

**VILLAGE OF SEBRING
MAHONING COUNTY, OHIO**

*Financial Statements
(Audited)*

For the Year Ended
December 31, 2017

OHIO AUDITOR OF STATE KEITH FABER



January 22, 2019

The attached audit report was completed and prepared for release prior to the commencement of my term of office on January 14, 2019. Reports completed prior to that date contain the signature of my predecessor.

Ohio Auditor of State

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Dave Yost • Auditor of State

Village Council
Village of Sebring
135 E. Ohio Avenue
Sebring, OH 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, 2017 through December 31, 2017. 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. In conjunction with the work performed by the Independent Public Accountant, the Auditor of State is issuing the following:

Finding for Recovery – Public Money Due but Not Collected

Smith Township contracted with the Village of Sebring for the purpose of rendering limited fire and emergency protection within Smith Township.

As the Fire Chief for the Village of Sebring, James Cannell was responsible for providing fire run information to the Village's billing office for runs that occurred in Smith Township. Quarterly, the Village's billing office prepared an invoice to the Township based on the information provided by Chief Cannell.

In addition, James Cannell also served as the Fire Inspector for Smith Township. In this capacity, he reported on the fire runs that occurred in the Township to the Township trustees. The Township approved payment to the Village for fire run service based on the information provided by James Cannell.

We identified 178 fire runs totaling \$111,020 that occurred in Smith Township that were withheld from the Village's billing office during the period of January 1, 2008 – March 11, 2015. Therefore, those runs were not included in the fire service invoices to the Township.

In accordance with the foregoing facts and pursuant to Ohio Revised Code Section 117.28, a finding for recovery for public monies due but not collected is hereby issued in the amount of \$111,020 against James Cannell and Smith Township, jointly and severally, and in favor of the Village of Sebring Fire Protection Contracts Fund.

Village Council
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135 E. Ohio Avenue
Sebring, OH 44672
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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.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping initial "D" and a long, sweeping tail on the "y".

Dave Yost
Auditor of State

January 10, 2019

**VILLAGE OF SEBRING
MAHONING COUNTY, OHIO**

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Julian & Grube, Inc.

Serving Ohio Local Governments

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Independent Auditor's Report

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

To the Members of Council and Mayor:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of the Village of Sebring, Mahoning County, Ohio, as of and for the year ended December 31, 2017.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Village of Sebring's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Village of Sebring's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1 of the financial statements, the Village of Sebring prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Village of Sebring does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village of Sebring as of December 31, 2017, and the respective changes in financial position or cash flows thereof for the year then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements by fund type, and related notes of the Village of Sebring, Mahoning County, Ohio, as of December 31, 2017, for the year then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 26, 2018, 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village of Sebring's internal control over financial reporting and compliance.



