

**VILLAGE OF SENECAVILLE  
GUERNSEY COUNTY**

**AUDIT REPORT**

**YEAR ENDED DECEMBER 31, 2008**

**Wolfe, Wilson, & Phillips, Inc.  
37 South Seventh Street  
Zanesville, Ohio 43701**





Mary Taylor, CPA  
Auditor of State

Village Council  
Village of Senecaville  
201 High Street  
Senecaville, Ohio 43780

We have reviewed the *Independent Auditors' Report* of the Village of Senecaville, Guernsey County, prepared by Wolfe, Wilson & Phillips, Inc., for the audit period January 1, 2008 through December 2008. 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 Senecaville is responsible for compliance with these laws and regulations.

*Mary Taylor*

Mary Taylor, CPA  
Auditor of State

May 18, 2009

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**VILLAGE OF SENECAVILLE  
GUERNSEY COUNTY**

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**WOLFE, WILSON, & PHILLIPS, INC.**  
**37 SOUTH SEVENTH STREET**  
**ZANESVILLE, OHIO 43701**

**INDEPENDENT AUDITORS' REPORT**

Village of Senecaville  
Guernsey County  
201 High Street  
Senecaville, Ohio 43780

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Senecaville, Guernsey County as of and for the year ended December 31, 2008, which collectively comprised the Village's basic financial statements. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *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 2, the Village has prepared these financial statements and notes using the cash basis of accounting. This is a comprehensive accounting basis other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position-cash basis of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Village of Senecaville, Guernsey County, as of December 31, 2008, and the respective changes in financial position-cash basis and the respective budgetary comparison for the General Fund, Street Construction, Maintenance and Repair Fund, Fire Fund, and Police Fund, thereof for the year then ended in conformity with the basis of accounting Note 2 describes.

In accordance with *Government Auditing Standards*, we have also issued a report dated March 11, 2009, on our consideration of the Village of Senecaville's internal control structure over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Management's discussion and analysis is not a required part of the basic financial statements but is supplementary information the Government Accounting Standards Board requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

***Wolfe, Wilson, & Phillips, Inc.***  
Zanesville, Ohio  
March 11, 2009

**VILLAGE OF SENECAVILLE, GUERNSEY COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2008  
UNAUDITED**

This discussion and analysis of the Village of Senecaville's financial performance provides an overall review of the Village's financial activities for the year ended December 31, 2008, within the limitations of the Village's cash basis accounting. The intent of this discussion and analysis is to look at the Village's financial performance as a whole; readers should also review the financial statements and notes to the basic financial statements to enhance their understanding of the Village's financial performance.

**Highlights**

Key highlights for 2008 are as follows:

Net assets of governmental activities increased \$983, or .8 percent, a nonsignificant change from the prior year. .

The Village's general receipts are primarily property taxes, and intergovernmental receipts. These receipts represent respectively 22 and 36 percent of total cash received for governmental activities.

The Village's business-type activities are sewer charges. Net assets increased by \$24,182 or 9 percent. This was due to not paying additional debt service in 2008 as the Village did in 2007.

**Using the Basic Financial Statements**

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to the Village's cash basis of accounting.

**Report Components**

The statement of net assets and statement of activities provide information about the cash activities of the Village as a whole.

Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the Village as a way to segregate money whose use is restricted to a particular specified purpose. These statements present financial information by fund, presenting funds with the largest balances or most activity in separate columns.

The notes to the basic financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

**VILLAGE OF SENECAVILLE, GUERNSEY COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2008  
UNAUDITED**

**Basis of Accounting**

The basis of accounting is a set of guidelines that determine when financial events are recorded. The Village has elected to present on a cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the Village's cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

As a result of using the cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the cash basis of accounting.

**Reporting the Government as a Whole**

This annual report includes all activities for which the Village is fiscally responsible. These activities, defined as the Village's reporting entity, are operated within separate legal entities that make up the primary government. The primary government consists of the Village.

The statements of net assets and statement of activities for 2008 reflect how the Village did financially within the limitations of the cash basis of accounting. The statement of net assets presents the cash balances and investments of the governmental and business-type activities of the Village at year-end. The statement of activities compares cash disbursements with program receipts for each governmental program and business-type activity. Program receipts include charges paid by the recipient of the programs services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General cash receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function and business-type activity draws from the Village's general receipts.

These statements report the Village's cash position and the changes in cash position. Keeping in mind the limitations of the cash basis of accounting, you can think of these changes as one way to measure the Village's financial health. Over time, increases or decreases in the Village's cash position is one indicator of whether the Village's financial health is improving or deteriorating. When evaluating the Village's financial condition, you should also consider other nonfinancial factors as well such as the Village's tax base, the extent of the Village's debt obligations, the reliance on non-local financial resources for operations and the need for continued growth in the major local revenue sources such as property and real estate taxes.

In the statement of net assets and the statement of activities, we divide the government into two types of activities.

**Governmental activities** - Most of the Village's basic services are reported here, including park operations, police and capital projects. Real estate, property taxes and loans/grants finance most of these activities. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.



**VILLAGE OF SENECAVILLE, GUERNSEY COUNTY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2008**  
**UNAUDITED**

**Business-Type Activities** - The Village has one business-type activities, the provision of sewer services. Business-type activities are financed by a fee charged to the customers receiving the service.

**Reporting the Government's Most Significant Funds**

Fund financial statements provide detailed information about the Village's major funds – not the Village as a whole. The Village establishes separate funds to better manage its many activities and to help demonstrate that money that is restricted as to how it may be used is being spent for the intended purpose. The funds of the Village are split into two categories: governmental and proprietary.

**Governmental Funds** - Most of the Village's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the Village's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Village's programs. The Village's significant governmental funds are presented on the financial statements in separate columns. The information for nonmajor funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The Village's major governmental funds for 2008 is the General Fund, Street Construction, Maintenance and Repair Fund, Fire Fund, Police Fund, Special Assessment Debt Service Fund and the Municipal Building Capital Projects Fund. The programs reported in governmental funds are related to those reported in the governmental activities section of the entity-wide statements. There are no reconciliations between the two reports as the Village reports on the cash basis.

**Proprietary Funds** - When the Village charges customers for the services it provides, these services are generally reported in proprietary funds. When the services are provided to the general public, the activity is reported as an enterprise fund. The Village's Enterprise Funds are Sewer Operating Fund, Sewer Debt Fund and Enterprise Debt Service Fund.

