



**VILLAGE OF SEBRING  
MAHONING COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 1999 - 1998**



**JIM PETRO**  
**AUDITOR OF STATE**  

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**STATE OF OHIO**



VILLAGE OF SEBRING  
MAHONING COUNTY

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STATE OF OHIO  
OFFICE OF THE AUDITOR  
JIM PETRO, AUDITOR OF STATE

Voinovich Government Center  
242 Federal Plaza West  
Suite 302  
Youngstown, Ohio 44503  
Telephone 330-797-99001  
800-443-9271  
Facsimile 330-797-9949

## REPORT OF INDEPENDENT ACCOUNTANTS

Village of Sebring  
Mahoning County  
136 Ohio Avenue  
Sebring, Ohio 44672

To the Village Council:

We have audited the accompanying financial statements of the Village of Sebring, Mahoning County, Ohio, (the Village) as of and for the years ended December 31, 1999 and 1998. 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 generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the Village prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Village as of December 31, 1999 and 1998, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 29, 2000, 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 the Village Charter.

This report is intended solely for the information and use of management and Village Council and other officials authorized to receive this report under Section 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

**Jim Petro**  
Auditor of State

September 29, 2000

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VILLAGE OF SEBRING  
MAHONING COUNTY

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL AND SIMILAR FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 1999**

	Governmental Fund Types				Fiduciary Fund Type	Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	
<b>Cash Receipts:</b>						
Property Tax and Other Local Taxes	\$538,269	\$526,983		\$91,610	\$9,131	\$1,165,993
Intergovernmental Receipts	399,121	178,164			1,003	578,288
Charges for Services	42,001	15,480				57,481
Fines, Licenses, and Permits	40,576	2,883				43,459
Earnings on Investments	11,374					11,374
Miscellaneous	96,484	47,081		2,224		145,789
<b>Total Cash Receipts</b>	<b>1,127,825</b>	<b>770,591</b>		<b>93,834</b>	<b>10,134</b>	<b>2,002,384</b>
<b>Cash Disbursements:</b>						
Current:						
Security of Persons and Property	510,886	3,018			41,136	555,040
Public Health Services	9,645					9,645
Leisure Time Activities		133,329				133,329
Basic Utility Services	12,600					12,600
Transportation		217,448				217,448
General Government	306,636	159,914				466,550
Debt Service:						
Principal Payments		97,361	268,614			365,975
Interest Payments			201,616			201,616
Capital Outlay	97,565	79,562		94,875		272,002
<b>Total Disbursements</b>	<b>937,332</b>	<b>690,632</b>	<b>470,230</b>	<b>94,875</b>	<b>41,136</b>	<b>2,234,205</b>
Total Receipts Over/(Under) Disbursements	190,493	79,959	(470,230)	(1,041)	(31,002)	(231,821)
<b>Other Financing Receipts/(Disbursements):</b>						
Transfers-In		12,000	470,230		40,000	522,230
Other Sources	3,754	721				4,475
Transfers-Out		(52,000)				(52,000)
Other Uses		(219)				(219)
<b>Total Other Financing Receipts/(Disbursements)</b>	<b>3,754</b>	<b>(39,498)</b>	<b>470,230</b>		<b>40,000</b>	<b>474,486</b>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	194,247	40,461		(1,041)	8,998	242,665
Fund Cash Balances January 1	112,322	403,968		54,197	5,769	576,256
<b>Fund Cash Balances, December 31</b>	<b>\$306,569</b>	<b>\$444,429</b>		<b>\$53,156</b>	<b>\$14,767</b>	<b>\$818,921</b>
Reserves for Encumbrances, December 31	\$11,842	\$4,763				\$16,605

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 SIMILAR FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 1999**