Julian & Grube, Inc.
September 26, 2018

**VILLAGE OF SEBRING
MAHONING COUNTY, OHIO**

COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Total Governmental Funds</u>
Cash Receipts:				
Property and other local taxes	\$ 140,175	\$ 189,796	\$ -	\$ 329,971
Municipal income taxes	1,232,337	140,071	261,411	1,633,819
Intergovernmental	49,130	385,385	-	434,515
Charges for services	59,909	126,220	-	186,129
Fines, licenses and permits	77,628	-	-	77,628
Investment earnings	33	-	-	33
Contributions and donations	800	6,060	-	6,860
Miscellaneous	72,306	1,966	3,835	78,107
Total cash receipts	<u>1,632,318</u>	<u>849,498</u>	<u>265,246</u>	<u>2,747,062</u>
Cash Disbursements:				
Current:				
General government	494,192	123,276	-	617,468
Security of persons and property	824,081	279,513	-	1,103,594
Public health and welfare	12,866	7,599	-	20,465
Leisure time activities	-	160,553	-	160,553
Transportation	-	332,909	750	333,659
Capital outlay	18,724	-	18,760	37,484
Debt service:				
Principal retirement	160,000	-	-	160,000
Interest and fiscal charges	22,838	-	-	22,838
Total cash disbursements	<u>1,532,701</u>	<u>903,850</u>	<u>19,510</u>	<u>2,456,061</u>
Excess (deficiency) of receipts over (under) disbursements	<u>99,617</u>	<u>(54,352)</u>	<u>245,736</u>	<u>291,001</u>
Other financing sources (uses):				
Note issuance	100,000	-	-	100,000
Transfers in	44,755	-	-	44,755
Transfers (out)	-	(139,644)	-	(139,644)
Other financing sources	12,853	-	-	12,853
Other financing uses	(65,931)	-	-	(65,931)
Total other financing sources (uses)	<u>91,677</u>	<u>(139,644)</u>	<u>-</u>	<u>(47,967)</u>
Net change in fund balances	191,294	(193,996)	245,736	243,034
Fund cash balances, January 1	<u>586,366</u>	<u>540,913</u>	<u>679,601</u>	<u>1,806,880</u>
Fund cash balances, December 31				
Restricted	-	374,315	-	374,315
Committed	-	125,318	925,337	1,050,655
Assigned	84	-	-	84
Unassigned	777,576	(152,716)	-	624,860
Fund cash balances, December 31	<u>\$ 777,660</u>	<u>\$ 346,917</u>	<u>\$ 925,337</u>	<u>\$ 2,049,914</u>

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

**VILLAGE OF SEBRING
MAHONING COUNTY, OHIO**

COMBINED STATEMENT OF RECIEPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL PROPRIETARY AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2017

	Governmental Activities		Totals (Memorandum Only)
	Proprietary Fund Types	Fiduciary Fund Types	
	Enterprise	Agency	
Operating receipts:			
Charges for services	\$ 1,734,805	\$ -	\$ 1,734,805
Total operating receipts	<u>1,734,805</u>	<u>-</u>	<u>1,734,805</u>
Operating disbursements			
Personal services	539,629	-	539,629
Fringe benefits.	191,495	-	191,495
Contractual services.	415,890	-	415,890
Materials and supplies.	270,814	-	270,814
Other	5,179	-	5,179
Total operating disbursements.	<u>1,423,007</u>	<u>-</u>	<u>1,423,007</u>
Operating income	<u>311,798</u>	<u>-</u>	<u>311,798</u>
Nonoperating receipts (disbursements):			
Capital outlay	(122,224)	-	(122,224)
Principal retirement	(537,419)	-	(537,419)
Interest and fiscal charges	(106,021)	-	(106,021)
Loan Proceeds	105,056	-	105,056
Total nonoperating receipts (disbursements)	<u>(660,608)</u>	<u>-</u>	<u>(660,608)</u>
Income (loss) before transfers	(348,810)	-	(348,810)
Transfer in	116,093	-	116,093
Transfer out	(21,204)	-	(21,204)
Net change in fund cash balances.	(253,921)	-	(328,439)
Fund cash balances, January 1.	<u>400,403</u>	<u>9,508</u>	<u>409,911</u>
Fund cash balances, December 31	<u>\$ 146,482</u>	<u>\$ 9,508</u>	<u>\$ 155,990</u>

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

**VILLAGE OF SEBRING
MAHONING COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

NOTE 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, Ohio (the "Village") as a body corporate and politic. A publicly-elected six-member Council directs the Village. The Village provides fire services, water and sewer utilities, park operations, street maintenance and repair, police services, as well as other general government services.

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 permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D). This basis is similar to the cash receipts and disbursements accounting basis. The Board 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 financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

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 accounts for and reports all financial resources not accounted for and reported in another fund.

2. Special Revenue Funds

These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. 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**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Capital Project Funds

These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. 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 purchases and repairs, improvements to the Village’s buildings and other structures, street projects and miscellaneous 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 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.

Utility Improvement Fund - This fund receives loan proceeds from the Ohio Water Development Authority to finance a utility plant expansion. A utility surcharge recorded in this fund will repay this loan.

5. 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 maintain any 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.

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 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. Unencumbered appropriations lapse at year end.

**VILLAGE OF SEBRING
MAHONING COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 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. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year. The Village did not encumber all commitments required by Ohio law. Management has included audit adjustments in the accompanying budgetary presentations for material items that should have been encumbered.