**VILLAGE OF SENECVILLE, GUERNSEY COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2008  
UNAUDITED**

**The Government as a Whole**

Table 1 provides a summary of the Village's net assets for 2008 and 2007 on the cash basis:

Table 1  
NET ASSETS

	Governmental Activities 2008	Governmental Activities 2007	Business-Type Activities 2008	Business-Type Activities 2007	Total 2008	Total 2007
Assets:						
Cash	\$ 121,940	\$ 120,957	\$ 286,695	\$ 262,513	\$ 408,635	\$ 383,470
Total Assets	<u>\$ 121,940</u>	<u>\$ 120,957</u>	<u>\$ 286,695</u>	<u>\$ 262,513</u>	<u>\$ 408,635</u>	<u>\$ 383,470</u>
Net Assets						
Restricted For:						
Other Purposes	\$ 45,574	\$ 34,017	\$ -	\$ -	\$ 45,574	\$ 34,017
Capital Projects	447,886	54,636	-	-	44,788	54,636
Debt Service	8,151	5,990	117,427	67,578	125,578	73,568
Unrestricted	23,427	26,314	169,268	194,935	192,695	221,249
Total Net Assets	<u>\$ 121,940</u>	<u>\$ 120,957</u>	<u>\$ 286,695</u>	<u>\$ 262,513</u>	<u>\$ 408,635</u>	<u>\$ 383,470</u>

The total net assets of the Village increased by \$25,165. Net assets of governmental activities increased by \$983 or .8% from 2007 and net assets of business type activities increased by \$24,182 or 9%.

**VILLAGE OF SENECVILLE, GUERNSEY COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2008  
UNAUDITED**

Table 2 reflects the changes in net assets in 2008 and 2007:

Table 2  
CHANGES IN NET ASSETS

	Governmental Activities 2008	Governmental Activities 2007	Business-Type Activities 2008	Business-Type Activities 2007	Totals 2008	Totals 2007
Receipts:						
Program Receipts						
Charges for Services	\$ 21,246	\$ 16,623	\$ 158,803	\$ 109,836	\$ 183,049	\$ 126,459
Operating Grants	24,336	24,385	-	-	24,336	24,385
Capital Grants	3,889	5,401	-	-	3,889	5,401
Total Program Receipts	49,471	46,409	158,803	109,836	211,274	156,245
General Receipts:						
Property and Other Tax	34,409	36,981	-	-	34,409	36,981
Grants and Entitlements not Restricted	28,214	24,561	-	-	28,214	24,561
Special Assessments	27,173	25,456	-	-	27,173	25,456
Interest Income	9,607	30,812	-	-	9,607	30,812
Miscellaneous	6,179	3,662	17,687	51,962	23,866	55,624
Total General Receipts	105,582	121,472	17,687	51,962	123,269	173,434
Total Receipts	155,053	167,881	176,490	161,798	331,543	329,679
Disbursements:						
Sec. of Persons & Prop.	40,578	55,263	-	-	40,578	55,263
Public Health Activities	19	38	-	-	19	38
Leisure Time Activities	971	262	-	-	971	262
Transportation	37,291	31,661	-	-	37,291	31,661
General Government	33,087	31,753	-	-	33,087	31,753
Capital Outlay	435	2,943	-	-	435	2,943
Debt Service:						
Principal	23,699	23,186	-	-	23,699	23,186
Interest	4,688	5,200	-	-	4,688	5,200
Sewer	-	-	152,308	275,811	152,308	275,811
Total Disbursements	154,070	150,306	152,308	275,811	306,378	426,117
Increase/(Decrease)						
In Net Assets	983	17,575	24,182	(114,013)	25,165	(96,438)
Net Assets, January 1	120,957	103,382	262,513	376,526	383,470	479,908
Net Assets, December 31	\$ 121,940	\$ 120,957	\$ 286,695	\$ 262,513	\$ 408,635	\$ 383,470

Program receipts represent 64 % and 47% of total receipts for 2008 and 2007. They are primarily comprised of sewer fees and grant monies. Intergovernmental receipts such as motor vehicle license and gas tax money, licenses and permits and charges to local governments are included.

General receipts represent 36% and 53% of the Village's total receipts for 2008 and 2007. Local taxes represent 28% and 21% of the general receipts for 2008 and 2007. Grants and entitlements, and special assessments make up the balance of general receipts. Other receipts are insignificant and somewhat unpredictable receipt sources.

Disbursements for general government represent the overhead costs of running the Village and the support services provided for the other Village activities. These include the costs of council, fiscal officer, as well as internal services such as payroll and purchasing.

**VILLAGE OF SENECAVILLE, GUERNSEY COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2008  
UNAUDITED**

Security of Persons and Property are the costs of police and fire protection; Public Health Services is the health department; Leisure Time Activities are the costs of maintaining the parks; and Transportation is the cost of maintaining roads.

**Governmental Activities**

If you look at the Statement of Activities, you will see that the first column lists the major services provided by the Village of Senecaville. The next column identifies the costs of providing these services. The major program disbursements for governmental activities are for security of persons and property, general government and transportation, which account for 37, 21, and 21 percent of all governmental disbursements. The next three columns of the Statement entitled Program Receipts identify amounts paid by people who are directly charged for the service and grants received by the Village of Senecaville that must be used to provide a specific service. This "net cost" amount represents the cost of the service, which ends up being paid from money provided by local taxpayers. These net costs are paid from the general receipts, which are presented at the bottom of the Statement. A comparison between the total cost of service and the net cost for 2007 and 2006 is presented in Table 3.

Table 3

	Total Cost of Services 2008	Net Cost of Services 2008	Total Cost of Services 2007	Net Cost of Services 2007
Security of Persons and Property	\$ 40,578	\$ 26,778	\$ 55,263	\$ 42,863
Public Health Activities	19	19	38	38
Leisure Time Activities	971	971	262	262
Transportation	37,291	12,955	31,661	7,276
General Government	33,087	25,641	31,753	27,530
Debt Service - Principal	23,699	23,699	23,186	23,186
Debt Service - Interest	4,688	4,688	5,200	5,200
Capital Outlay	435	(3,454)	2,943	(2,458)
Total Expenses	<u>\$ 154,070</u>	<u>\$ 104,599</u>	<u>\$ 150,306</u>	<u>\$ 103,897</u>

The dependence upon property tax is apparent as over 33% and 36% for 2008 and 2007 of governmental activities are supported through these general receipts.

