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PERRY & Associates

Certified Public Accountants, A.C.

VILLAGE OF SEAMAN ADAMS COUNTY Regular Audit

For the Years Ended December 31, 2014 and 2013

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Dave Yost • Auditor of State

Village Council
Village of Seaman
PO Box 48
Seaman, Ohio 45679

We have reviewed the *Independent Auditor's Report* of the Village of Seaman, Adams County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period January 1, 2013 through December 31, 2014. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them. In conjunction with the work performed by the Independent Public Accountant, the Auditor of State is issuing the following:

Finding for Recovery Repaid Under Audit

Ohio Rev. Code, Section 2949.091(A)(1), states that the court, in which any person is convicted of or pleads guilty to any offense that is not a moving violation, shall impose the sum of twenty dollars as costs in the case in addition to any other court costs that the court is required by law to impose upon the offender. All such moneys collected during a month shall be transmitted on or before the twentieth day of the following month by the clerk of the court to the treasurer of state and deposited by the treasurer of state into the general revenue fund. The court shall not waive the payment of the additional twenty dollars court costs, unless the court determines that the offender is indigent and waives the payment of all court costs imposed upon the indigent offender.

Prior to 2009, the court costs noted above were \$15; however, they were raised to \$20 in 2009. The Mayor's Court was not aware the court costs had increased and did not raise the court fees until August 2013.

From January 1, 2013 to July 31, 2013, the Mayor's Court had 174 cases in which it collected and paid to the Treasurer of State of Ohio the \$15 fee. The Mayor's Court should have collected an additional \$870 that is due to the State of Ohio to be deposited by the Treasurer of State into the Indigent Defense Support Fund.

In accordance with the foregoing facts and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery for public money due but not collected is hereby issued against the General Fund in the amount of \$870 and in favor of the State of Ohio, Indigent Defense Support Fund.

Village Council
Village of Seaman
PO Box 48
Seaman, Ohio 45679
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On October 2, 2015, the Village of Seaman paid the State of Ohio, Indigent Defense Support Fund the total amount of \$870.

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 Seaman is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping initial "D".

Dave Yost
Auditor of State

December 14, 2015

VILLAGE OF SEAMAN
ADAMS COUNTY

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INDEPENDENT AUDITOR'S REPORT

September 30, 2015

Village of Seaman
Adams County
P.O. Box 48
Seaman, Ohio 45679

To the Village Council:

Report on the Financial Statements

We have audited the accompanying financial statements and related notes of the **Village of Seaman**, Adams County (the Village) as of and for the years ended December 31, 2014 and 2013.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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



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

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

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2014 and 2013, or changes in financial position or cash flows thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of the Village of Seaman, Adams County as of December 31, 2014 and 2013, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 1B.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 30, 2015, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.



Perry and Associates
Certified Public Accountants, A.C.
Marietta, Ohio

**VILLAGE OF SEAMAN
ADAMS COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2014**

	<u>General</u>	<u>Special Revenue</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts			
Property and Other Local Taxes	\$ 116,852	\$ -	\$ 116,852
Intergovernmental	14,196	29,650	43,846
Charges for Services	-	257	257
Fines, Licenses and Permits	26,971	-	26,971
Earnings on Investments	-	21	21
Miscellaneous	9,494	4,619	14,113
<i>Total Cash Receipts</i>	<u>167,513</u>	<u>34,547</u>	<u>202,060</u>
Cash Disbursements			
Current:			
Security of Persons and Property	118,260	2,631	120,891
Basic Utility Services	-	-	-
Transportation	-	29,294	29,294
General Government	41,860	-	41,860
<i>Total Cash Disbursements</i>	<u>160,120</u>	<u>31,925</u>	<u>192,045</u>
<i>Net Change in Fund Cash Balances</i>	7,393	2,622	10,015
<i>Fund Cash Balances, January 1</i>	<u>36,040</u>	<u>9,918</u>	<u>45,958</u>
Restricted	-	12,540	12,540
Unassigned	43,433	-	43,433
<i>Fund Cash Balances, December 31</i>	<u>\$ 43,433</u>	<u>\$ 12,540</u>	<u>\$ 55,973</u>