A summary of 2017 budgetary activity appears in Note 3.

F. Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Village must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

1. Nonspendable

The Village classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

2. Restricted

Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

3. Committed

Council can *commit* amounts via formal action (resolution). The Village must adhere to these commitments unless the Council amends the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

4. Assigned

Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Village Council or a Village official delegated that authority by resolution, or by State Statute.

**VILLAGE OF SEBRING
MAHONING COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

5. Unassigned

Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Village applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

G. 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.

H. Interfund Transactions

During the course of normal operations, the Village has transactions between funds. The most significant included transfer 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.

I. 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.

NOTE 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:

Demand deposits	<u>2017</u> <u>\$ 2,205,904</u>
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Deposits: Deposits are insured by the Federal Depository Insurance Corporation; or collateralized by the financial institution's public entity deposit pool.

The Village's deposits are collateralized by the financial institution's public entity deposit pool. The financial institution is in the process of joining the Ohio Pooled Collateral System (OPCS); however, at December 31, 2017, the financial institution still maintained its own collateral pool.

**VILLAGE OF SEBRING
MAHONING COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

NOTE 3. BUDGETARY ACTIVITY

Budgetary activity for the year ending December 31, 2017 follows:

2017 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,578,173	\$1,789,926	\$211,753
Special Revenue	443,122	849,498	406,376
Capital Projects	383,674	265,246	(118,428)
Enterprise	2,064,094	1,955,954	(108,140)
Total	\$4,469,063	\$4,860,624	\$391,561

2017 Budgeted vs. Actual Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$2,026,998	\$1,634,297	\$392,701
Special Revenue	858,507	1,068,221	(209,714)
Capital Projects	147,000	23,998	123,002
Enterprise	2,080,499	2,335,825	(255,326)
Total	\$5,113,004	\$5,062,341	\$50,663

NOTE 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.

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

NOTE 5. LOCAL INCOME TAX

The Village levies a municipal income tax of two 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. Income tax revenues are credited to the General, Special Revenue, and Capital Projects funds.

**VILLAGE OF SEBRING
MAHONING COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

NOTE 6. DEBT

Debt outstanding at December 31, 2017 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Ohio Public Works Commission (OPWC) - Note for the Downtown Revitalization project, due in semiannual installments of \$ 9,362, through 2026.	\$ 159,153	0.00%
Ohio Public Works Commission (OPWC) - Note #1 for the Carbon Filtration System due in semiannual installments of \$ 39,448, through 2035.	\$ 1,341,231	0.00%
Ohio Public Works Commission (OPWC) - Note #2 for the Carbon Filtration System due in semiannual installments of \$ 5,755, through 2035.	\$ 195,656	0.00%
Ohio Water Development Authority (OWDA) - Waste Water Treatment Plant Phase II note for the improvements to the sewer treatment plant due in semiannual installments of varying amounts, through 2024.	\$ 294,330	4.84%
Ohio Water Development Authority (OWDA) - Note for a Headworks Bypass and Sewer rehabilitation Project due in semiannual installments of \$ 38,114, through 2030.	\$ 893,620	1.00%
Ohio Water Development Authority (OWDA) - Note for a Water Pollution Control Fund, not complete as of December 31, 2017.	\$ 2,222,704	1.00%
Ohio Water Development Authority (OWDA) - Note for a Water Pollution Control Fund, not complete as of December 31, 2017.	\$ 314,384	1.00%
Berkadia - Waterworks System First Mortgage Revenue Bond for improvements to the Village's waterworks system due in annual installments of varying amounts, through 2022.	\$ 917,000	5.00%
U.S. Bank - Streetscape Improvement Bonds for downtown economic revitalization improvements to Maryland and Ohio Avenues in the Village, due in semiannual installments of \$ 30,000 plus interest, through 2023.	\$ 330,000	5.38%
Farmers National Bank - Real Estate Acquisition and Improvement Note, Series 2017.	\$ 100,000	2.99%

**VILLAGE OF SEBRING
MAHONING COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

NOTE 6. DEBT (Continued)

