

**VILLAGE OF SEVILLE
MEDINA COUNTY, OHIO**

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

Rea & Associates, Inc.
CERTIFIED PUBLIC ACCOUNTANTS

VILLAGE OF SEVILLE
MEDINA COUNTY, OHIO

FOR THE YEARS ENDED
DECEMBER 31, 1999 AND 1998

TABLE OF CONTENTS

| | |
|---|--------|
| Independent Auditor's Report..... | 1 |
| Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Balances - All Governmental Fund Types For the Year Ended December 31, 1999 | 2 |
| Combined Statement of Operating Revenues, Operating Expenses, and Changes in Fund Balances - All Proprietary Fund Types For the Year Ended December 31, 1999 | 3 |
| Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Balances - All Governmental Fund Types For the Year Ended December 31, 1998 | 4 |
| Combined Statement of Operating Revenues, Operating Expenses, and Changes in Fund Balances - All Proprietary Fund Types For the Year Ended December 31, 1998..... | 5 |
| Notes to the Financial Statements | 6 - 14 |
| Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> | 15 |



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

35 North Fourth Street, 1st Floor
Columbus, Ohio 43215
Telephone 614-466-4514
800-282-0370
Facsimile 614-728-7398

Members of Council
Village of Seville
Medina, County, Ohio

We have reviewed the *Independent Auditor's Report of the Village of Seville, Medina County*, prepared by Rea & Associates, Inc., for the audit period January 1, 1998 through December 31, 1999. 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.

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 Seville is responsible for compliance with these laws and regulations.

A handwritten signature in black ink, appearing to read "Jim Petro".

JIM PETRO
Auditor of State

July 10, 2000

694 East Washington Street
P.O. Box 485
Medina, Ohio 44258-0485
330-722-8222
FAX: 722-7104
www.reacpa.com

Rea & Associates, Inc.
ACCOUNTANTS AND BUSINESS CONSULTANTS

May 18, 2000

To the Members of Council
Village of Seville
Medina County, Ohio

INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying financial statements of the Village of Seville, Medina County, as of and for the years ended December 31, 1999 and 1998, as listed in the table of contents. These financial statements are the responsibility of the Village of Seville'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 the 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 described in Note 1, the Village prepares its financial statements on a prescribed basis of accounting that demonstrates compliance with the cash basis and budget laws of the State of Ohio, 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 cash balances of the Village of Seville, Medina County, as of December 31, 1999 and 1998, and the 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 a report dated May 18, 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 grants.

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

Rea & Associates, Inc.

**VILLAGE OF SEVILLE
MEDINA COUNTY, OHIO**

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

| | General | Special Revenue | Capital Projects | Total (Memorandum Only) |
|--|-------------------|--------------------|---------------------|-------------------------------|
| CASH RECEIPTS | | | | |
| Taxes | \$ 715,707 | \$ 25,988 | \$ 49,519 | \$ 791,214 |
| Intergovernmental | 151,928 | 268,001 | 33,775 | 453,704 |
| Special Assessments | 2,448 | 0 | 0 | 2,448 |
| Charges for Services | 228 | 19,500 | 0 | 19,728 |
| Fines, Licenses, and Permits | 21,381 | 1,000 | 0 | 22,381 |
| Interest | 172,199 | 61 | 33 | 172,293 |
| Miscellaneous | 25,467 | 3,645 | 0 | 29,112 |
| Total Cash Receipts | 1,089,358 | 318,195 | 83,327 | 1,490,880 |
| CASH DISBURSEMENTS | | | | |
| Current: | | | | |
| Security of Persons and Property | 0 | 406,925 | 0 | 406,925 |
| Public Health Services | 945 | 173,143 | 0 | 174,088 |
| Leisure time Activities | 48,296 | 0 | 0 | 48,296 |
| Community Environment | 9,047 | 0 | 0 | 9,047 |
| Transportation | 0 | 131,600 | 0 | 131,600 |
| General Government | 223,180 | 0 | 0 | 223,180 |
| Capital Outlay | 35,463 | 156,558 | 228,414 | 420,435 |
| Debt Service: | | | | |
| Principal Retirement | 100,000 | 0 | 0 | 100,000 |
| Interest and Fiscal Charges | 4,153 | 0 | 0 | 4,153 |
| Total Cash Disbursements | 421,084 | 868,226 | 228,414 | 1,517,724 |
| Total Receipts Over (Under) Disbursements | 668,274 | (550,031) | (145,087) | (26,844) |
| OTHER FINANCING SOURCES (USES) | | | | |
| Proceeds from Notes | 0 | 0 | 228,272 | 228,272 |
| Other Financing Uses | (1,011) | (35) | 0 | (1,046) |
| Transfers In | 0 | 610,865 | 0 | 610,865 |
| Transfers Out | (582,900) | (27,965) | 0 | (610,865) |
| Total Other Financing Sources (Uses) | (583,911) | 582,865 | 228,272 | 227,226 |
| Excess of Receipts and Other Financing Sources Over (Under) Disbursements and Other Financing | 84,363 | 32,834 | 83,185 | 200,382 |
| Fund cash balances, beginning of year | 530,313 | 257,107 | 93,833 | 881,253 |
| Fund cash balances, end of year | \$ 614,676 | \$ 289,941 | \$ 177,018 | \$ 1,081,635 |

