. The fiscal officer must certify that the amount required to meet such a commitment 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 encumbrance. The amount so certified shall be recorded against the applicable appropriation account.

There are several exceptions to the standard requirement stated above that a fiscal officer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are: "then and now" certificates, blanket certificates, and super blanket certificates, which are provided for in sections 5705.41(D)(1) and 5705.41(D)(3), respectively, of the Ohio Revised Code.

1. **Then and Now Certificate** – If no certificate is furnished as required, upon receipt of the fiscal officer's certificate that a sufficient sum was, both at the time of the contract or order and at the time of the certificate, appropriated and free of any previous encumbrances, the Village may authorize the issuance of a warrant in payment of the amount due upon such contract or order by resolution within 30 days from the receipt of such certificate.

Amounts of less than \$3,000 (\$1,000 prior to April 7, 2003) may be paid by the fiscal officer without a resolution or ordinance upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the Village.

2. **Blanket Certificate** – Fiscal officers may prepare "blanket" certificates for a certain sum of money not in excess of an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority against any specific line item account over a period not running beyond the end of the current fiscal year. (Prior to September 26, 2003, blanket certificates were limited to \$5,000 and three months.) The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.
3. **Super Blanket Certificate** – The Village may also make expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonable predictable operating expense. This certification is not to extend beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any line item appropriation.

The Village did not always certify funds when placing orders or making contracts in 2006 or 2007. This occurred in 24 of the 30 expenditures tested for 2006 and 25 out of the 30 expenditures tested in 2007. This lack of control over expenditures also undermines the Village's budget because purchases are made without knowledge of cash balances left in particular line items or funds. Failure to certify the availability of funds properly can result in overspending funds and negative cash fund balances.

**FINDING NUMBER 2007-001
(Continued)**

Unless the Village uses the exceptions noted above, prior certification is not only required by statute but also is a key control in the disbursement process to assure that purchase commitments receive prior approval. To improve controls over disbursements and to help reduce the possibility of the Village's funds exceeding budgetary spending limitations, we recommend that the Village Manager certify that funds are or will be available prior to obligation by the village. When prior certification is not possible, "then and now" certification should be used.

We recommend the Village officials and employees obtain the Village Manager's certification of the availability of funds prior to the commitment being incurred. The most convenient certification method is to use purchase orders that include the certification language 5705.41 (D) requires to authorize disbursements. The Village Manager should sign the certification at the time the Village incurs a commitment, and only when the requirements of 5705.41 (D) are satisfied. The Village Manager should post approved purchase orders to the proper appropriation code to reduce the available appropriation.

The Village Manager should be informed of any and all purchases before they are made. This will ensure that purchase orders are completed prior to a purchase being made, as well as assuring that there are sufficient funds to cover the proposed purchase.

Officials' Response

The Village of Sebring administration acknowledges that during the time of the audit period, purchase orders were not always secured prior to making purchases. The timeliness of securing purchase orders prior to making purchases has since been addressed by the administration.

FINDING NUMBER 2007-002

Noncompliance Finding

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 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.

The Village did not certify the total amount from all sources available for expenditure for 2006.

We recommend that the Village submit this information to the county auditor so as to be aware of the total amount available for expenditure.

Officials' Response

The Certificates of Estimated Resources are now submitted on an annual basis in compliance with O.R.C. section 5705.36 (A)(1).

FINDING NUMBER 2007-003

Noncompliance Finding

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 the securities) must agree in writing, to provide to all approved Nationally Recognized Municipal Security Information Repositories (NRMSIRs) and to the State Information Depository (SID):

**FINDING NUMBER 2007-003
 (Continued)**

- Annual financial information and operating data.
- Timely material event notices. Underwriters must also establish procedures to assure they receive these notices.
- Audited financial statements, when and if available.
- Timely notice of failure to provide required financial information.

The Village fail to provide in writing annual financial information and operating data to all approved Nationally Recognized Municipal Security Information Repositories (NRMSIRs) and to the State Information Depository (SID) Failure to provide the annual information and operating data could lead to the Village loosing 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 such holdings were to loose their tax exempt status.

We recommend that the Village remit the required information, as noted above, to the NRMSIRs and the State Information Depository.

Officials' Response

The administration was not appraised 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 of Sebring. The Village will remit the request information as noted.

FINDING NUMBER 2007-004

Noncompliance Finding

Ohio Revised Code Section 5705.39 provides, in part, that 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 appropriations measure shall become effective until the county auditor files a certificate that the total appropriations from each fund, taken together with all other outstanding appropriations, do not exceed such official estimate or amended official estimate.

Appropriations exceeded estimated resources in the following funds:

<u>2007</u>			
<u>Fund</u>	<u>Appropriations</u>	<u>Estimated Resources</u>	<u>Variance</u>
Fire Levy	\$128,200	\$61,644	\$(66,556)
Hospitalization	110,000	0	(110,000)
<u>2006</u>			
<u>Fund</u>	<u>Appropriations</u>	<u>Estimated Resources</u>	<u>Variance</u>
All Funds	\$4,352,658	\$ 0	\$(4,352,658)

This situation may lead to disbursements within said funds exceeding the actual revenue available.