	Principal	Interest Rate
Ohio Water Development Authority (OWDA) - Note for a Water Plant Filter and Waste System Improvements, not complete as of December 31, 2017.	\$ 826,474	0.00%
Ohio Water Development Authority (OWDA) -Note for Phase 1 of Waterline Replacement, not complete as of December 31, 2017.	\$ 141,615	2.57%

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

Year ending December 31:	OPWC Note #1 Carbon Filtration System		OPWC Note #2 Carbon Filtration System		OPWC Downtown Revitalization	
	Principal	Interest	Principal	Interest	Principal	Interest
2018	\$ 78,896	\$ -	\$ 11,509	\$ -	\$ 18,724	\$ -
2019	78,896	-	11,509	-	18,724	-
2020	78,896	-	11,509	-	18,724	-
2021	78,896	-	11,509	-	18,724	-
2022	78,896	-	11,509	-	18,724	-
2023-2027	394,480	-	57,550	-	65,534	-
2028-2032	394,480	-	57,550	-	-	-
2033-2035	157,791	-	23,011	-	-	-
Total	\$ 1,341,231	\$ -	\$ 195,656	\$ -	159,154	\$ -

	OWDA Headworks Bypass and Sewer Rehabilitation		Waterworks System		Streetscape Improvement Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2018	\$ 67,461	\$ 8,768	\$ 168,000	\$ 45,850	\$ 60,000	\$ 16,947
2019	68,138	8,092	173,000	37,450	60,000	13,719
2020	68,820	7,408	185,000	28,800	60,000	10,491
2021	69,510	6,719	191,000	19,550	60,000	7,263
2022	70,207	6,021	200,000	10,000	60,000	4,035
2023-2027	361,737	19,410	-	-	30,000	807
2028-2032	187,747	2,826	-	-	-	-
2033-2035	-	-	-	-	-	-
Total	\$ 893,620	\$ 59,244	\$ 917,000	\$ 141,650	\$ 330,000	\$53,262

Year ending December 31:	Series 2017 Real Estate Acquisition Note		WWTP Phase II		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2018	\$ 100,000	\$ 2,990	\$ 39,545	\$ 11,383	\$ 544,135	\$ 85,938
2019	-	-	41,482	9,782	451,749	69,043
2020	-	-	43,515	8,102	466,464	54,801
2021	-	-	45,646	6,341	475,285	39,873
2022	-	-	47,883	4,493	487,219	24,549
2023-2027	-	-	76,259	3,074	985,560	23,291
2028-2032	-	-	-	-	639,777	2,826
2033-2035	-	-	-	-	180,802	-
Total	\$ 100,000	\$ 2,990	\$ 294,330	\$ 43,175	\$ 4,230,991	\$ 300,321

**VILLAGE OF SEBRING
MAHONING COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

NOTE 6. DEBT (Continued)

The OWDA Loans for Water Pollution Control, Water Plant Filter and Waste System Improvements, and Waterline Replacement Phase 1 have not been completely disbursed and thus there are no amortization schedules available.

NOTE 7. 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 maintain 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 deposit 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 shall be resumed until there is again accumulated in the fund the maximum amount of \$212,040, at which time payments may be discontinued. The balance in the Debt Reserve Fund at December 31, 2017 was \$148,428. For the years ended December 31, 2017, the required funds existed and were properly funded.

NOTE 8. RETIREMENT SYSTEMS

The Village's certified Fire Fighters and 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 postemployment healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For year ended December 31, 2017, OP&F members were required to contribute 12.25% of their annual wages. For 2017, the Village contributed to OP&F an amount equal to 19.5% of full-time police members' wages and 24% of full-time fire fighters' wages, respectively. For 2017, 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, 2017.

NOTE 9. RISK MANAGEMENT

A. Commercial Insurance

The Village has obtained commercial insurance for the following risks:

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

B. Medical

For 2017, the Village provided traditional health, life, disability, and prescription insurance to full-time employees through a private carrier.