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

**VILLAGE OF SEAMAN
ADAMS COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN FUND BALANCES (CASH BASIS)
ALL PROPRIETARY AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2014**

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
Operating Cash Receipts			
Charges for Services	\$ 435,090	\$ -	\$ 435,090
Miscellaneous	2,212	-	2,212
<i>Total Operating Cash Receipts</i>	<u>437,302</u>	<u>-</u>	<u>437,302</u>
Operating Cash Disbursements			
Personal Services	93,109	-	93,109
Employee Fringe Benefits	19,471	-	19,471
Contractual Services	247,298	-	247,298
Supplies and Materials	19,882	-	19,882
<i>Total Operating Cash Disbursements</i>	<u>379,760</u>	<u>-</u>	<u>379,760</u>
<i>Operating Income</i>	<u>57,542</u>	<u>-</u>	<u>57,542</u>
Non-Operating Receipts (Disbursements)			
Other Debt Proceeds	34,556	-	34,556
Capital Outlay	(34,556)	-	(34,556)
Principal Retirement	(1,421)	-	(1,421)
Interest and Other Fiscal Charges	(629)	-	(629)
Other Financing Sources	-	35,876	35,876
Other Financing Uses	-	(35,876)	(35,876)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(2,050)</u>	<u>-</u>	<u>(2,050)</u>
<i>Income before Transfers</i>	55,492	-	55,492
Transfers In	2,050	-	2,050
Transfers Out	(2,050)	-	(2,050)
<i>Net Change in Fund Cash Balances</i>	55,492	-	55,492
<i>Fund Cash Balances, January 1</i>	<u>81,917</u>	<u>-</u>	<u>81,917</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 137,409</u>	<u>\$ -</u>	<u>\$ 137,409</u>

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

**VILLAGE OF SEAMAN
ADAMS COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>General</u>	<u>Special Revenue</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts			
Property and Other Local Taxes	\$ 92,083	\$ -	\$ 92,083
Intergovernmental	14,494	29,531	44,025
Fines, Licenses and Permits	40,526	75	40,601
Miscellaneous	11,522	5,999	17,521
<i>Total Cash Receipts</i>	<u>158,625</u>	<u>35,605</u>	<u>194,230</u>
Cash Disbursements			
Current:			
Security of Persons and Property	122,146	5,146	127,292
Transportation	-	32,105	32,105
General Government	56,823	-	56,823
<i>Total Cash Disbursements</i>	<u>178,969</u>	<u>37,251</u>	<u>216,220</u>
<i>Net Change in Fund Cash Balances</i>	(20,344)	(1,646)	(21,990)
<i>Fund Cash Balances, January 1 (Restated - See Note 9)</i>	<u>56,384</u>	<u>11,564</u>	<u>67,948</u>
Fund Cash Balances, December 31			
Restricted	-	9,918	9,918
Unassigned	36,040	-	36,040
<i>Fund Cash Balances, December 31</i>	<u><u>\$ 36,040</u></u>	<u><u>\$ 9,918</u></u>	<u><u>\$ 45,958</u></u>

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

**VILLAGE OF SEAMAN
ADAMS COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN FUND BALANCES (CASH BASIS)
ALL PROPRIETARY AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
Operating Cash Receipts			
Charges for Services	\$ 378,992	\$ -	\$ 378,992
Miscellaneous	8,491	-	8,491
<i>Total Operating Cash Receipts</i>	<u>387,483</u>	<u>-</u>	<u>387,483</u>
Operating Cash Disbursements			
Personal Services	115,197	-	115,197
Employee Fringe Benefits	20,926	-	20,926
Contractual Services	233,114	-	233,114
Supplies and Materials	13,849	-	13,849
<i>Total Operating Cash Disbursements</i>	<u>383,086</u>	<u>-</u>	<u>383,086</u>
<i>Operating Income</i>	<u>4,397</u>	<u>-</u>	<u>4,397</u>
Non-Operating Receipts (Disbursements)			
Other Financing Sources	-	51,047	51,047
Other Financing Uses	-	(51,047)	(51,047)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net Change in Fund Cash Balances</i>	4,397	-	4,397
<i>Fund Cash Balances, January 1 (Restated - See Note 9)</i>	<u>77,520</u>	<u>-</u>	<u>77,520</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$ 81,917</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 81,917</u></u>