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

VILLAGE OF SEVILLE
MEDINA COUNTY, OHIO

COMBINED STATEMENT OF OPERATING REVENUES, OPERATING EXPENSES, AND CHANGES IN
FUND BALANCES - ALL PROPRIETARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1999

| | Enterprise | Agency | Totals |
|--|---------------------|------------------|---------------------|
| <u>Operating Revenues</u> | | | |
| Charges for Services | \$ 2,977,402 | \$ 0 | \$ 2,977,402 |
| Fines, Licenses, and Permits | 0 | 40,649 | 40,649 |
| Total Operating Revenues | 2,977,402 | 40,649 | 3,018,051 |
| <u>Operating Expenses</u> | | | |
| Personal Services | 289,599 | 0 | 289,599 |
| Travel Transportation | 86,983 | 0 | 86,983 |
| Contractual Services | 1,527,932 | 0 | 1,527,932 |
| Supplies and Materials | 133,160 | 0 | 133,160 |
| Capital Outlay | 420,787 | 0 | 420,787 |
| Miscellaneous | 7 | 39,524 | 39,531 |
| Total Operating Expenses | 2,458,468 | 39,524 | 2,497,992 |
| Operating Income | 518,934 | 1,125 | 520,059 |
| <u>Non-Operating Expenses</u> | | | |
| Debt Services: | | | |
| Principal Retirement | 73,386 | 0 | 73,386 |
| Interest and Fiscal Charges | 138,830 | 0 | 138,830 |
| Other financing uses | 114,148 | 0 | 114,148 |
| Other non-operating expenses | 0 | 0 | 0 |
| Total Non-Operating Expenses | 326,364 | 0 | 326,364 |
| Loss Before Operating Transfers | 192,570 | 1,125 | 193,695 |
| Advance In | 0 | 0 | 0 |
| Advance Out | 0 | 0 | 0 |
| Operating Transfers In | 0 | 0 | 0 |
| Operating Transfers Out | 0 | 0 | 0 |
| Net Income | 192,570 | 1,125 | 193,695 |
| Retained Earnings/Fund Balance at Beginning of Year | 2,327,326 | 74,281 | 2,401,607 |
| Retained Earnings/Fund Balance at End of Year | \$ 2,519,896 | \$ 75,406 | \$ 2,595,302 |