**FINDING NUMBER 2007-004
 (Continued)**

We recommend that management monitor their budgetary cycle throughout the year to ensure that appropriations do not exceed the amounts on the certificate of estimated resources and any amendments thereto and actual revenue received.

Officials' Response

The Village will more closely monitor the budgetary cycle to ensure that appropriations do not exceed estimated resources for a fiscal year. Adjustments to annual appropriations will be made only after filing an amendment to the certificate of estimated resources for changes in actual revenue received.

FINDING NUMBER 2007-005

Noncompliance Finding

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, 2006 and 2007 respectively:

2007

<u>Fund</u>	<u>Appropriations</u>	<u>Expenditures</u>	<u>Variance</u>
General	\$1,425,747	\$ 1,524,098	\$(98,351)
Street Maintenance and Repair	196,950	206,795	(9,845)
Recreation	62,450	68,641	(6,191)
State Highway	13,500	19,727	(6,227)
Civic Center	41,575	52,755	(11,180)
Income Tax	79,375	85,931	(6,556)
Motor Vehicle License Tax	50,000	84,046	(34,046)
Fire Levy	128,200	129,289	(1,089)
Revolving Loan	0	44,740	(44,740)
Water Debt Reserve	0	89,750	(89,750)
Sewer 1 st Mortgage	264,830	291,489	(26,659)
Fire Security and Repair	0	35,552	(35,552)

2006

<u>Fund</u>	<u>Appropriations</u>	<u>Expenditures</u>	<u>Variance</u>
General	\$1,257,370	\$1,458,356	\$(200,986)
Street, Maintenance	176,050	232,641	(56,591)
Recreation	44,750	51,666	(6,916)
Civic Center	32,500	39,470	(6,970)
Motor Vehicle License Tax	30,000	53,034	(23,034)
Fire Levy	131,278	133,244	(1,966)
Revolving Loan	0	15,135	(15,135)
Capital Improvement	153,195	163,195	(10,000)
Waterworks System	702,655	731,702	(29,047)
Water Debt Reserve	0	39,500	(39,500)
Sewer	793,944	838,726	(44,782)
Sewer 1 st Mortgage	264,830	318,148	(53,318)
Hospitalization	150,000	161,065	(11,065)
Fire Security and Repair	0	6,600	(6,600)

**FINDING NUMBER 2007-005
(Continued)**

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.

We also noted in our review of the Village's codified ordinances that **Codified Ordinance Section 525.15(d)** and **Codified Ordinance Section 525.15(f)** related to the issue of expending more money than was appropriated and the consequences of violating these codified ordinance sections. We recommend that Management and Village Council review these aforementioned codified ordinance sections for further assistance in this area.

Officials' 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.

FINDING NUMBER 2007-006

Noncompliance Finding

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. As a result, a negative fund balance indicates that money from one fund was used to cover the expenses of another fund.

The following funds carried negative fund balances for the year ended December 31, 2006 and 2007:

2006	
<u>Funds</u>	<u>Negative Fund Balance</u>
301 – Fire Levy	\$ (59,677)
901 – Hospitalization	(110,000)

2007	
<u>Fund</u>	<u>Negative Fund Balance</u>
301 – Fire Levy	\$ (61,180)

We recommend that the Village use funds from a specific fund only for which such fund has been established, so as to avoid having funds with negative fund balances and to comply with Ohio Revised Code Section 5705.10.

Officials' Response

The Village recognizes the adverse effects of carrying negative fund balances and has eliminated such balances in accordance with O.R.C. section 5705.10.

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**VILLAGE OF SEBRING
MAHONING COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2007 AND 2006**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2005-001	Revised Code § 5705.41(d), failure to encumber funds.	No	Not corrected. See Finding Number 2007-001.
2005-002	Revised Code 5705.36 (A)(1), failed to certify amounts available for expenditures	No	Not Corrected. See Finding Number 2007-002
2005-003	17 CFR 240.15c2-12, did not submit annual information to NRMSIRs or State Information Depository	No	Not Corrected. See Finding Number 2007-003
2005-004	Revised Code 5705.39, appropriations exceeded estimated resources.	No	Not Corrected. See Finding Number 2007-004
2005-005	Revised Code 5705.41 (B), expenditures exceeded appropriations.	No	Not Corrected. See Finding Number 2007-005.
2005-006	Revised Code 5705.10 (H), negative fund balances.	No	Not Corrected. See Finding Number 2007-006
2005-007	Revised Code 5705.14, 5705.15 and 5705.16, transferred money not in accordance revised code sections.	Yes	Finding No Longer Valid.



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
JUNE 9, 2009**