	Proprietary Fund Types		Fiduciary Fund Types	Totals (Memorandum Only)
	Enterprise	Internal Service	Agency	
<b>Operating Cash Receipts:</b>				
Charges for Services	\$1,450,721	\$194,500		\$1,645,221
Miscellaneous	24,307	132	219	24,658
Total Operating Cash Receipts	1,475,028	194,632	219	1,669,879
<b>Operating Cash Disbursements:</b>				
Personal Services	528,457			528,457
Travel Transportation	516			516
Contractual Services	258,781	127,719		386,500
Supplies and Materials	98,608			98,608
Capital Outlay	48,286			48,286
Total Operating Cash Disbursements	934,648	127,719		1,062,367
Operating Income/(Loss)	540,380	66,913	219	607,512
<b>Non-Operating Cash Receipts:</b>				
Miscellaneous			5,985	5,985
Total Non-Operating Cash Receipts			5,985	5,985
<b>Non-Operating Cash Disbursements:</b>				
Other Non-Operating Cash Disbursements	1,269	61,242		62,511
Total Non-Operating Cash Disbursements	1,269	61,242		62,511
Excess of Receipts Over/(Under) Disbursements Before Interfund Transfers and Advances	539,111	5,671	6,204	550,986
Transfers-Out	(470,230)			(470,230)
Net Receipts Over/(Under) Disbursements	68,881	5,671	6,204	80,756
Fund Cash Balances, January 1	304,925	6,093	20,091	331,109
<b>Fund Cash Balances, December 31</b>	<b>\$373,806</b>	<b>\$11,764</b>	<b>\$26,295</b>	<b>\$411,865</b>
Reserve for Encumbrances, December 31	\$8,624	\$1,091		\$9,715

*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 AND SIMILAR FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 1998**

	<u>Governmental Fund Types</u>				<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Expendable Trust</u>	
<b>Cash Receipts:</b>						
Property Tax and Other Local Taxes	\$335,817	\$726,247		\$51,593	\$8,982	\$1,122,639
Intergovernmental Receipts	262,370	179,415			1,022	442,807
Charges for Services	35,096	18,556				53,652
Fines, Licenses, and Permits	38,934	598				39,532
Earnings on Investments	9,785				121	9,906
Miscellaneous	37,138	38,929		2,277		78,344
<b>Total Cash Receipts</b>	<b>719,140</b>	<b>963,745</b>		<b>53,870</b>	<b>10,125</b>	<b>1,746,880</b>
<b>Cash Disbursements:</b>						
Current:						
Security of Persons and Property	499,230	9,930			41,735	550,895
Public Health Services	9,592					9,592
Leisure Time Activities		106,881				106,881
Basic Utility Services	13,365					13,365
Transportation		177,856		7,600		185,456
General Government	260,783	175,550				436,333
Debt Service:						
Principal Payments		48,680	231,628			280,308
Interest Payments			171,220			171,220
Capital Outlay	86,293	486,207				572,500
<b>Total Disbursements</b>	<b>869,263</b>	<b>1,005,104</b>	<b>402,848</b>	<b>7,600</b>	<b>41,735</b>	<b>2,326,550</b>
<b>Total Receipts Over/(Under) Disbursements</b>	<b>(150,123)</b>	<b>(41,359)</b>	<b>(402,848)</b>	<b>46,270</b>	<b>(31,610)</b>	<b>(579,670)</b>
<b>Other Financing Receipts/(Disbursements):</b>						
Sale of Bonds or Notes		422,771				422,771
Transfers-In	105,537	6,800	402,848		27,500	542,685
Other Sources	56,908	3,776				60,684
Other Uses		(417)				(417)
Transfers-Out		(134,300)			(5,537)	(139,837)
<b>Total Other Financing Receipts/(Disbursements)</b>	<b>162,445</b>	<b>298,630</b>	<b>402,848</b>		<b>21,963</b>	<b>885,886</b>
<b>Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements</b>	<b>12,322</b>	<b>257,271</b>		<b>46,270</b>	<b>(9,647)</b>	<b>306,216</b>
<b>Fund Cash Balances January 1</b>	<b>100,000</b>	<b>146,697</b>		<b>7,927</b>	<b>15,416</b>	<b>270,040</b>
<b>Fund Cash Balances, December 31</b>	<b>\$112,322</b>	<b>\$403,968</b>		<b>\$54,197</b>	<b>\$5,769</b>	<b>\$576,256</b>
<b>Reserves for Encumbrances, December 31</b>	<b>\$1,891</b>	<b>\$3,246</b>				<b>\$5,137</b>

*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 SIMILAR FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 1998**