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

**VILLAGE OF SEVILLE
MEDINA COUNTY, OHIO**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1998**

| | General | Special Revenue | Capital Projects | Total (Memorandum Only) |
|---|-------------------|--------------------|---------------------|-------------------------------|
| CASH RECEIPTS | | | | |
| Taxes | \$ 703,484 | \$ 27,698 | \$ 51,040 | \$ 782,222 |
| Intergovernmental | 205,600 | 249,946 | 0 | 455,546 |
| Ohio Public Works Commission Grant | 0 | 0 | 150,000 | 150,000 |
| Charges for Services | 357 | 0 | 0 | 357 |
| Fines, Licenses, and Permits | 29,186 | 0 | 0 | 29,186 |
| Interest | 130,994 | 62 | 287 | 131,343 |
| Miscellaneous | 38,523 | 22,082 | 430 | 61,035 |
| Total Cash Receipts | 1,108,144 | 299,788 | 201,757 | 1,609,689 |
| CASH DISBURSEMENTS | | | | |
| Current: | | | | |
| Security of Persons and Property | 0 | 380,147 | 0 | 380,147 |
| Public Health Services | 866 | 151,574 | 0 | 152,440 |
| Leisure time Activities | 53,911 | 0 | 0 | 53,911 |
| Community Environment | 9,657 | 0 | 0 | 9,657 |
| Transportation | 0 | 100,536 | 0 | 100,536 |
| General Government | 231,807 | 0 | 0 | 231,807 |
| Capital Outlay | 58,949 | 122,836 | 513,617 | 695,402 |
| Debt Service: | | | | |
| Principal Retirement | 150,000 | 0 | 0 | 150,000 |
| Interest and Fiscal Charges | 5,940 | 0 | 0 | 5,940 |
| Total Cash Disbursements | 511,130 | 755,093 | 513,617 | 1,779,840 |
| Total Receipts Over (Under) Disbursements | 597,014 | (455,305) | (311,860) | (170,151) |
| OTHER FINANCING SOURCES (USES) | | | | |
| Proceeds of Notes | 100,000 | 0 | 0 | 100,000 |
| Other Financing Uses | (17,771) | (569) | 0 | (18,340) |
| Operating Transfers In | 0 | 654,265 | 0 | 654,265 |
| Operating Transfers Out | (454,265) | (200,000) | 0 | (654,265) |
| Total Other Financing Sources (Uses) | (372,036) | 453,696 | 0 | 81,660 |
| Excess of Receipts and Other Financing Sources Over (Under) Disbursements and Other Financing Uses | 224,978 | (1,609) | (311,860) | (88,491) |
| Fund cash balances, beginning of year | 305,335 | 258,716 | 405,693 | 969,744 |
| Fund cash balances, end of year | \$ 530,313 | \$ 257,107 | \$ 93,833 | \$ 881,253 |

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

**VILLAGE OF SEVILLE
MEDINA COUNTY, OHIO**

**COMBINED STATEMENT OF OPERATING REVENUES, OPERATING EXPENSES, AND CHANGES IN
FUND BALANCES - ALL PROPRIETARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1998**

| | Enterprise | Agency | Totals |
|--|---------------------|------------------|---------------------|
| <u>Operating Revenues</u> | | | |
| Charges for Services | \$ 3,089,671 | \$ 0 | \$ 3,089,671 |
| Fines, Licenses, and Permits | 0 | 54,659 | 54,659 |
| Total Operating Revenues | 3,089,671 | 54,659 | 3,144,330 |
| <u>Operating Expenses</u> | | | |
| Personal Services | 383,478 | 0 | 383,478 |
| Travel Transportation | 0 | 0 | 0 |
| Contractual Services | 1,553,178 | 0 | 1,553,178 |
| Supplies and Materials | 148,187 | 0 | 148,187 |
| Capital Outlay | 279,354 | 0 | 279,354 |
| Miscellaneous | 9 | 62,743 | 62,752 |
| Total Operating Expenses | 2,364,206 | 62,743 | 2,426,949 |
| Operating Income (Loss) | 725,465 | (8,084) | 717,381 |
| <u>Non-Operating Expenses</u> | | | |
| Debt Services: | | | |
| Principal Retirement | 68,201 | 0 | 68,201 |
| Interest and Fiscal Charges | 144,016 | 0 | 144,016 |
| Other financing uses | 97,375 | 0 | 97,375 |
| Other non-operating expenses | 0 | 0 | 0 |
| Total Non-Operating Expenses | 309,592 | 0 | 309,592 |
| Income (Loss) Before Operating Transfers | 415,873 | (8,084) | 407,789 |
| Advance In | 0 | 0 | 0 |
| Advance Out | 0 | 0 | 0 |
| Operating Transfers In | 0 | 0 | 0 |
| Operating Transfers Out | (20,250) | 0 | (20,250) |
| Net Income (Loss) | 395,623 | (8,084) | 387,539 |
| Retained Earnings/Fund Balance at Beginning of Year | 1,931,703 | 82,365 | 2,014,068 |
| Retained Earnings/Fund Balance at End of Year | \$ 2,327,326 | \$ 74,281 | \$ 2,401,607 |