**VILLAGE OF SEBRING
MAHONING COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

NOTE 10. CONTINGENT LIABILITIES

Litigation

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

Grants

Amounts grantor agencies pay to the Village are subject to audit and adjustment by the grantor. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

NOTE 11. RELATED PARTY TRANSACTIONS

A Village Council member is part owner of a company from which the Village provided a Revolving Loan to the Business. The Village loaned \$21,000 to this business. The loan was repaid to the Village on September 21, 2018.

NOTE 12. OTHER SOURCES

For the years ended December 31, 2017, general other sources consisted of revolving loan repayments of principal and interest.

NOTE 13. COMPLIANCE

- A. The Village did not timely certify expenditures, in noncompliance with Ohio Revised Code Section 5705.41(D).
- B. The Village has appropriations in excess of estimated resources, in noncompliance with Ohio Revised Code Sections 5705.39 and 5705.36.
- C. The Village had appropriations in excess of actual resources, in noncompliance with Ohio Revised Code Section 5705.36(A)(4).
- D. The Village received USDA grant money on a reimbursement basis but did not properly reimburse the funds that initially incurred the costs. In addition, the Village had numerous negative fund balances, in noncompliance with Ohio Revised Code Section 5705.10.
- E. The Village did not record on behalf payments made by the Ohio Water Development Authority, in noncompliance with Ohio Revised Code Section 5705.42.
- F. The Village had expenditures exceeding appropriations, in noncompliance with Ohio Revised Code Section 5705.40 and 5705.41(B).

NOTE 14. POST EMPLOYMENT BENEFITS

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 1.0 percent during calendar year 2017. OP&F contributes 0.5 percent to fund these benefits.

**VILLAGE OF SEBRING
MAHONING COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

NOTE 15. INTERFUND TRANSFERS

The Village transferred \$139,644 from the USDA Grant Fund, a Special Revenue Fund, to the General Fund and other Special Revenue Funds in the amounts of \$44,755 and \$94,889, respectively, in accordance with Auditor of State Bulletin 1998-013 and the Ohio Compliance Supplement Implementation Guide. The Village transferred \$21,204 from the Waterworks System Fund, an Enterprise Fund, to the Water Debt Reserve Fund, an Enterprise Fund. All transfers above were in accordance with Ohio Revised Code Sections 5705.14, 5705.15 and 5705.16.



Julian & Grube, Inc.

Serving Ohio Local Governments

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Independent Auditor's 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 the Members of Council and Mayor:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements by fund type of the Village of Sebring, Mahoning County, Ohio as of and for the year ended December 31, 2017, and the related notes to the financial statements and have issued our report thereon dated September 26, 2018, wherein we noted the Village of Sebring followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Village of Sebring's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Village of Sebring's internal control. Accordingly, we have not opined on it.

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 a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Village of Sebring's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses that we consider material weaknesses. We consider findings 2017-001 through 2017-010 to be material weaknesses.

Members of Council and Mayor
Village of Sebring
Mahoning County
Independent Auditor's Report on Internal Control Over Financial Reporting and
on Compliance and Other Matters Required by *Government Auditing Standards*

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, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings and responses as items 2017-001 through 2017-006, 2017-009, and 2017-010.

Village of Sebring's Responses to Findings

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 subject the Village of Sebring's responses to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Village of Sebring's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Village of Sebring's internal control and compliance. Accordingly, this report is not suitable for any other purpose.



Julian & Grube, Inc.
September 26, 2018

**VILLAGE OF SEBRING
MAHONING COUNTY, OHIO**

**SCHEDULE OF FINDINGS AND RESPONSES
DECEMBER 31, 2017**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS	
Finding Number	2017-001

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 67.74% of expenditures that were not timely certified for the year ended December 31, 2017.

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 continually trying to improve its ordering and purchasing process to decrease its noncompliance percentage.

Finding Number	2017-002
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Material Weakness/Noncompliance

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

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>Special Revenue Fund:</u>			
Street Construction and Maintenance Fund	\$ 201,442	\$ 245,944	\$ 44,502
<u>Enterprise Fund:</u>			
Waterworks System Fund	931,758	981,581	49,823

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.