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

**VILLAGE OF SEAMAN
ADAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of Seaman, Adams County, (the Village) as a body corporate and politic. A publicly-elected six-member Council directs the Village. The Village provides general government services, maintenance of roads and bridges, water and sewer utilities and police services.

The Village participates in a public entity risk pool. Note 7 to the financial statements provides additional information for this entity. This organization is:

Public Entity Risk Pool:

PEP – a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments (“Members”).

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

B. Accounting Basis

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

C. Deposits and Investments

The Village’s accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

D. Fund Accounting

The Village uses fund accounting to segregate cash and investments that are restricted as to use. The Village classifies its funds into the following types:

1. General Fund

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

**VILLAGE OF SEAMAN
ADAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

2. Special Revenue Funds

These funds account for and report the proceeds from specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Village had the following significant Special Revenue Fund:

Street Construction, Maintenance and Repair Fund – This fund receives gasoline tax and motor vehicle tax money for constructing, maintaining and repairing Village streets.

3. Enterprise Funds

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

Water Operating Fund – This fund receives charges for services from residents to cover water service costs.

Sewer Operating Fund – This fund receives charges for services from residents to cover sewer service costs.

4. Fiduciary Funds

Fiduciary funds include private purpose trust funds and agency funds. Trust funds account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Village's own programs.

Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Village disburses these funds as directed by the individual, organization or other government. The Village's agency fund accounts for Mayor's Court activity.

E. Budgetary Process

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

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function, or object level of control and appropriations may not exceed estimated resources. The Village Council must annually approve appropriation measures and subsequent amendments. Appropriations lapse at year end.

2. Estimated Resources

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

VILLAGE OF SEAMAN
ADAMS COUNTY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013
(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

3. 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 2014 and 2013 budgetary activity appears in Note 3.

F. Fund Balance

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

1. Nonspendable

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

2. Restricted

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

3. Committed

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

4. Assigned

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

5. Unassigned

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

**VILLAGE OF SEAMAN
ADAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Fund Balance (Continued)

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

G. Property, Plant and Equipment

The Village records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

H. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

2. EQUITY IN POOLED DEPOSITS

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

	2014	2013
Demand deposits	\$ 163,382	\$ 97,875
Certificates of deposit	30,000	30,000
Total deposits	\$ 193,382	\$ 127,875

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

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2014 and 2013 follows:

2014 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 191,815	\$ 167,513	\$ (24,302)
Special Revenue	28,700	34,547	5,847
Enterprise	414,556	473,908	59,352
Total	\$ 635,071	\$ 675,968	\$ 40,897

**VILLAGE OF SEAMAN
ADAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

2014 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 198,199	\$ 160,120	\$ 38,079
Special Revenue	31,450	31,925	(475)
Enterprise	426,000	418,416	7,584
Total	\$ 655,649	\$ 610,461	\$ 45,188

2013 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 210,624	\$ 158,625	\$ (51,999)
Special Revenue	53,438	35,605	(17,833)
Enterprise	361,000	387,483	26,483
Total	\$ 625,062	\$ 581,713	\$ (43,349)

2013 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 210,624	\$ 178,969	\$ 31,655
Special Revenue	46,203	37,251	8,952
Enterprise	506,829	383,086	123,743
Total	\$ 763,656	\$ 599,306	\$ 164,350

Contrary to Ohio law, budgetary expenditures exceeded appropriations in the Permissive Motor Vehicle License Tax Fund in the year ended December 31, 2014. Also, Contrary to Ohio law, appropriations exceeded estimated resources in the Police Training, Water and Sewer Funds in the year ended December 31, 2013.