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

VILLAGE OF SEVILLE
MEDINA COUNTY, OHIO

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED
DECEMBER 31, 1999 AND 1998

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Village of Seville, Medina County, is a body political and corporate 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 road, bridge, water, electric and sewer disposal. The Village has a Mayor's Court which is classified as an agency fund of the governmental unit.

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. 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:

GOVERNMENTAL FUND TYPES:

General Fund

The General Fund is the general operating fund. It is used to account for all financial resources except those required by law or contract to be restricted.

Special Revenue Funds

The Special Revenue 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. These include (a) Police, (b) EMS, and (c) Streets Funds.

Capital Projects

The Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities other than those financed by proprietary or trust funds. These include (a) Downtown Improvement Fund, (b) Street Capital Improvements Fund, and (c) Waste Water Treatment Plant.

VILLAGE OF SEVILLE
MEDINA COUNTY, OHIO

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED
DECEMBER 31, 1999 AND 1998

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Fund Accounting (continued)

PROPRIETARY FUND TYPE:

Enterprise Funds

The Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises. The intent of the governing body is that the costs, including depreciation where applicable, of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or where the governing body has decided that periodic determination of revenues earned, expenses incurred, and net income is appropriate for capital maintenance, public policy management control, accountability, or other purposes. These include (a) Electric, (b) Sewer, (c) Storm Sewer, and (d) Water Funds.

FIDUCIARY FUND TYPE:

Agency Funds

The Agency Funds are used to account for assets held by a governmental unit as an agent for another governmental unit. This includes the Mayor's Court Fund.

D. Budgetary Process

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

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 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.

The Village's Capital Projects Fund disbursements exceeded appropriations by \$213,414 for the year ended December 31, 1999. The Village's disbursements exceeded the appropriations for the General Fund by \$119,435, the Special Revenue by \$105,609, and the Capital Projects Fund by \$513,617 for the year ended December 31, 1998.

Encumbrances

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are canceled and reappropriated in the subsequent year.

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

VILLAGE OF SEVILLE
MEDINA COUNTY, OHIO

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED
DECEMBER 31, 1999 AND 1998

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Property, Plant and Equipment

Acquisitions of property, plant and equipment are recorded as disbursements (capital outlays) when paid. These items are not reflected as assets in the accompanying financial statements.

NOTE 2: EQUITY IN POOLED CASH

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

| | <u>1999</u> | <u>1998</u> |
|---------------------------------|---------------------|---------------------|
| Deposits | \$ 190,637 | \$ 304,995 |
| Investments | 3,120,559 | 2,512,874 |
| Overnight Repurchase Agreements | <u>365,741</u> | <u>464,991</u> |
| | <u>\$ 3,676,937</u> | <u>\$ 3,282,860</u> |

Deposits

Deposits are covered by Federal Depository Insurance and security pledged as collateral.

Investments

GASB Statement No. 3, "Deposits with Financial Institutions, Investments (including Repurchase Agreements), and Reverse Repurchase Agreements" requires the Village's investments to be categorized to give an indication of the level of risk assumed by the Village at year-end. Category 1 includes investments that are insured or registered or for which the securities are held by the Village. Category 2 includes uninsured and unregistered investments for which the securities are held by the broker's or dealer's trust department or agent in the Village's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the broker or dealer or by its trust department but not in the Village's name.

Statutory provisions require that all securities acquired by the Village be held by the Village treasurer or deposited with a qualified trustee. Securities acquired under a repurchase agreement must be deposited with such a trustee unless the counterpart is a designated depository of the Village for the current period of designation of depositories, in which case the securities may be held in trust by the depository.