	<u>Proprietary Fund Types</u>		<u>Fiduciary Fund Types</u>	<b>Totals (Memorandum Only)</b>
	<u>Enterprise</u>	<u>Internal Service</u>	<u>Agency</u>	
<b>Operating Cash Receipts:</b>				
Charges for Services	\$1,422,651	\$194,500		\$1,617,151
Miscellaneous	16,849	250	217	17,316
<b>Total Operating Cash Receipts</b>	<u>1,439,500</u>	<u>194,750</u>	<u>217</u>	<u>1,634,467</u>
<b>Operating Cash Disbursements:</b>				
Personal Services	511,706			511,706
Travel Transportation	1,069			1,069
Contractual Services	254,347	162,143		416,490
Supplies and Materials	100,891			100,891
Capital Outlay	35,247			35,247
<b>Total Operating Cash Disbursements</b>	<u>903,260</u>	<u>162,143</u>		<u>1,065,403</u>
Operating Income/(Loss)	<u>536,240</u>	<u>32,607</u>	<u>217</u>	<u>569,064</u>
<b>Non-Operating Cash Receipts:</b>				
Miscellaneous			4,000	4,000
Other Non-Operating Receipts		17,890		17,890
<b>Total Non-Operating Cash Receipts</b>		<u>17,890</u>	<u>4,000</u>	<u>21,890</u>
<b>Non-Operating Cash Disbursements:</b>				
Other Non-Operating Cash Disbursements	556	60,886	4,000	65,442
<b>Total Non-Operating Cash Disbursements</b>	<u>556</u>	<u>60,886</u>	<u>4,000</u>	<u>65,442</u>
Excess of Receipts Over/(Under) Disbursements Before Interfund Transfers and Advances	535,684	(10,389)	217	525,512
Transfers-Out	<u>(402,848)</u>			<u>(402,848)</u>
Net Receipts Over/(Under) Disbursements	132,836	(10,389)	217	122,664
Fund Cash Balances, January 1	172,089	16,482	19,874	208,445
<b>Fund Cash Balances, December 31</b>	<u><b>\$304,925</b></u>	<u><b>\$6,093</b></u>	<u><b>\$20,091</b></u>	<u><b>\$331,109</b></u>
Reserve for Encumbrances, December 31	<u>\$5,496</u>			<u>\$5,496</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, 1999 AND 1998**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The Village of Sebring, Mahoning County, (the Village) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village is directed by a publicly-elected six-member Council. The Village provides general governmental services, including water and sewer utilities, cemetery services, park operations (leisure time activities), police protection, and fire services.

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

**B. Basis of Accounting**

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

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

**C. Cash and Investments**

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or 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 is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

**2. Special Revenue Fund**

These funds are used to account for proceeds from specific sources (other than from 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.

*Income Tax Fund*- The Village levies an income tax of 1 1/2% on all income earned within the Village as well as on incomes of residents earned outside the Village. Income tax revenues are for general fund operations, police pension liabilities, and civic center operations.

**VILLAGE OF SEBRING  
MAHONING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 1999 AND 1998  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**3. Debt Service Fund**

These funds are used to accumulate resources for the payment of bonds and note indebtedness. The Village had the following significant debt service funds:

*Water 1<sup>st</sup> Mortgage Debt Fund*- This fund receives monies from the water fund to pay for the loans taken out for improvements and expansion of the water system. This loan will be repaid from water receipts received from customers.

*Sewer 1<sup>st</sup> Mortgage Debt Fund*- This fund receives monies from the sewer fund to pay for the loans taken out for improvements and expansion of the sewer system. This loan will be repaid from sewer receipts received from customers.

**4. Capital Project Funds**

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

*Capital Improvement Fund*- This fund receives proceeds from 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 projects.

**5. Enterprise Funds**

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

*Water Works Fund* - This fund receives charges for services from residents to cover the cost of providing this utility.

*Sewer Fund* - This fund receives charges for services from residents to cover the cost of providing this utility.

**6. Internal Service Funds**

The internal service fund accounts for the financing of services provided by one department or agency to other departments or agencies of the Village on a cost-reimbursement basis.

*Hospitalization Fund*- This fund receives monies from employees in the form of premiums and from the general fund to cover the cost of the employee's and Village's share of Hospitalization premiums and claims.

**VILLAGE OF SEBRING  
MAHONING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 1999 AND 1998  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**7. Fiduciary Funds (Trust and Agency Funds)**

Trust funds are used to account for resources restricted by legally binding trust agreements. If the agreement requires the Village to maintain the corpus of the trust, the fund is classified as a nonexpendable trust fund. Other trust funds are classified as expendable. Funds for which the Village is acting in an agency capacity are classified as agency funds. The Village had the following significant fiduciary fund:

*Police Disability and Pension Fund*- This fund receives local real estate tax receipts and transfers from the general fund to cover the cost of the Village's share of Police and Fireman's Disability.