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which the Council adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

Public utilities are also taxed on personal and real property located within the Village.

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

**VILLAGE OF SEAMAN
ADAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013
(Continued)**

5. DEBT

Debt outstanding at December 31, 2014 was as follows:

	Principal	Interest
OWDA - 6663 Waterline Replacement	\$ 33,135	2.00%
	\$ 33,135	

The OWDA Loan #6663 relates to a waterline replacement project in 2014. The total amount disbursed was \$34,556 and the loan will be repaid in semiannual installments of \$1,052, including interest, over 20 years from the OWDA Enterprise Fund.

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

Year ending December 31:	OWDA #6663
2015	\$ 2,105
2016	2,105
2017	2,105
2018	2,105
2019	2,105
2020-2024	10,525
2025-2029	10,525
2030-2034	9,472
Total	\$ 41,047

6. RETIREMENT SYSTEMS

The Village's certified full-time Police Officers belong to the Police and Fire Pension Fund (OP&F). Other employees belong to the Ohio Public Employees Retirement System (OPERS). OP&F and OPERS are cost-sharing, multiple-employer plans. The Ohio Revised Code prescribes these plans' benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OP&F participants who were full time police contributed 10% of their wages through June 30, 2013, 10.75% from July 1, 2013 through June 30, 2014, and 11.5% thereafter. The Village contributed 19.5% throughout 2013 and 2014. OP&F participants who were full time firefighters contributed 10% of their wages through June 30, 2013, 10.75% from July 1, 2013 through June 30, 2014, and 11.5% thereafter. The Village contributed 19.5% through June 30, 2013 and 24% thereafter. For 2014 and 2013, OPERS members contributed 10% of their gross salaries, and the Village contributed an amount equaling 14% of participants' gross salaries. The Village had paid all contributions required through December 31, 2014.

**VILLAGE OF SEAMAN
ADAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013
(Continued)**

7. RISK MANAGEMENT

The Village is exposed to various risks of property and casualty losses, and injuries to employees.

The Village insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

The Village belongs to the Public Entities Pool of Ohio (PEP), a risk-sharing pool available to Ohio local governments. PEP provides property and casualty coverage for its members. American Risk Pooling Consultants, Inc. (ARPCO), a division of York Insurance Services Group, Inc. (York), functions as the administrator of PEP and provides underwriting, claims, loss control, risk management, and reinsurance services for PEP. PEP is a member of the American Public Entity Excess Pool (APEEP), which is also administered by ARPCO. Member governments pay annual contributions to fund PEP. PEP pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty and Property Coverage

APEEP provides PEP with an excess risk-sharing program. Under this arrangement, PEP retains insured risks up to an amount specified in the contracts. At December 31, 2014, PEP retained \$350,000 for casualty claims and \$100,000 for property claims.

The aforementioned casualty and property reinsurance agreement does not discharge PEP's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.

Financial Position

PEP's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and net position at December 31, 2013 and 2014.

	<u>2013</u>	<u>2014</u>
Assets	\$34,411,883	\$35,402,177
Liabilities	<u>(12,760,194)</u>	<u>(12,363,257)</u>
Net Position	<u>\$21,651,689</u>	<u>\$23,038,920</u>

At December 31, 2013 and 2014, respectively, the liabilities above include approximately 11.6 million and \$11.1 million of estimated incurred claims payable. The assets above also include approximately \$11.1 million and \$10.8 million of unpaid claims to be billed. The Pool's membership increased from 475 members in 2013 to 488 members in 2014. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2014, the Village's share of these unpaid claims collectible in future years is approximately \$15,000.

**VILLAGE OF SEAMAN
ADAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013
(Continued)**

7. RISK MANAGEMENT (Continued)

Based on discussions with PEP, the expected rates PEP charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to PEP for each year of membership.