VILLAGE OF SEVILLE
MEDINA COUNTY, OHIO

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED
DECEMBER 31, 1999 AND 1998

NOTE 2: EQUITY IN POOLED CASH (continued)

Investments (continued)

Level of risk assumed for fiscal year end December 31, 1999

| | Category | | | Carrying Value | Fair Value |
|----------------------------------|-------------|-------------|---------------------|---------------------|---------------------|
| | 1 | 2 | 3 | | |
| Federated Government Obligations | \$ 0 | \$ 0 | \$ 3,120,559 | \$ 3,120,559 | \$ 3,120,559 |
| Total Investments | 0 | 0 | 3,120,559 | 3,120,559 | 3,120,559 |
| Repurchase Agreement | 0 | 0 | 365,741 | 365,741 | 365,741 |
| | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 3,486,300</u> | <u>\$ 3,486,300</u> | <u>\$ 3,486,300</u> |

Level of risk assumed for fiscal year ended December 31, 1998

| | Category | | | Carrying Value | Fair Value |
|---------------------------------|-------------|-------------|---------------------|---------------------|---------------------|
| | 1 | 2 | 3 | | |
| Federated Government Obligation | \$ 0 | \$ 0 | \$ 1,053,426 | \$ 1,053,426 | \$ 1,053,426 |
| Federal Home Loan Bank Disc | 0 | 0 | 482,816 | 482,816 | 488,305 |
| FMC Disc Note | 0 | 0 | 976,631 | 976,631 | 989,020 |
| Total Investments | 0 | 0 | 2,512,873 | 2,512,873 | 2,530,751 |
| Repurchase Agreement | 0 | 0 | 464,991 | 464,991 | 464,991 |
| | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 2,977,864</u> | <u>\$ 2,977,864</u> | <u>\$ 2,995,742</u> |

**VILLAGE OF SEVILLE
MEDINA COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED
DECEMBER 31, 1999 AND 1998**

NOTE 3: BUDGETARY ACTIVITY

Budgetary activity for the years ended December 31, 1999 and 1998 was as follows:

Budgeted vs. Actual Receipts

| | 1999 | | | 1998 | | |
|------------------|----------------------|---------------------|-------------------|----------------------|---------------------|-------------------|
| | Budgeted Receipts | Actual Receipts | Variance | Budgeted Receipts | Actual Receipts | Variance |
| General | \$ 904,456 | \$ 1,089,358 | \$ 184,902 | \$ 931,706 | \$ 1,208,144 | \$ 276,438 |
| Special Revenue | 891,719 | 929,060 | 37,341 | 1,430,618 | 954,053 | (476,565) |
| Capital Projects | 0 | 311,599 | 311,599 | 50,000 | 201,757 | 151,757 |
| Enterprise | 2,973,384 | 2,977,402 | 4,018 | 2,904,000 | 3,089,671 | 185,671 |
| Total | \$ 4,769,559 | \$ 5,307,419 | \$ 537,860 | \$ 5,316,324 | \$ 5,453,625 | \$ 137,301 |

Budgeted vs. Actual Disbursements

| | 1999 | | | 1998 | | |
|------------------|---------------------------|-------------------------|-------------------|---------------------------|-------------------------|-------------------|
| | Budgeted Disbursements | Actual Disbursements | Variance | Budgeted Disbursements | Actual Disbursements | Variance |
| General | \$ 1,171,982 | \$ 1,004,995 | \$ 166,987 | \$ 863,731 | \$ 983,166 | \$ (119,435) |
| Special Revenue | 1,044,258 | 896,226 | 148,032 | 850,053 | 955,662 | (105,609) |
| Capital Projects | 15,000 | 228,414 | (213,414) | 0 | 513,617 | (513,617) |
| Enterprise | 3,518,221 | 2,784,832 | 733,389 | 4,045,608 | 2,694,048 | 1,351,560 |
| Total | \$ 5,749,461 | \$ 4,914,467 | \$ 834,994 | \$ 5,759,392 | \$ 5,146,493 | \$ 612,899 |

**VILLAGE OF SEVILLE
MEDINA COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED
DECEMBER 31, 1999 AND 1998**

NOTE 4: LONG TERM OBLIGATIONS

The Village incurred the following obligations in connection with the Ohio Water Development Authority (OWDA) for the construction of the sewer and water facilities. The payments of the completed projects debt is reflected in the enterprise fund.