**VILLAGE OF SENECAVILLE, GUERNSEY COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2008  
UNAUDITED**

**Business-Type Activities**

The Village's sewer operations account for the expenses for the Village's business-type activities and are funded almost entirely from charges for services. During 2008, receipts exceeded expenditures increasing net assets by \$24,182. During 2007, expenditures exceeded receipts resulting in a \$114,013 decrease in net assets.

**The Government's Funds**

Total governmental funds had receipts of \$155,053 and \$181,103 for 2008 and 2007 and disbursements of \$154,070 and \$163,528 for 2008 and 2007. The most significant change from the prior year in receipts is the decrease in interest in the General Fund. Disbursements stayed relatively the same.

General Fund receipts were less than disbursements indicating the General Fund is in a deficit spending situation.

**Fund Budgeting Highlights**

The Village's budget is prepared according to Ohio law and is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

During 2008 and 2007, the Village made amendments to its appropriation budget and receipts budget to reflect changing circumstances. The difference between final budgeted receipts and actual receipts was not significant after council certified to amend resources.

Final budgeted disbursements for 2008 and 2007 were \$70,001 and \$66,001. Actual disbursements for 2008 and 2007 were \$43,262 and \$53,949. The Village kept spending close to budgeted amounts.

**Capital Assets and Debt Administration**

**Capital Assets**

The Village of Senecaville does not currently keep track of its capital assets and infrastructure in the accompanying financial statements, but records payments for capital assets as disbursements.

**Debt Administration**

At December 31, 2008, the Village had outstanding debt in the amount of \$1,032,030. Included in this debt is a loan of \$195,275 for assessment of a defaulted sewer system and \$836,755 in sewer debt for the lagoon plant and lift stations. \$39,298 is due in 2009. For further information regarding the Village's debt, refer to Note 9.

***VILLAGE OF SENECAVILLE, GUERNSEY COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2008  
UNAUDITED***

**Current Issues**

The challenge for all governments is to provide quality services to the public while staying within the restrictions imposed by limited, and in some cases shrinking funding. We rely heavily on local taxes to help cover general expenses. We have reviewed our sources of revenue and determined that increases are unlikely.

**Contacting the Government's Financial Management**

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Village's finances and to reflect the Village's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Debra Stiers, Fiscal Officer, Village of Senecaville, 201 High Street, Senecaville, Ohio 43780.

**VILLAGE OF SENECAVILLE  
GUERNSEY COUNTY**

**STATEMENT OF NET ASSETS-CASH BASIS  
December 31, 2008**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b>ASSETS:</b>			
Equity in Pooled Cash and Cash Equivalents	\$ 121,940	\$ 286,695	\$ 408,635
<b>Total Assets</b>	<u>\$ 121,940</u>	<u>\$ 286,695</u>	<u>\$ 408,635</u>
<b>NET ASSETS:</b>			
Restricted for:			
Other Purposes	45,574	-	45,574
Capital Projects	44,788	-	44,788
Debt Service	8,151	117,427	125,578
Unrestricted	<u>23,427</u>	<u>169,268</u>	<u>192,695</u>
<b>Total Net Assets</b>	<u><u>\$ 121,940</u></u>	<u><u>\$ 286,695</u></u>	<u><u>\$ 408,635</u></u>

See notes to basic financial statements.

**VILLAGE OF SENECAVILLE  
GUERNSEY COUNTY**

**STATEMENT OF ACTIVITIES-CASH BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>Cash</u> <u>Disbursements</u>	<u>Charges for</u> <u>Services</u> <u>and Sales</u>	<u>Operating</u> <u>Grants and</u> <u>Contributions</u>	<u>Capital Grants</u> <u>and</u> <u>Contributions</u>	<u>Governmental</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>	<u>Total</u>
<b>Governmental Activities:</b>							
Security of Persons and Property	\$ 40,578	\$ 13,800	\$ -	\$ -	\$ (26,778)	\$ -	\$ (26,778)
Public Health Services	19	-	-	-	(19)	-	(19)
Leisure Time Activities	971	-	-	-	(971)	-	(971)
Transportation	37,291	-	24,336	-	(12,955)	-	(12,955)
General Government	33,087	7,446	-	-	(25,641)	-	(25,641)
Other	13,302	-	-	-	(13,302)	-	(13,302)
Debt Service - Principal	23,699	-	-	-	(23,699)	-	(23,699)
Debt Service-Interest	4,688	-	-	-	(4,688)	-	(4,688)
Capital Outlay	435	-	-	3,889	3,454	-	3,454
<b>Total Governmental Activities</b>	<u>154,070</u>	<u>21,246</u>	<u>24,336</u>	<u>3,889</u>	<u>(104,599)</u>	<u>-</u>	<u>(104,599)</u>
<b>Business Type Activities</b>							
Sewer Operating	98,157	54,803	-	-	-	(43,354)	(43,354)
Sewer Debt	54,151	104,000	-	-	-	49,849	49,849
Enterprise Debt Service Reserve	-	-	-	-	-	-	-
<b>Total Business Type Activities</b>	<u>152,308</u>	<u>158,803</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,495</u>	<u>6,495</u>
<b>Total</b>	<u>\$ 306,378</u>	<u>\$ 180,049</u>	<u>\$ 24,336</u>	<u>\$ 3,889</u>	<u>(104,599)</u>	<u>6,495</u>	<u>(98,104)</u>
			<b>General Receipts:</b>				
			Property Taxes		34,409	-	34,409
			Grants and Entitlements not Restricted to Specific Programs		28,214	-	28,214
			Special Assessments		27,173	-	27,173
			Earnings on Investments		9,607	-	9,607
			Miscellaneous		6,179	17,687	23,866
			<b>Total General Receipts</b>		<u>105,582</u>	<u>17,687</u>	<u>123,269</u>
			Change in Net Assets		983	24,182	25,165
			<b>Net Assets Beginning of Year</b>		<u>120,957</u>	<u>262,513</u>	<u>383,470</u>
			<b>Net Assets End of Year</b>		<u>\$ 121,940</u>	<u>\$ 286,695</u>	<u>\$ 408,635</u>

See notes to the basic financial statements.