**VILLAGE OF SEBRING
MAHONING COUNTY, OHIO**

**SCHEDULE OF FINDINGS AND RESPONSES
DECEMBER 31, 2017**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS - (Continued)	
Finding Number	2017-002 - (Continued)

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 and amended certificates in an efficient and accurate manner.

Finding Number	2017-003
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Material Weakness/Noncompliance

Ohio Revised Code Section 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.

The Village did not properly certify unencumbered fund balances at January 1, 2017. Also during the year and at the year end, 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 audited balances to the appropriate authorities as required by law. 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 the Village consult the Ohio Compliance Supplement, the Village Officer's Manual and its auditors to ensure that Village fund balances agree to audited reports. We further recommend 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	2017-004
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Material Weakness/Noncompliance

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.

The Village had appropriations that were greater than actual resources in the following fund:

**VILLAGE OF SEBRING
MAHONING COUNTY, OHIO**

**SCHEDULE OF FINDINGS AND RESPONSES
DECEMBER 31, 2017**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS - (Continued)	
Finding Number	2017-004 - (Continued)

<u>Fund Type/Fund</u>	<u>Actual Resources</u>	<u>Appropriations</u>	<u>Excess</u>
<u>Enterprise Fund:</u>			
Waterworks System Fund	\$ 916,660	\$ 981,581	\$ 64,921

By appropriating more funds than actual resources, the Village is at risk of spending more money than available; 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 will monitor appropriations and amend when necessary.

Finding Number	2017-005
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Material Weakness/Noncompliance

Ohio Revised Code Section 5705.10 in part requires that on a cash basis, no fund shall have a negative fund balance during the year or at year end. It further requires that money paid into any fund shall be used only for the purposes for which such fund is established.

The Village had the following negative fund balances:

<u>Fund Type/Fund</u>	<u>Negative Fund Balance</u>
<u>Special Revenue Funds:</u>	
Code Enforcement Fund	\$ 7,579
Community Center Fund	24,960
Special Project Grant Fund	114,854
Pool Fund	3,798
<u>Enterprise Funds:</u>	
Waterworks System Fund	552,820
WTP Crypto Project Fund	16,718

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. No fund should have a negative cash fund balance throughout the year or at year end.

The Village received USDA grant money relating to an emergency water treatment program. The funds were received on a reimbursement basis but did not properly reimburse the funds that initially incurred the costs. The Village's records and financial statements have been adjusted to reflect the correct fund balances.

**VILLAGE OF SEBRING
MAHONING COUNTY, OHIO**

**SCHEDULE OF FINDINGS AND RESPONSES
DECEMBER 31, 2017**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS - (Continued)	
Finding Number	2017-005 - (Continued)

We recommend 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. Further, we recommend the Village review available guidance or inquire of its auditors to ensure grant funds are properly accounted for in accordance with the purpose of the grant.

Client Response: These funds will be corrected during fiscal year 2018 and in the future all negative fund balances will be made whole within the current fiscal year unless there are monies due to the fund, such as in the case of federal fund reimbursements.

Finding Number	2017-006
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Material Weakness/Noncompliance

Ohio Rev. Code Section 5705.42 requires in part, when the state or any department, division, agency authority or unit thereof makes a grant or loan of money to any political subdivision of this state to aid in paying the cost of any program, activity, or function of such subdivision, the amount is deemed appropriated and shall be recorded by the subdivision.

In 2017 the Ohio Water Development Authority (OWDA) expended funds for various projects on behalf of the Village. Under the terms of these agreements, OWDA made payments directly to the vendor/contractor(s) on the Village's behalf. In 2017, \$105,056 OWDA on-behalf monies were paid to various vendors in relation to the on-going OWDA projects. These payments were not recorded in the Village's accounting records, thus understating the WWTP Phosphorus Reimbursement Fund's loan proceeds and capital outlay by \$105,056.

The Village's records and financial statements have been adjusted to reflect these adjustments.

Any payment made on behalf of the Village by another party should be recorded by the Village as a receipt and disbursement. Failure to do so results in an understatement of receipts and disbursements. Additionally, pursuant to Ohio Rev. Code Section 5705.42, the Village should record the appropriations in their accounting records and should request an amended certificate of estimated resources to reflect the additional receipts.