The Village also incurred the following obligation in connection with the Ohio Public Works Commission for the Waste Water Treatment Plant Sludge Handling Improvements. The project was completed during February 2000 with the total loan balance being \$230,882. The note payable is a 20 year non-interest bearing note with payments due semiannually. The first payment is due July 1, 2000.

A detail of long term obligations is as follows:

| | Balance January 1, 1998 | Additions | Reductions | Balance December 31, 1998 |
|---|----------------------------|-----------|-------------|------------------------------|
| ENTERPRISE FUNDS | | | | |
| Ohio Water Development Authority - Water | | | | |
| Interest Rate 7.66% | | | | |
| Issued 1990 | | | | |
| Due January 1, 2015 | \$ 1,380,568 | \$ 0 | \$ (42,183) | \$ 1,338,385 |
| Ohio Water Development Authority - Sewer | | | | |
| Interest Rate 7.51% | | | | |
| Issued 1990 | | | | |
| Due July 1, 2010 | 509,512 | 0 | (26,018) | 483,494 |
| | \$ 1,890,080 | \$ 0 | \$ (68,201) | \$ 1,821,879 |

**VILLAGE OF SEVILLE
MEDINA COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED
DECEMBER 31, 1999 AND 1998**

NOTE 4: LONG TERM OBLIGATIONS (continued)

| | Balance January 1, 1999 | Additions | Reductions | Balance December 31, 1999 |
|---|----------------------------|-------------------|--------------------|------------------------------|
| ENTERPRISE FUNDS | | | | |
| Ohio Water Development Authority - Water Interest Rate 7.66% Issued 1990 Due January 1, 2015 | \$ 1,338,385 | \$ 0 | \$ (45,415) | \$ 1,292,970 |
| Ohio Water Development Authority - Sewer Interest Rate 7.51% Issued 1990 Due July 1, 2010 | 483,494 | 0 | (27,971) | 455,523 |
| Ohio Public Works Commission Waste Water Treatment Plant Interest Rate 0% Due January 1, 2020 | 0 | 228,272 | 0 | 228,272 |
| | <u>\$ 1,821,879</u> | <u>\$ 228,272</u> | <u>\$ (73,386)</u> | <u>\$ 1,976,765</u> |

The schedule for principal and interest payments on long-term borrowing for the next five years and thereafter follows:

| Year Ending December 31, | Ohio Water Department Authority Water | Ohio Water Department Authority Sewer | Ohio Public Works Commission Sewer | Total |
|---------------------------------|--|--|---|---------------------|
| 2000 | \$ 147,935 | \$ 14,492 | \$ 11,544 | \$ 173,971 |
| 2001 | 147,935 | 31,160 | 11,544 | 190,639 |
| 2002 | 147,935 | 33,502 | 11,544 | 192,981 |
| 2003 | 147,935 | 36,016 | 11,544 | 195,495 |
| 2004 | 147,935 | 38,720 | 11,544 | 198,199 |
| Thereafter | 1,479,350 | 521,070 | 170,552 | 2,170,972 |
| Total Principal and Interest | 2,219,025 | 674,960 | 228,272 | 3,122,257 |
| Less: Interest | (926,055) | (219,437) | 0 | (1,145,492) |
| Total Principal | <u>\$ 1,292,970</u> | <u>\$ 455,523</u> | <u>\$ 228,272</u> | <u>\$ 1,976,765</u> |