VILLAGE OF SENECAVILLE  
GUERNSEY COUNTY

STATEMENT OF CASH BASIS ASSETS AND FUND BALANCES  
GOVERNMENTAL FUNDS  
December 31, 2008

	<u>General</u>	<u>Street Construction Maint. Rep.</u>	<u>Fire Fund</u>	<u>Police Fund</u>	<u>Special Assessment Debt Service Fund</u>	<u>Municipal Building Project Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS:</b>								
Equity in Pooled Cash and cash Equivalents	\$ 23,427	\$ 13,179	\$ 26,182	\$ 5,175	\$ 8,151	\$ 29,511	\$ 16,315	\$ 121,940
<b>Total Assets</b>	<u>\$ 23,427</u>	<u>\$ 13,179</u>	<u>\$ 26,182</u>	<u>\$ 5,175</u>	<u>\$ 8,151</u>	<u>\$ 29,511</u>	<u>\$ 16,315</u>	<u>\$ 121,940</u>
<b>Fund Balances:</b>								
Unreserved:								
General Fund	\$ 23,427	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 23,427
Special Revenue Fund	-	13,179	26,182	5,175	-	-	1,038	45,574
Debt Service	-	-	-	-	8,151	-	-	8,151
Capital Projects Fund	-	-	-	-	-	29,511	15,277	44,788
<b>Total Fund Balances</b>	<u>\$ 23,427</u>	<u>\$ 13,179</u>	<u>\$ 26,182</u>	<u>\$ 5,175</u>	<u>\$ 8,151</u>	<u>\$ 29,511</u>	<u>\$ 16,315</u>	<u>\$ 121,940</u>

See notes to basic financial statements.

VILLAGE OF SENECAVILLE  
GUERNSEY COUNTY

STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND CASH BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2008

	General	Street Construction Maint. Rep.	Fire Fund	Police Fund	Special Assessment Debt Service Fund	Municipal Building Project Fund	Other Governmental Funds	Total Governmental Funds
<b>CASH RECEIPTS</b>								
Property and Other Local Taxes	\$ 8,086	\$ 8,054	\$ 8,068	\$ 10,201	\$ -	\$ -	\$ -	\$ 34,409
Intergovernmental	21,414	23,448	2,088	2,626	-	-	6,863	56,439
Special Assessment	-	-	-	-	27,173	-	-	27,173
Charges for Services	-	-	13,400	400	-	-	-	13,800
Fines, Licenses, Permits	-	-	-	7,446	-	-	-	7,446
Earnings on Investments	9,229	378	-	-	-	-	-	9,607
Miscellaneous	1,646	18	1,121	19	3,375	-	-	6,179
<b>Total Receipts</b>	<b>40,375</b>	<b>31,898</b>	<b>24,677</b>	<b>20,692</b>	<b>30,548</b>	<b>-</b>	<b>6,863</b>	<b>155,053</b>
<b>CASH DISBURSEMENTS:</b>								
Current:								
Security of Persons and Property	12,581	-	15,196	12,801	-	-	-	40,578
Public Health Services	19	-	-	-	-	-	-	19
Leisure Time Activities	971	-	-	-	-	-	-	971
Transportation	-	34,391	-	-	-	-	2,900	37,291
General Government	29,691	304	333	2,759	-	-	-	33,087
Debt Service								
Principal Retirement	-	-	-	-	23,699	-	-	23,699
Interest and Fiscal Charges	-	-	-	-	4,688	-	-	4,688
Capital Outlay	-	-	-	-	-	-	435	435
<b>Total Disbursements</b>	<b>43,262</b>	<b>34,695</b>	<b>15,529</b>	<b>15,560</b>	<b>28,387</b>	<b>-</b>	<b>3,335</b>	<b>140,768</b>
<b>Excess of Receipts Over (Under) Disbursements</b>	<b>(2,887)</b>	<b>(2,797)</b>	<b>9,148</b>	<b>5,132</b>	<b>2,161</b>	<b>-</b>	<b>3,528</b>	<b>14,285</b>
<b>Other Cash Financing Sources (Uses)</b>								
Other Financing Uses	-	-	-	-	-	(13,302)	-	(13,302)
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(13,302)</b>	<b>-</b>	<b>(13,302)</b>
<b>Net Change in Fund Balance</b>	<b>(2,887)</b>	<b>(2,797)</b>	<b>9,148</b>	<b>5,132</b>	<b>2,161</b>	<b>(13,302)</b>	<b>3,528</b>	<b>983</b>
<b>Cash Fund Balances Beginning of Year</b>	<b>26,314</b>	<b>15,976</b>	<b>17,034</b>	<b>43</b>	<b>5,990</b>	<b>42,813</b>	<b>12,787</b>	<b>120,957</b>
<b>Cash Fund Balances End of Year</b>	<b>\$ 23,427</b>	<b>\$ 13,179</b>	<b>\$ 26,182</b>	<b>\$ 5,175</b>	<b>\$ 8,151</b>	<b>\$ 29,511</b>	<b>\$ 16,315</b>	<b>\$ 121,940</b>

See notes to basic financial statements.

**VILLAGE OF SENECVILLE  
GUERNSEY COUNTY**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND CASH BALANCES  
BUDGET AND ACTUAL - BUDGET BASIS  
GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<b>Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>		<u>Actual</u>
<b>CASH RECEIPTS</b>				
Property and Other Local Taxes	\$ 7,587	\$ 7,587	\$ 8,086	\$ 499
Intergovernmental	20,766	20,766	21,414	648
Earnings on Investments	15,500	15,500	9,229	(6,271)
Miscellaneous	<u>775</u>	<u>775</u>	<u>1,646</u>	<u>871</u>
<b>Total Receipts</b>	<u>44,628</u>	<u>44,628</u>	<u>40,375</u>	<u>(4,253)</u>
<b>CASH DISBURSEMENTS:</b>				
Current:				
Security of Persons and Property	16,665	16,665	12,581	4,084
Public Health Services	310	310	19	291
Leisure Time Activities	1,100	1,100	971	129
General Government	<u>33,148</u>	<u>33,148</u>	<u>29,691</u>	<u>3,457</u>
<b>Total Disbursements</b>	<u>51,223</u>	<u>51,223</u>	<u>43,262</u>	<u>7,961</u>
<b>Excess of Receipts Over (Under) Disbursements</b>	(6,595)	(6,595)	(2,887)	3,708
<b>Other Cash Financing Sources (Uses)</b>				
Transfers Out	<u>(19,719)</u>	<u>(19,719)</u>	-	19,719
<b>Total Other Financing Sources (Uses)</b>	<u>(19,719)</u>	<u>(19,719)</u>	-	19,719
<b>Net Change in Fund Balance</b>	(26,314)	(26,314)	(2,887)	23,427
<b>Cash Fund Balances Beginning of Year</b>	<u>26,314</u>	<u>26,314</u>	<u>26,314</u>	<u>-</u>
<b>Cash Fund Balances End of Year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 23,427</u>	<u>\$ 23,427</u>

See notes to basic financial statements.