We recommend the Village closely monitor sources aiding in paying the costs of the Village. Additionally, we recommend the Village budget for all anticipated revenues and expenditures from these sources.

Client Response: The Village will monitor reports from these sources and amend appropriations and estimate resources when necessary.

**VILLAGE OF SEBRING
MAHONING COUNTY, OHIO**

**SCHEDULE OF FINDINGS AND RESPONSES
DECEMBER 31, 2017**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS - (Continued)	
Finding Number	2017-007

Material Weakness - Financial Statement Presentation

Accurate financial reporting is required in order to provide management and other stakeholders with objective and timely information to enable well-informed decisions.

Numerous adjustments were made to the financial statements and note disclosures to properly state financial statement amounts.

The audited financial statements, note disclosures and Village records have been adjusted for the misstatements identified during the audit.

Presentation of materially correct financial statements and the related footnotes is the responsibility of management. This responsibility remains intact even if management decides to outsource this function for efficiency purposes or any other reason. In either case, it is important that control procedures are developed related to the financial statements that enable management to identify, prevent, detect and correct potential misstatements in the financial statements and footnotes. In general, an accounting and information system should be designed to provide management with accurate and timely information to enable well-informed business decisions to be made.

We recommend the Village of Sebring implement additional control procedures that enable management to more timely prevent or detect and correct potential misstatements in the basic financial statements prior to presenting them to the auditors.

Client Response: The Village Manager will work to provide a sound fiscal environment for the Village and has implemented additional policies and procedures to help with financial statement presentation.

Finding Number	2017-008
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Material Weakness – Segregation of Duties

Lack of segregation of duties could put the Village at risk of misstatements or misuse of funds. Further, segregation of financial duties could assist the Village in more accurate accounting and reporting of the Village’s financial activity throughout the year and at year end.

We recommend the Village Council assess the tasks and responsibilities of the Village Manager and consider the need to expand the personnel that are responsible for the financial activity and reporting of the Village. This should enable the Village to implement additional internal controls regarding all financial activity and reporting which will in turn help the Village Council with more timely and accurate financial information in order to base decisions.

Client Response: We will work to correct this moving forward. If possible; however, due to the nature of our small village, the responsibility has always remained with the Village Manager to ensure proper procedures are followed.

**VILLAGE OF SEBRING
MAHONING COUNTY, OHIO**

**SCHEDULE OF FINDINGS AND RESPONSES
DECEMBER 31, 2017**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS - (Continued)	
Finding Number	2017-009

Material Weakness/Noncompliance

Ohio Revised Code Section 5705.41(B) requires that no subdivision is to expend money unless it has been appropriated.

The Village had disbursements exceeding appropriations in the following funds:

<u>Fund Type/Fund</u>	<u>Appropriations</u>	<u>Disbursements</u>	<u>Excess</u>
<u>Special Revenue Funds:</u>			
USDA Grant Fund	\$ -	\$ 139,644	\$ 139,644
Special Project Grant	11,000	115,026	104,026
Fire Levy Fund	57,710	195,464	137,754
<u>Enterprise Funds:</u>			
Waterworks System Fund	1,073,849	1,270,482	196,633
Sewer System Fund	835,020	908,338	73,318

With disbursements exceeding appropriations, the Village is expending monies that have not been appropriated and approved by the Village Council. This may result in unnecessary purchases or overspending which may lead to a fund deficit.

We recommend the Village comply with the Ohio Revised Code and the Auditor of State Bulletin 97-010 by monitoring disbursements so they do not exceed lawful appropriations and amending the budget prior to year-end. This may be achieved by monitoring the budget more closely on a continual basis and making appropriation amendments as necessary, subsequent to the passage of permanent appropriations.

Client Response: The Village is actively seeking to resolve this.

Finding Number	2017-010
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Material Weakness/Noncompliance

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.

Adjustments to the budget were made in the Village's system without proper Council approval. Due to these unapproved and unallowable adjustments, disbursements exceeded appropriations in the Recreation Fund, Waterworks System Fund, and Sewer System Fund.