**E. Budgetary Process**

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

**1. Appropriations**

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

**2. Estimated Resources**

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

**3. Encumbrances**

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

A summary of 1999 and 1998 budgetary activity appears in Note 3.

**F. Property, Plant and Equipment**

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

**G. Unpaid Vacation and Sick Leave**

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the cash basis of accounting used by the Village.

**VILLAGE OF SEBRING  
MAHONING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 1999 AND 1998  
(Continued)**

**2. EQUITY IN POOLED CASH AND INVESTMENTS**

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

	<u>1999</u>	<u>1998</u>
Total Demand deposits	<u>\$ 1,230,786</u>	<u>\$ 907,365</u>

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

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending 1999 and 1998 follows:

1999 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 877,219	\$ 1,131,579	\$ 254,360
Special Revenue	727,864	783,312	55,448
Debt Service	477,150	470,230	(6,920)
Capital Projects	152,100	93,834	(58,266)
Enterprise	1,440,100	1,475,028	34,928
Internal Service	157,000	194,632	37,632
Agency	350	6,204	5,854
Expendable Trust	39,844	50,134	10,290
Total	<u>\$ 3,871,627</u>	<u>\$ 4,204,953</u>	<u>\$ 333,326</u>

1999 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 881,831	\$ 949,174	\$ (67,343)
Special Revenue	900,206	747,614	152,592
Debt Service	473,350	470,230	3,120
Capital Projects	120,000	94,875	25,125
Enterprise	1,513,054	1,414,771	98,283
Internal Service	160,000	190,052	(30,052)
Expendable Trust	43,479	41,136	2,343
Total	<u>\$ 4,091,920</u>	<u>\$ 3,907,852</u>	<u>\$ 184,068</u>

**VILLAGE OF SEBRING  
MAHONING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 1999 AND 1998  
(Continued)**

**3. BUDGETARY ACTIVITY (Continued)**

1998 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 775,656	\$ 881,585	\$ 105,929
Special Revenue	1,257,732	1,397,092	139,360
Debt Service	407,350	402,848	(4,502)
Capital Projects	4,000	53,870	49,870
Enterprise	1,393,540	1,439,500	45,960
Internal Service	150,000	212,640	62,640
Agency	250	4,217	3,967
Expendable Trust	37,051	37,625	574
Total	<u>\$ 4,025,579</u>	<u>\$ 4,429,377</u>	<u>\$ 403,798</u>

1998 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 886,728	\$ 871,154	\$ 15,574
Special Revenue	1,193,521	1,143,067	50,454
Debt Service	407,350	402,848	4,502
Capital Projects	11,927	7,600	4,327
Enterprise	1,569,933	1,312,160	257,773
Internal Service	166,482	223,029	(56,547)
Agency	0	4,000	(4,000)
Expendable Trust	46,776	47,272	(496)
Total	<u>\$ 4,282,717</u>	<u>\$ 4,011,130</u>	<u>\$ 271,587</u>

**Legal Compliance**

Pursuant to Section 117.11 of the Revised Code, the Auditor of State performed tests of compliance with various provisions of local, state, and/or federal laws, as appropriate. The Village did not comply with Section 5707.41 (B) regarding expenditures exceeding appropriations and Section 5705.41 (D) regarding expenditures being made without prior fiscal officer certification.

**4. PROPERTY TAX**

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by Members of Council. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to make semiannual payment, 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.

**VILLAGE OF SEBRING  
MAHONING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 1999 AND 1998  
(Continued)**

**4. PROPERTY TAX (Continued)**

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. DEBT**

Debt outstanding at December 31, 1999 was as follows:

	<b>Principal</b>	<b>Interest Rate</b>
Waterworks System 1 <sup>st</sup> Mortgage Revenue Bond	\$ 2,869,000	5.00%
OWDA Waste Water Treatment Plant Loan	2,603,329	2.00%
Fire Truck Capital Lease	307,334	5.30%
Total	<b>\$ 5,779,663</b>	

The 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, which vary from year to year 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.