**VILLAGE OF SENECAVILLE  
GUERNSEY COUNTY**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND CASH BALANCES  
BUDGET AND ACTUAL - BUDGET BASIS  
STREET CONSTRUCTION, MAINTENANCE, REPAIR FUND  
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>Budgeted Amounts</u>			<b>Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>CASH RECEIPTS</b>				
Property and Other Local Taxes	\$ 7,548	\$ 7,548	\$ 8,054	\$ 506
Intergovernmental	21,260	21,260	23,448	2,188
Earnings on Investments	500	500	378	(122)
Miscellaneous	-	-	18	18
<b>Total Receipts</b>	<u>29,308</u>	<u>29,308</u>	<u>31,898</u>	<u>2,590</u>
<b>CASH DISBURSEMENTS:</b>				
Current:				
Transportation	43,709	44,148	34,391	9,757
Public Health Services	1,000	480	-	480
General Government	575	656	304	352
<b>Total Disbursements</b>	<u>45,284</u>	<u>45,284</u>	<u>34,695</u>	<u>10,589</u>
<b>Net Change in Fund Balance</b>	(15,976)	(15,976)	(2,797)	13,179
<b>Cash Fund Balances Beginning of Year</b>	<u>15,976</u>	<u>15,976</u>	<u>15,976</u>	<u>-</u>
<b>Cash Fund Balances End of Year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,179</u>	<u>\$ 13,179</u>

See notes to basic financial statements.

**VILLAGE OF SENECAVILLE  
GUERNSEY COUNTY**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND CASH BALANCES  
BUDGET AND ACTUAL - BUDGET BASIS  
FIRE FUND  
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>Budgeted Amounts</u>			<b>Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>CASH RECEIPTS</b>				
Property and Other Local Taxes	\$ 7,548	\$ 7,548	\$ 8,068	\$ 520
Intergovernmental	1,260	1,260	2,088	828
Charges for Services	12,000	12,000	13,400	1,400
Miscellaneous	-	-	1,121	1,121
<b>Total Receipts</b>	<u>20,808</u>	<u>20,808</u>	<u>24,677</u>	<u>3,869</u>
<b>CASH DISBURSEMENTS:</b>				
Current:				
Security of Person and Property	36,317	36,237	15,196	21,041
Public Health Services	15	15	-	15
General Government	1,510	1,590	333	1,257
<b>Total Disbursements</b>	<u>37,842</u>	<u>37,842</u>	<u>15,529</u>	<u>22,313</u>
<b>Net Change in Fund Balance</b>	(17,034)	(17,034)	9,148	26,182
<b>Cash Fund Balances Beginning of Year</b>	<u>17,034</u>	<u>17,034</u>	<u>17,034</u>	<u>-</u>
<b>Cash Fund Balances End of Year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 26,182</u>	<u>\$ 26,182</u>

See notes to basic financial statements.

**VILLAGE OF SENECAVILLE  
GUERNSEY COUNTY**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND CASH BALANCES  
BUDGET AND ACTUAL - BUDGET BASIS  
POLICE FUND  
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>CASH RECEIPTS</b>				
Property and Other Local Taxes	\$ 9,496	\$ 9,496	\$ 10,201	\$ 705
Intergovernmental	1,560	1,560	2,626	1,066
Charges for Services	400	400	400	-
Fines, Licenses, Permits	17,000	10,500	7,446	(3,054)
Miscellaneous	-	-	19	19
<b>Total Receipts</b>	<u>28,456</u>	<u>21,956</u>	<u>20,692</u>	<u>(1,264)</u>
<b>CASH DISBURSEMENTS:</b>				
Current:				
Security of Person and Property	22,000	18,000	12,801	5,199
General Government	6,499	3,999	2,759	1,240
<b>Total Disbursements</b>	<u>28,499</u>	<u>21,999</u>	<u>15,560</u>	<u>6,439</u>
<b>Net Change in Fund Balance</b>	(43)	(43)	5,132	5,175
<b>Cash Fund Balances Beginning of Year</b>	<u>43</u>	<u>43</u>	<u>43</u>	<u>-</u>
<b>Cash Fund Balances End of Year</b>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 5,175</u></u>	<u><u>\$ 5,175</u></u>

See notes to basic financial statements.

**VILLAGE OF SENECAVILLE  
GUERNSEY COUNTY**

**STATEMENT OF FUND NET ASSETS-CASH BASIS  
PROPRIETARY FUNDS  
December 31, 2008**

	<b>Sewer Operating</b>	<b>Sewer Debt</b>	<b>Enterprise Debt Service Reserve</b>	<b>Total Enterprise Funds</b>
<b>ASSETS:</b>				
Equity in Pooled Cash and cash Equivalents	\$ 169,268	\$ 69,566	\$ 47,861	\$ 286,695
<b>Total Assets</b>	<b>\$ 169,268</b>	<b>\$ 69,566</b>	<b>\$ 47,861</b>	<b>\$ 286,695</b>
<b>Net Assets:</b>				
Restricted for:				
Debt Service	-	69,566	47,861	117,427
Unrestricted	169,268	-	-	169,268
<b>Total Net Assets</b>	<b>\$ 169,268</b>	<b>\$ 69,566</b>	<b>\$ 47,861</b>	<b>\$ 286,695</b>

See notes to basic financial statements.