**VILLAGE OF SEVILLE
MEDINA COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED
DECEMBER 31, 1999 AND 1998**

NOTE 6: NOTES PAYABLE

The Village's note activity, including amounts outstanding, interest rates and purpose for which the notes were issued, is as follows:

| | Principal Outstanding January 1, 1998 | Additions | Deductions | Principal Outstanding December 31, 1998 |
|------------------------------|---|-------------------|---------------------|---|
| CAPITAL PROJECTS FUND | | | | |
| Real Estate Acquisition | | | | |
| Bond Anticipation Note | | | | |
| 9/22/97, Interest Rate 4.23% | | | | |
| Due 9/98 | \$ 150,000 | \$ 0 | \$ (150,000) | \$ 0 |
| | | | | |
| Bond Anticipation Note | | | | |
| 9/98, Interest Rate 4.23% | | | | |
| Due 9/99 | 0 | 100,000 | 0 | 100,000 |
| | <u>\$ 150,000</u> | <u>\$ 100,000</u> | <u>\$ (150,000)</u> | <u>\$ 100,000</u> |

| | Principal Outstanding January 1, 1999 | Additions | Deductions | Principal Outstanding December 31, 1999 |
|------------------------------|---|-----------|--------------|---|
| CAPITAL PROJECTS FUND | | | | |
| Real Estate Acquisition | | | | |
| Bond Anticipation Note | | | | |
| 9/98, Interest Rate 4.23% | | | | |
| Due 9/99 | \$ 100,000 | \$ 0 | \$ (100,000) | \$ 0 |

NOTE 7: PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by Village of Seville. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to make semiannual payments, the first half is due December 31. The second half payment is due the following June 20.

Tangible personal property tax is assessed by the property owners, who must file a list of such property taxes 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.

VILLAGE OF SEVILLE
MEDINA COUNTY, OHIO

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED
DECEMBER 31, 1999 AND 1998

NOTE 8: RETIREMENT SYSTEMS

Public Employees Retirement System

The Board of Trustees, Village Clerk, and other employees of the Village belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost sharing, multiple employer plan. This plan provides retirement benefits, including postretirement health care, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code. The Public Employee Retirement System issues a stand-alone financial report. Interested parties may obtain a copy by making a written request to 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 466-2085 or 1-800-222-PERS (7377).

Contribution rates are also prescribed by the Ohio Revised Code. For 1999 and 1998, 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.

Police and Firemen's Disability and Pension Fund (PFDPF)

The Village of Seville contributes to the Police and Firemen's Disability and Pension Fund (PFDPF), a cost sharing multiple employer defined pension plan. PFDPF provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Contribution requirements and benefit provisions are established by the Ohio State Legislature and codified in Chapter 742 of the Ohio Revised Code. The PFDPF issues a publicly available financial report that includes financial information and required supplementary information for the plan. That report may be obtained by writing to PFDPF, 140 East Town Street, Columbus, Ohio 43215-5164.

Plan members are required to contribute 10.0% of their annual covered salary, while employers are required to contribute 19.5% and 24.0% respectively for police officers and firefighters. The Village has paid all contributions required through December 31, 1999.

NOTE 9: RISK MANAGEMENT

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Automobile
- Public Officials Liability

694 East Washington Street
P.O. Box 485
Medina, Ohio 44258-0485
330-722-8222
FAX: 722-7104
www.reacpa.com

Rea & Associates, Inc.
ACCOUNTANTS AND BUSINESS CONSULTANTS

May 18, 2000

To the Members of Council
Village of Seville
Medina County, Ohio

**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

We have audited the financial statements of the Village of Seville, Medina County, as of and for the years ended December 31, 1999 and 1998, and have issued our report thereon dated May 18, 2000. We have conducted our audit in accordance with generally accepted auditing standards and 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 of Seville's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the Village of Seville in a separate letter dated May 18, 2000.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village of Seville'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 weakness. However, we noted other matters involving the internal control over financial reporting that we have reported to management of the Village of Seville in a separate letter dated May 18, 2000.

This report is intended solely for the information and use of the Board of Directors, management, and others within the organization, and it is not intended to be and should not be used by anyone other than these specified parties.

Rea & Associates, Inc.

Columbus
New Philadelphia
Millersburg
Coshocton
Cambridge
Marietta
Medina
Lima



STATE OF OHIO
OFFICE OF THE AUDITOR

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 SEVILLE

MEDINA 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
SEPTEMBER 21, 2000**