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

**VILLAGE OF SEBRING
MAHONING COUNTY, OHIO**

**SCHEDULE OF FINDINGS AND RESPONSES
DECEMBER 31, 2017**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS - (Continued)	
Finding Number	2017-010 - (Continued)

We recommend the Village comply with Ohio Revised Code and Auditor of State Bulletin 97-010 by monitoring disbursements 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, subsequent to the passage of permanent appropriations.

Client Response: The Village is aware of the requirement for Council approval and is currently implementing additional policies and procedures to have all supplemental appropriations properly approved prior to including in the Village accounting system.

**VILLAGE OF SEBRING
MAHONING COUNTY, OHIO**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2017**

Finding Number	Finding Summary	Status	Additional Information
2016-001	<u>Material Weakness/Noncompliance</u> - 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 63.33% of expenditures not timely certified for 2016.	Not Corrected	Finding repeated as 2017-001 as Village expenditures were not timely certified in 2017.
2016-002	<u>Material Weakness/Noncompliance</u> – Ohio Revised Code Section 5705.39 in part requires that total appropriations from each fund should not exceed total estimated resources. For 2016 the Village had appropriations in excess of estimated resources in various funds.	Not Corrected	Finding repeated as 2017-002 as the Village failed to properly monitor budgetary activity.
2016-003	<u>Material Weakness/Noncompliance</u> – Ohio Revised Code Section 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 close of the preceding year. For 2016 the Village did not require enough amended certificates. Also, the Village did not certify the correct beginning unencumbered fund balances.	Not Corrected	Finding repeated as 2017-003 as the Village failed to properly monitor budgetary activity.
2016-004	<u>Material Weakness/Noncompliance</u> – Ohio Revised Code Section 5705.36(A)(4) determines that no revenue collected by a subdivision will be less than the amount included in the official certificate and that the amount of deficiency will reduce available resources below the level of current appropriations. During 2016 the Village had appropriations that were greater than actual resources in various funds.	Not Corrected	Finding repeated as 2017-004 as the Village failed to properly monitor budgetary activity.
2016-005	<u>Material Weakness/Noncompliance</u> – Ohio Revised Code Section 5705.10 in part requires that on a cash basis, no fund shall have a negative fund balance during the year or at year end. It further requires that money paid into any fund shall be used only for the purposes for which such fund is established. During 2016 the Village had various negative fund balances. Also, the Village did not properly reimburse funds that initially incurred costs relating to a reimbursable USDA grant.	Not Corrected	Finding repeated as 2017-005 as the Village failed to properly monitor budgetary activity.

**VILLAGE OF SEBRING
MAHONING COUNTY, OHIO**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2017**

Finding Number	Finding Summary	Status	Additional Information
2016-006	<u>Material Weakness/Noncompliance</u> – Ohio Rev. Code Section 5705.42 requires in part, when the state or any department, division, agency authority or unit thereof makes a grant or loan of money to any political subdivision of this state to aid in paying the cost of any program, activity, or function of such subdivision, the amount is deemed appropriated and shall be recorded by the subdivision. In 2016 the Village did not record various on behalf payments made to vendors from the Ohio Public Works Commission and the Ohio Water Development Authority.	Not Corrected	Finding repeated as 2017-006 as the Village failed to record on behalf payments made to vendors from Ohio Water Development Authority and Ohio Public Works Commission.
2016-007	<u>Material Weakness – Financial Statement Presentation</u> – The Village had identified misstatements in the 2016 financial statements that were not initially identified by the Village’s internal control.	Not Corrected	Finding repeated as 2017-007 as the Village did not review the posting of transactions to ensure proper account classification prior to filing the current year report.
2016-008	<u>Material Weakness – Segregation of Duties</u> – The Village’s staff and operations did not allow for an adequate segregation of duties; the Village Manager was responsible for all accounting functions, including receipting, depositing, disbursing, and reconciling.	Not Corrected	Finding repeated as 2017-008 as the Village’s current staffing did not allow for proper segregation of duties.

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OHIO AUDITOR OF STATE KEITH FABER



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
JANUARY 22, 2019**