**VILLAGE OF SENECAVILLE  
GUERNSEY COUNTY**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN NET ASSETS-CASH BASIS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>Sewer Operating</u>	<u>Sewer Debt</u>	<u>Enterprise Debt Service Reserve</u>	<u>Enterprise Total</u>
<b>OPERATING CASH RECEIPTS</b>				
Charges for Services	\$ 54,803	\$ 104,000	\$ -	\$ 158,803
<b>Total Operating Receipts</b>	<u>54,803</u>	<u>104,000</u>	<u>-</u>	<u>158,803</u>
<b>OPERATING CASH DISBURSEMENTS:</b>				
Personal Services	16,744	-	-	16,744
Employee Fringe Benefits	3,882	-	-	3,882
Contractual Services	19,424	-	-	19,424
Supplies and Materials	8,034	-	-	8,034
<b>Total Operating Disbursements</b>	<u>48,084</u>	<u>-</u>	<u>-</u>	<u>48,084</u>
<b>Operating Income (Loss)</b>	6,719	104,000	-	110,719
<b>Non-operating Cash Receipts (Disbursements)</b>				
Miscellaneous	17,687	-	-	17,687
Capital Outlay	(50,073)	-	-	(50,073)
Debt Service:				
Principal	-	(21,775)	-	(21,775)
Interest	-	(32,376)	-	(32,376)
<b>Total non-operating Cash Receipts (Disbursements)</b>	<u>(32,386)</u>	<u>(54,151)</u>	<u>-</u>	<u>(86,537)</u>
<b>Change in Net Assets</b>	(25,667)	49,849	-	24,182
<b>Cash Fund Balances Beginning of Year</b>	<u>194,935</u>	<u>19,717</u>	<u>47,861</u>	<u>262,513</u>
<b>Cash Fund Balances End of Year</b>	<u>\$ 169,268</u>	<u>\$ 69,566</u>	<u>\$ 47,861</u>	<u>\$ 286,695</u>

See notes to basic financial statements.



**VILLAGE OF SENECAVILLE  
GUERNSEY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS**

**1. REPORTING ENTITY**

The Village of Senecaville, Guernsey County (the Village), is a body politic 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 water utilities, park operations, and police services.

A. Primary Government

The primary government consists of all funds, departments, boards and agencies that are not legally separate from the Village. The Village provides general government services, sewer utilities, maintenance of Village roads, park operations, and police services. The Village levy supports a volunteer fire department, police fund and street department.

B. Component Units

Component units are legally separate organizations for which the Village is financially accountable. The Village is financially accountable for an organization if the Village appoints a voting majority of the organization's governing board and (1) the Village is able to significantly influence the programs or services performed or provided by the organization; or (2) the Village is legally entitled to or can otherwise access the organization's resources; the Village is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide support to, the organization; or the Village is obligated for the debt of the organization. The Village is also financially accountable for any organizations that are fiscally dependent on the Village in that the Village approves their budget, the issuance of their debt or the levying of their taxes. Component units also include legally separate, tax-exempt entities whose resources are for the direct benefit of the Village, are accessible to the Village and are significant in amount to the Village. Based on these criteria, the Village has no component units.

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

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

As discussed further in Note 2.C, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. In the government-wide financial statements and the fund financial statements for the proprietary funds, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. The Village does not apply FASB statements issued after November 30, 1989, to its business-type activities and to its enterprise funds. Following are the more significant of the Village's accounting policies.

**VILLAGE OF SENECAVILLE  
GUERNSEY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS**

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

**A. Basis of Presentation**

The Village's basic financial statements consist of government-wide financial statements, including a statement of net assets and a statement of activities, and fund financial statements, which provide a more detailed level of financial information

**Government-Wide Financial Statements**

The statement of net assets and the statement of activities display information about the Village as a whole. These statements include the financial activities of the primary government and distinguish between those activities of the Village that are governmental and those that are considered business-type. Governmental activities generally are financed through taxes. Business-type activities are financed in whole or in part by fees charged to external parties for goods or service.

The statement of net assets present the cash balance of the governmental and business-type activities of the Village at year-end. The statement of activities compares disbursements with program receipts for each of the Village's governmental and business-type activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Village is responsible. Program receipts include charges paid by the recipient of the programs goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function or business-type activity is self-financing on a cash basis or draws from the Village's general receipts.

**Fund Financial Statements**

During the year, the Village segregates transactions related to certain Village functions or activities in separate funds to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Village at this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column.

Proprietary fund statements distinguish operating transactions from nonoperating transactions. Operating receipts generally result from exchange transactions such as charges for services directly relating to the funds' principal services. Operating disbursements include cost of sales and services and administrative costs. The fund statements report all other receipts and disbursements as nonoperating.

**B. Fund Accounting**

The Village uses fund accounting to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. Funds are used to segregate resources that are restricted as to use. The funds of the Village are divided into two categories, governmental and proprietary.

**VILLAGE OF SENECAVILLE  
GUERNSEY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS**

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

Governmental Funds

The Village classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other non-exchange transactions as governmental funds. The Village's has six major governmental funds, which are the General Fund, Street Construction, Maintenance, and Repair Fund, Police Fund, Fire Fund, Special Assessment Debt Service Fund and the Municipal Building Capital Projects Fund.

- The General Fund is used to account for all financial resources, except those required to be accounted for in another fund. The General Fund balance is available to the Village for any purpose provided it is expended or transferred according to the general laws of Ohio.
- The Street Construction, Maintenance and Repair Fund receives gasoline tax and motor vehicle tax money for constructing, maintaining, and repairing Village streets.
- The Fire Fund receives fire levy monies to be used by the volunteer fire department for fire protection of the Village.
- The Police Fund receives tax money and fines for providing police protection to the Village.
- The Special Assessment Debt Services Fund receives special assessment monies for the repayment of debt relating to sewer engineering costs.
- The Municipal Building Capital Projects Fund receives interest monies for the potential construction of a new municipal building.

The other governmental funds of the Village account for grants and other resources whose use is restricted to a particular purpose.

Proprietary Funds

The Village classifies funds financed primarily from user charges for goods or services as proprietary. Proprietary funds are classified as enterprise.

Enterprise Funds – Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The Village's major enterprise funds are the Water Operating Fund.

Sewer Operating Fund – The fund receives charges for services from residents to cover the cost of providing this utility.

Sewer Debt Fund – This fund receives an allocation of sewer revenues for retirement of debt.

**VILLAGE OF SENECAVILLE  
GUERNSEY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS**

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

C. Basis of Accounting

The Village's financial statements are prepared using the cash basis of accounting. Receipts are recorded in the Village's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred.

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

D. Budgetary Process

All funds are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations ordinance, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the Village Council may appropriate.

The appropriations ordinance is the Village Council's authorization to spend resources and set limits on disbursements plus encumbrances at the level of control selected by the Village Council. The legal level of control has been established at the fund, function and object level for all funds.

The certificate of estimated resources may be amended during the year if projected increases or decreases in receipts are identified by the Village Fiscal Officer. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificate of estimated resources in effect at the time final appropriations were passed by the Village Council.