The Ohio Water Development Authority (OWDA) loan relates to a sewer treatment plant improvements 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 will be repaid in semiannual installments of \$132,415 (annual payments of \$264,830), including interest of 2%, over 20 years. The scheduled payment amount below assumes that \$4,347,746 will be borrowed. The scheduled payment will be adjusted to reflect any revisions in amounts actually borrowed. The loan is collateralized by sewer receipts. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

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

<b>Year ending Dec. 31:</b>	<b>Waterworks 1<sup>st</sup> Mortgage Revenue Bonds</b>	<b>OWDA Loan</b>	<b>Fire Truck Lease</b>	<b>Total</b>
2000	\$ 212,950	\$ 264,830	\$ 97,361	\$ 575,141
2001	210,450	264,830	97,361	572,641
2002	213,900	264,830	97,361	576,091
2003	210,000	264,830	48,680	523,510
2004	214,100	264,830	0	478,930
Subsequent	3,812,150	1,721,394	0	5,533,544
Total	<b>\$ 4,873,550</b>	<b>\$ 3,045,544</b>	<b>\$ 340,763</b>	<b>\$ 8,259,857</b>



**VILLAGE OF SEBRING  
MAHONING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 1999 AND 1998  
(Continued)**

**5. DEBT (Continued)**

The Village was not making the monthly set asides as required by its debt covenant as detailed in Village Ordinance No. 1288-82, Section 8, Subsection B, Item 4.

**6. RETIREMENT SYSTEMS**

The Village's law enforcement officers belong to the Police and Firemen's Disability and Pension Funds (PFDPF). Other full-time employees belong to the Public Employees Retirement System (PERS) of Ohio. PFDPF and PERS are cost-sharing, multiple-employer plans. These plans provide retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 1999 and 1998, members of PFDPF contributed 10% of their wages to the PFDPF. The Village contributed an amount equal to 19.5% of their wages. PERS members contributed 8.5% of their gross salaries. The Village contributed an amount equal to 13.55% of participants' gross salaries. The Village has paid all contributions required through December 31, 1999.

**7. RISK MANAGEMENT**

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Employees Benefits Liability
- Vehicles, Inland Marine
- Errors and omissions
- Public Officials Liability
- Law Enforcement Liability

Real property and contents are 90% coinsured.

**8. SELF-INSURANCE**

The Village is solely self-insured for medical and life insurance with Employee Benefits Claims, Inc., who is acting as the Third Party Administrator (TPA) for claims processing. As of December 31, 1999, the Village utilized Lamar Life Insurance, Co. as a stop/loss insurer for the following coverage:

**Individual** - \$12,500 and the Village (aggregate) - \$987,500.

A Hospitalization fund (901) was established for the Village to account for the receipt and disbursement activity for the aforementioned insurance coverages. The Hospitalization fund had a cash balance at December 31, 1999 of \$11,764 and a balance of \$6,093 at December 31, 1998.

The Village also provides health insurance and dental and vision coverage to full-time employees through a private carrier.

VILLAGE OF SEBRING  
MAHONING COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 1999 AND 1998  
(Continued)

9. RESTATEMENT OF FUND BALANCES

The Village has reclassified the reporting for monies in the Millner Fire Department Trust fund from a Non-Expendable Trust to an Expendable Trust. The change had the following effect on fund balances as they were previously reported at December 31, 1997:

	<b>Non-Expendable <u>Trust Fund</u></b>	<b>Expendable <u>Trust Fund</u></b>
Fund balance as previously stated	\$ 5,417	\$ 10,000
Restatement of Village Non-Expendable Trust fund activity to Expendable Trust	<u>(5,417)</u>	<u>5,417</u>
Restated balance as of January 1, 1998	<u>\$ 0</u>	<u>\$ 15,417</u>



STATE OF OHIO  
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

Voinovich Government Center  
242 Federal Plaza West  
Suite 302  
Youngstown, Ohio 44503

Telephone 330-797-9900  
800-443-9271

Facsimile 330-797-9949

**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND ON  
INTERNAL CONTROL REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Village of Sebring  
Mahoning County  
136 Ohio Avenue  
Sebring, OH 44672

To the Village Council:

We have audited the financial statements of the Village of Sebring, Mahoning County, Ohio (the Village), as of and for the years ended December 31, 1999 and 1998, and have issued our report thereon dated September 29, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and the Village Charter, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 1999-31150-001 through 1999-31150-003. We also noted certain immaterial instances of noncompliance that we have reported to management of the Village in a separate letter dated September 29, 2000.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Village's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Village in a separate letter dated September 29, 2000.