<u>Contributions to PEP</u>	
<u>2013</u>	<u>2014</u>
\$ 18,499	\$ 22,326

After one year of membership, a member may withdraw on the anniversary of the date of joining PEP, if the member notifies PEP in writing 60 days prior to the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's contribution. Withdrawing members have no other future obligation to PEP. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

8. INTERFUND TRANSFERS

During 2014, the following interfund transfers were made:

	Transfers In	Transfers Out
Water	\$ -	\$ (2,050)
OWDA	2,050	-
Total	\$ 2,050	\$ (2,050)

In 2014, the Village transferred funds from the Water Fund to the OWDA Fund to utilize the revenues received from charges for services for debt service payments.

9. RESTATEMENT OF PRIOR PERIOD FUND BALANCES

The Village voided checks issued in a prior year. As such, beginning fund cash balances were adjusted to reflect this action. These adjustments had the following effect on previously reported fund cash balances:

	Special Revenue Funds	Enterprise Funds
Fund Cash Balances, December 31, 2012	\$ 11,321	\$ 77,470
Restatement for Voided Checks	243	50
Restated Fund Cash Balances, January 1, 2013	\$ 11,564	\$ 77,520



428 Second St.
Marietta, OH 45750
740.373.0056

1035 Murdoch Ave
Parkersburg, WV 26101
304.422.2203

121 E Main St
St. Clairsville, OH 43950
740.695.1569

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

September 30, 2015

Village of Seaman
Adams County
P.O. Box 48
Seaman, Ohio 45679

To the Village Council:

We have audited in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the **Village of Seaman**, Adams County (the Village) as of and for the years ended December 31, 2014 and 2013, and the related notes to the financial statements and have issued our report thereon dated September 30, 2015, wherein we noted the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be *material weaknesses* or *significant deficiencies*. Therefore, unidentified *material weaknesses* or *significant deficiencies* may exist. However, as described in the accompanying schedule of audit findings we identified certain deficiencies in internal control over financial reporting, that we consider *material weaknesses*.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a *material misstatement* of the Entity's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a *material weakness*, yet important enough to merit attention by those charged with governance. We consider findings 2014-001 through 2014-003 described in the accompanying schedule of audit findings to be material weaknesses.



...“bringing more to the table”

Tax– Accounting – Audit – Review – Compilation – Agreed Upon Procedure – Consultation – Bookkeeping – Payroll
Litigation Support – Financial Investigations

Members: American Institute of Certified Public Accountants

- Ohio Society of CPAs • West Virginia Society of CPAs • Association of Certified Fraud Examiners •
- Association of Certified Anti - Money Laundering Specialists •



Compliance and Other Matters

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying schedule of audit findings as items 2014-004 through 2014-006.

We also noted a certain matter not requiring inclusion in this report that we reported to the Village's management in a separate letter dated September 30, 2015.

Purpose of this Report

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



Perry and Associates
Certified Public Accountants, A.C.
Marietta, Ohio

VILLAGE OF SEAMAN
ADAMS COUNTY

SCHEDULE OF AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

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

FINDING NUMBER 2014-001

Material Weakness

Posting Receipts and Disbursements

Receipts and disbursements should be posted to the fund and line item accounts as established by Ohio Administrative Code.

Receipts and disbursements were not always posted correctly. The following posting errors were noted:

- During 2013, the Village did not record \$30,000 of Certificates of Deposits to their financial Statements.
- During 2013 and 2014, the Village incorrectly posted *Security of Personal and Property*, and *General Governmental* disbursements as *Basic Utility Service* disbursements in the General Fund.
- During 2013, the Village incorrectly posted *Transportation* disbursements for *General Government* disbursements in the Street Construction Fund and State Highway Fund.
- During 2013, the Village incorrectly posted *Employee Fringe Benefit* and *Contractual Service* disbursements as Other Disbursements in the Water and Sewer Funds.
- During 2014, the Village incorrectly posted *Transportation* disbursements as *Miscellaneous* disbursements in the Street Construction and State Highway Fund.
- During 2014, the Village incorrectly posted *Intergovernmental* receipts as *Miscellaneous* receipts in the Street Construction and State Highway Fund.
- During 2014, the Village incorrectly posted *General Government* disbursements as *Miscellaneous* disbursements in the Street Construction and State Highway Fund.
- During 2014, the Village incorrectly posted *Employee Fringe Benefit* and *Supplies and Materials* disbursements as *Contractual Services* in the Water and Sewer Funds.
- During 2014, the Village incorrectly posted OWDA loan proceeds as Miscellaneous receipts instead of Other Debt Proceeds in the OWDA Fund.
- During 2014, the Village incorrectly posted Principal and Interest disbursements as Other Expenses in the OWDA Fund.
- During 2014, the Village incorrectly posted Charges for Services receipts as Miscellaneous receipts in the Water and Sewer Funds.

Not posting receipts and disbursements accurately resulted in the financial statements requiring several reclassification and adjusting entries. The financial statements reflect all reclassifications and adjustments and the Village has posted the adjustments to their accounting system.

To help ensure accuracy and reliability in the financial reporting process, we recommend that management perform a detailed review of its draft financial statements. Such review should include procedures to ensure that all sources of revenues are properly identified and classified on the financial statements.

We also recommend the Fiscal Officer refer to Ohio Administrative Code and/or the Ohio Village Handbook for guidance to determine the proper establishment of receipt and disbursement accounts and posting of receipts and disbursements.

Management's Response – We did not receive a response from officials to this finding.

VILLAGE OF SEAMAN
ADAMS COUNTY

SCHEDULE OF AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

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

FINDING NUMBER 2014-002

Material Weakness

Financial Controls

The Village Fiscal Officer performed all accounting functions, including receipting, depositing, disbursing, and reconciling the Village's accounts, the Utility accounts and the Mayor's Court accounts. Because the size of the Village administrative staff is not conducive to adequate segregation of duties, it is important that the Village's Council monitor financial activity closely. The Village has no processes or procedures in place to ensure transactions were posted in the proper period. No processes existed to identify unusual fluctuations between accounts or between fiscal years.

Monitoring controls should assist management in detecting material misstatements in the financial or other information presented. Such controls may include, but are not limited to, the following reviews by the Village Council:

- Monthly review of budget and actual activity including required submission of budgetary reports;
- Monthly review of unusual or significant items on the bank-to-book reconciliation, such as long outstanding checks or deposits;
- Planning for adequate segregation of duties or compensating controls;
- Ensuring the accounting records are properly designed.

The Village has not implemented an effective monitoring control system to assist management in detecting material misstatements in financial or other information.

We recommend the Village develop and implement a monitoring control system to prevent misstatements or misappropriation of funds.

Management's Response – We did not receive a response from officials to this finding.

FINDING NUMBER 2014-003

Material Weakness

GASB 54 Presentation

The Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, introduced five fund balance classifications and clarified the existing governmental fund type definitions. The fund balance classifications relate to constraints placed upon the use of resources reported in governmental funds. The five classifications are nonspendable, restricted, committed, assigned and unassigned.

The Village has not formally adopted a policy to define whether the Village considers restricted or unrestricted amounts to have been spent when an expenditure is incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) amounts are available. Additionally, the

The village did not present any fund balances in accordance with GASB 54. Auditor of State Bulletin 2011-004 clarifies the impact of GASB 54 on Ohio governmental units and provides guidance on implementation.

VILLAGE OF SEAMAN
ADAMS COUNTY

SCHEDULE OF AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

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

FINDING NUMBER 2014-003 (Continued)

GASB 54 Presentation (Continued)

We recommend the Village review the GASB 54 statement and guidance and adopt the required fund balance policies. The policy should define whether the auditee considers restricted or unrestricted amounts to have been spent when an expenditure is incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) amounts are available. The Village should also present funds in accordance with the standards when preparing the financial statements.