The appropriations ordinance is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation ordinance for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Village during the year.

E. Cash and Investments

To improve cash management, cash received by the Village is pooled and invested. Individual fund integrity is maintained throughout Village records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents".

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains at the time of sale are recorded as receipts.

Interest earnings are allocated to Village funds according to State statutes, grant requirements, or debt related restrictions. Interest receipts credited to the General Fund during 2008 was \$9,229.

**VILLAGE OF SENECAVILLE  
GUERNSEY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS**

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

F. Restricted Assets

Cash and cash equivalents are reported as restricted when limitations on their use change the nature or normal understanding of their use. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments, or imposed by law through constitutional provisions or enabling legislation. Restricted net assets represent all funds except for general fund and water fund.

G. Inventory and Prepaid Items

The Village reports disbursements for inventories and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

H. Capital Assets

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

I. Accumulated Leave

In certain circumstances, such as upon leaving employment or retirement, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Village's cash basis of accounting.

J. Employer Contributions to Cost-Sharing Pension Plans

The Village recognizes the disbursement for their employer contributions to cost-sharing pension plans when they are paid. As described in Notes 7 and 8, the employer contributions include portions for pension benefits and for postretirement health care benefits.

K. Long-Term Obligations

The Village's cash basis financial statements do not report liabilities for bonds or other long-term obligations. Proceeds of debt are reported when the cash is received and principal and interest payments are reported when paid. Since recording a capital asset when entering into a capital lease is not the result of a cash transaction, neither another financing source nor a capital outlay expenditure are reported at inception. Lease payments are reported when paid.

L. Net Assets

Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net assets restricted for other purposes include resources restricted for debt payments, capital expenditures such as land and land improvements, street maintenance, and police and fire equipment.

The Village's policy is to first apply restricted resources when an obligation is incurred for purposes for which both restricted and unrestricted net assets are available.

**VILLAGE OF SENECAVILLE  
GUERNSEY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS**

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

M. Fund Balance Reserves

The Village reserves any portion of fund balances which is not available for appropriation or which is legally segregated for a specific future use. Unreserved fund balance indicates that portion of fund balance, which is available for appropriation in future periods. Fund balance reserves have been established for encumbrances.

N. Interfund Transactions

Transfers between governmental and business-type activities on the government-wide financial statements are reported in the same manner as general receipts.

Exchange transactions between funds are reported as cash receipts in the seller funds and as cash disbursements in the purchaser funds. Subsidies from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating receipts/disbursements in proprietary funds. Repayments from funds responsible for particular disbursements to the funds that initially paid for them are not presented on the financial statements.

**3. BUDGETARY BASIS OF ACCOUNTING**

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance-Budget and Actual-Budgetary Basis presented for the General Fund is prepared on the budgetary basis to provide a meaningful comparisons of actual results with the budget. The differences between the budgetary basis and the cash basis is outstanding year-end encumbrances are treated as disbursements (budgetary basis) rather than as a reservation of fund balance (cash basis). There were no encumbrances outstanding at year-end.

**VILLAGE OF SENECAVILLE  
GUERNSEY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS**

**4. DEPOSITS AND INVESTMENTS**

Monies held by the Village are classified by State into three categories.

Active monies are public monies determined to be necessary to meet current demands upon the Village treasury. Active monies must be maintained either as cash in the Village treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that the Council has identified as not required for use within the current five-year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts, including passbook accounts.

Interim monies held by the Village can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligation of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio).

**VILLAGE OF SENECAVILLE  
GUERNSEY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS**

**4. DEPOSITS AND INVESTMENTS (continued)**

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the Village, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions.

Protection of the Village's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by collateral pledged to the Village by the financial institution, or by a collateral pool established by the financial institution, to secure the repayment of all public monies deposited with the institution. Huntington National Bank is the financial institution for the Village.

At year end, the Village did not have any undeposited cash on hand.

Deposits

Custodial credit risk is the risk that in the event of bank failure, the Village will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, \$314,309 of the Village's bank balance of \$414,309 was exposed to custodial credit risk because those deposits were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Village's name.

The Village has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the Village or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

Investments

As of December 31, 2008, the Village had no investments.



**VILLAGE OF SENECAVILLE  
GUERNSEY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS**

**5. PROPERTY TAXES**

Property taxes include amounts levied against all real property, public utility property, and tangible personal property located in the Village. Real property tax receipts received in 2008 represent the collection of 2007 taxes. Real property taxes received in 2008 were levied after October 1, 2007, on the assessed values as of January 1, 2007, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstance, State statute permits alternate payment dates to be established.

Public utility property tax receipts received in 2008 represent the collection of 2007 taxes. Public utility real and tangible personal property taxes received in 2007 became a lien on December 31, 2006, were levied after October 31, 2006, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

Tangible personal property tax receipts received in 2008 (other than public utility property) represent the collection of 2007 taxes. Tangible personal property taxes received in 2008 were levied after October 1, 2007, on the true value as of December 31, 2007. Tangible personal property is currently assessed at 12.50 percent of true value for capital assets and 12.50 percent for inventory. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, the first payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

The full tax rate for all Village operations for the year ended December 31, 2008, was \$15.10 per \$1,000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which 2008 property tax receipts were based are as follows:

Real Property	
Residential	\$ 2,672,930
Agriculture	2,300
Commercial/Industrial/Mineral	115,360
Public Utility Property	
Real	0
Personal	174,740
Tangible Personal Property	10,040
Total Assessed Value	<u>\$ 2,975,370</u>

**6. RISK MANAGEMENT**

The Village is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Significant risk of losses is covered by commercial insurance. The Village has not significantly reduced this coverage from the prior year. Claims have not exceeded coverage in any of the past three years..

**VILLAGE OF SENECAVILLE  
GUERNSEY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS**

**7. DEFINED BENEFIT PENSION PLANS**

a. Ohio Public Employees Retirement System

The Village participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the member directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The combined plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member directed plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the traditional and combined plans. Members of the member directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642 or by calling (614) 222-6705 or (800) 222-7377.

For the year ended December 31, 2008, the members of all three plans, except those in law enforcement or public safety participating in the traditional plan, were required to contribute 10.0 percent of their annual covered salaries. Members participating in the traditional plan who were in law enforcement contributed 10.1 percent of their annual covered salary; members in public safety contributed 10.1 percent. The employer contribution rate for pension benefits for 2008 was 14.00 percent, except for those plan members in law enforcement or public safety. For those classifications, the employer's pension contributions were 17.17 percent of covered payroll. The Ohio Revised Code provides statutory authority for member and employer contributions.