Village of Sebring  
Mahoning County  
Report of Independent Accountants on Compliance and on Internal Control  
Required by *Government Auditing Standards*  
Page 2

This report is intended for the information and use of management and Village Council, and is not intended to be and should not be used by anyone other than these specified parties.

**Jim Petro**  
Auditor of State

September 29, 2000

**VILLAGE OF SEBRING  
MAHONING COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 1999 AND 1998**

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

<b>Finding Number</b>	<b>1999-31150-001</b>
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Ohio Revised Code § 5705.41 (B) provides that no subdivision or taxing unit is to expend money unless it has been appropriated. The Village had the following funds in which actual disbursements exceeded total appropriations in 1999 and 1998:

**1999 Expenditures Greater than Appropriations**

Fund	Total Appropriation	Total Expenditures	Variance
Hospitalization	\$160,000	\$188,961	(\$28,961)

**1998 Expenditures Greater than Appropriations**

Fund	Appropriation	Expenditures	Variance
Hospitalization	\$ 166,482	\$ 223,028	(\$ 56,546)
Millner/Fire Department	-0-	5,537	(\$5,537)
Fire Security and Repair	-0-	4,000	(\$4,000)

We recommend that the Village not incur and pay any expenditures unless they have been properly appropriated, in compliance with this revised code section.

<b>Finding Number</b>	<b>1999-31150-002</b>
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Ohio Revised Code § 5705.41(D) provides 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. Furthermore, contracts and orders for expenditure lacking prior certification should be null and void.

This Section also provides two “exceptions” to the above requirements:

- A. Then and Now Certificates - If no certificate is furnished as required, upon receipt of the fiscal officer’s certificate that a sufficient sum was appropriated and free of any previous encumbrances, the authority 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 if such expenditure is otherwise valid.
- B. If the amount involved is less than one thousand dollars, the fiscal officer may authorize it to be paid, without the affirmation of the authority, upon completion of the “then and now” certificate, provided that the expenditure is otherwise lawful.

VILLAGE OF SEBRING  
MAHONING COUNTY

SCHEDULE OF FINDINGS (Continued)  
DECEMBER 31, 1999 AND 1998

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

During our voucher testing for 1999 and 1998, in 48% of our test sample, expenditures were made without prior fiscal officer certification.

We recommend that the Village comply with this revised code section.

<b>Finding Number</b>	<b>1999-31150-003</b>
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**Village Ordinance No. 1288-82** authorized the Village of Sebring to issue “Waterworks System First Mortgage Revenue Bonds” in the amount of \$3,575,000. These mortgage revenue bonds related to improvements to the Village’s waterworks system. The bonds consisted of Municipal Waterworks Improvement issues and were payable in annual installments, including interest, which vary from year to year, from revenues of the Water fund. To the extent that the Enterprise funds are not able to pay, transfers from the General fund would be used.

**Village Ordinance No. 1288-82, Section 8, Subsection B** identifies the payments that should be made out of the revenues accumulated in the Waterworks System Fund account. **Item 4** in this subsection states that the Village is to set up a Waterworks Reserve Fund and set aside \$1,767 each month until there is accumulated in said fund the sum of \$212,040, after which no further deposits need to be made into the Reserve Fund except to replace withdrawals. No money was deposited into this account in either 1998 or 1999. The current balance in this account is \$2,240.

The Village began 1998 with a fund balance of \$83,511 in the Waterworks System fund and ended the year with \$149,171. Because this fund made profits over and above the cost of providing this utility, the Village should have deposited \$21,204 into the Waterworks Reserve fund for 1998.

The Waterworks system fund began 1999 with a balance of \$149,171 and ended with a balance of \$241,121. In light of these circumstances, the Village once again should have deposited \$21,204 into the Waterworks Reserve Fund for 1999.

We recommend an adjustment be made from the Waterworks System fund to the Waterworks Reserve fund in the amount of \$42,408 to comply with the required deposits that should have been made for the years ended December 31, 1998 and 1999. On October 23, 2000, Village Council passed ordinance number 1686-00 which authorized the transfer of \$42,408 from the Waterworks System fund to the Waterworks Reserve fund.



STATE OF OHIO  
OFFICE OF THE AUDITOR  

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JIM PETRO, AUDITOR OF STATE

88 East Broad Street  
P.O. Box 1140  
Columbus, Ohio 43216-1140  
Telephone 614-466-4514  
800-282-0370  
Facsimile 614-466-4490

**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  
DECEMBER 21, 2000**