Management's Response – We did not receive a response from management for this finding.

FINDING NUMBER 2014-004

Noncompliance

Ohio Revised Code, Section 5705.41 (B), prohibits a subdivision from making a disbursement (expenditure) unless it has been properly appropriated. During 2014, the Permissive Motor Vehicle License Fund had expenditures of \$4,627 which exceeded appropriations of \$0 by \$4,627.

The management of the Village should monitor the budgetary receipts and expenditures by having the Fiscal Officer provide budgetary reports at least quarterly to be reviewed and approved by the Village Council. By regularly monitoring its budgetary position throughout the year, the Village will be better able to determine when amendments need to be made to original budgeted receipts thus avoiding negative fund/account code balances, and will be better prepared for making decisions which effect the overall cash position of the Village.

Management's Response – We did not receive a response from officials to this finding.

FINDING NUMBER 2014-005

Noncompliance

Ohio Revised Code Section 5705.39 requires that total appropriations from each fund not exceed total estimated fund resources from each fund. This section also requires the District to obtain a County Auditor's certificate that total appropriations from each fund do not exceed the total official estimate or amended official estimate when amending estimated resources.

The appropriations exceeded that total estimated revenue for both 2014 and 2013. Unfavorable variances were noted for the K-9 Fund (\$1,507), and the OM&R Fund (6,000) for 2014 and the Police Training Fund (\$332), Water Fund (\$12,844), Sewer Fund (\$55,465) for 2013.

The Township should obtain a certificate from the County Auditor stating that the total appropriations do not exceed the total estimated resources whenever an amendment is made to the original appropriation measure.

VILLAGE OF SEAMAN
ADAMS COUNTY

SCHEDULE OF AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

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

FINDING NUMBER 2014-006

Noncompliance

Ohio Revised Code, Section 2949.091(A)(1), states that the court, in which any person is convicted of or pleads guilty to any offense that is not a moving violation, shall impose the sum of fifteen dollars as costs in the case in addition to any other court costs that the court is required by law to impose upon the offender. All such moneys collected during a month shall be transmitted on or before the twentieth day of the following month by the clerk of the court to the treasurer of state and deposited by the treasurer of state into the general revenue fund. The court shall not waive the payment of the additional fifteen dollars court costs, unless the court determines that the offender is indigent and waives the payment of all court costs imposed upon the indigent offender.

Prior to 2009, the court costs noted above were \$15; however, they were raised to \$20 in 2009. The Mayor's Court was not aware the court costs had increased and did not raise the court fees.

From January 1, 2013 to July 31, 2013, the Mayor's Court had 174 cases in which it collected and paid to the Treasurer of State of Ohio the \$15 fee. The Mayor's Court should have collected an additional \$870 that is due to the State of Ohio to be deposited by the Treasurer of State into the Indigent Defense Support Fund.

The Court should implement procedures to ensure collection and remittance of the proper costs. The clerk should remit payment to the proper entities, including the Village and the State Treasurer. To aid in the remittance, the most recent form should be obtained from the Treasurer of State, completed and remitted to the state with the costs collected in a timely manner. By following these procedures, the court will ensure proper reporting and compliance.

Officials' Response – We did not receive a response from management for this finding.

**VILLAGE OF SEAMAN
ADAMS COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2012-001	Ohio Administrative Code (OAC) Section 117-2-02(A)	No	Not Corrected; Repeated as Finding 2014-001
2012-002	Monitoring Controls	No	Not Corrected; Repeated as Finding 2014-002
2012-003	Ohio Revised Code Section 5705.41(D)	Yes	N/A
2012-004	Ohio Revised Code Section 5705.41(B)	No	Not Corrected; Repeated as Finding 2014-003
2012-005	Ohio Revised Code Section 2949.091(A)(1)	No	Not Corrected; Repeated as Finding 2014-006



Dave Yost • Auditor of State

VILLAGE OF SEAMAN

ADAMS COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
DECEMBER 24, 2015