The Village's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2008, 2007, and 2006 were \$7,785, \$7,826, and \$8,568, respectively. The full amount has been contributed for 2008, 2007 and 2006.

**8. POSTEMPLOYMENT BENEFITS**

a. Ohio Public Employees Retirement System

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Health care coverage for disability recipients and qualified survivor benefit recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit as described in *GASB Statement No. 12*. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postretirement health care based on authority granted by State Statute. The 2008 local government employer contribution rate was 14.00 percent of covered payroll (17.17 percent for public safety and law enforcement); the portion of employer contributions in 2008, for all employers, allocated to health care was 7.0%.

**VILLAGE OF SENECAVILLE  
GUERNSEY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS**

**8. POSTEMPLOYMENT BENEFITS (Continued)**

Benefits are advance-funded using the entry age normal actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as December 31, 2007, include a rate of return on investments of 6.5 percent, an annual increase in active employee total payroll of 4 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between 0.5 percent and 6.3 percent based on additional annual pay increases. Health care premiums were assumed to increase at the projected wage inflation rate plus an additional factor ranging from .5 to 4 percent annually for the next eight years and 4 percent annually after eight years.

All investments are carried at market. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investment assets annually.

The number of active contributing participants in the traditional and combined plans was 363,503. Actual Village contributions for 2008, which were used to fund post employment benefits, were \$3,885. The actual contribution and the actuarially required contribution amounts are the same. The actuarial value of OPERS's net assets available for payment of benefits at December 31, 2007, (the latest information available) was \$12.8 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$29.8 billion and \$17.0 billion, respectively.

On September 9, 2004, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. Member and employer contribution rates increased as of January 1, 2006, January 1, 2007, and January 1, 2008 which allowed additional funds to be allocated to the health care plan.

**9. DEBT**

The Village's long -term debt activity for the year ended December 31, 2008, was as follows:

	Interest Rate	Balance January 1 2008	Additions	Deductions	Balance December 31 2008	Amount Due Within One Year
<u>Governmental-Type</u>						
<u>Activities</u>						
OWDA Loan	2.20%	\$ 218,974	\$ -	\$ 23,699	\$ 195,275	\$ 3,476
<u>Business-Type Activities</u>						
OPWC Loan	0.00%	167,839	-	11,575	156,264	11,575
USDA Bonds	4.50%	690,691	-	10,200	680,491	2,013
Total		<u>\$ 1,077,504</u>	<u>\$ -</u>	<u>\$ 45,474</u>	<u>\$ 1,032,030</u>	<u>\$ 18,056</u>

**VILLAGE OF SENCAVILLE  
GUERNSEY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS**

**9. DEBT (CONTINUED)**

The Ohio Water Development Authority (OWDA) Loan obtained in 1995 relates to a sewer system expansion project that was mandated by the Ohio Environmental Protection Agency. The Loan will be repaid in semiannual installments of \$14,193, including interest, over 20 years. The loan is secured by property taxes and sewer receipts (if not enough in taxes). The Village has agreed to set special assessments sufficient to cover OWDA debt service requirements.

The Ohio Public Works Commission interest free loan (OPWC) obtained in 2002 relates to improvements to the Village sewer system. The loan will be repaid in semiannual installments of \$5,787, over 20 years. The loan is collateralized by sewer receipts. The Village has agreed to set utility rates sufficient to cover the debt service requirements.

The USDA Rural Development Sanitary Sewer Mortgage Revenue Bonds were obtained in June of 2002 for the purpose of paying costs on constructing and improvements to the Village's sewer system. The bonds were scheduled to be repaid over 40 years, however the Village has made additional principal payments resulting in the bonds being retired in less than 40 years. The bonds are secured by the revenues generated by the sewer system and mortgage upon the sewer system. The Village has agreed to set sewer rates sufficient to cover the debt service requirements. As required by the mortgage revenue covenant, the Village has established and funded a Sewer Debt Sinking Fund and Sewer Debt Reserve Fund.

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

Year	OWDA Loan		OPWC	USDA Bonds	
	Principal	Interest	Loans Principal	Principal	Interest
2009	\$ 24,223	\$ 4,164	\$ 11,575	\$ 10,800	\$ 37,152
2010	24,758	3,628	11,575	11,200	36,666
2011	25,306	3,080	11,575	11,700	36,162
2012	25,866	2,520	11,575	12,200	35,636
2013	26,439	1,948	11,575	12,800	35,086
2014-2018	68,683	2,283	57,875	73,000	165,910
2019-2023	-	-	40,514	91,100	148,285
2024-2028	-	-	-	113,500	125,871
2029-2033	-	-	-	141,400	97,939
2034-2038	-	-	-	176,200	63,123
2039-2043	-	-	-	26,591	17,681
Total	\$ 195,275	\$ 17,623	\$ 156,264	\$ 690,691	\$ 799,511

**10. COMPLIANCE AND ACCOUNTABILITY**

Contrary to Ohio Revised Code 5705.36), The Village had several funds in which appropriations exceeded the unencumbered balance from the prior year plus actual receipts.

**WOLFE, WILSON, & PHILLIPS, INC.  
37 SOUTH SEVENTH STREET  
ZANESVILLE, OHIO 43701**

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

Village of Senecaville  
Guernsey County  
201 High Street  
Senecaville, Ohio 43780

We have audited the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Village of Senecaville as of and for the years ended December 31, 2008, and have issued our report thereon dated March 11, 2009, wherein we noted the Village followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the comptroller General of the United States.

**Internal Control Over Financial Reporting**

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

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

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Village's internal control.

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

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Village of Senecaville's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, 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 or other matters that are required to be reported under *Government Auditing Standard*. However, we noted certain immaterial instances of noncompliance that we have reported to the management of Village of Senecaville in a separate letter dated March 11, 2009.

This report is intended for the information of the Village's management, Fiscal Officer, and the Auditor of State and is not intended to be and should not be used by anyone other than these specified parties.

***Wolfe, Wilson, & Phillips, Inc.***  
Zanesville, Ohio  
March 11, 2009



Mary Taylor, CPA  
Auditor of State

VILLAGE OF SENECAVILLE

GUERNSEY 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  
MAY 28, 2009