



Dave Yost • Auditor of State

VILLAGE OF SENECAVILLE
GUERNSEY COUNTY

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Village of Senecaville
Guernsey County
P.O. Box 5
Senecaville, Ohio 43780

To the Village Council:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of Village of Senecaville, Guernsey County, Ohio (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 § 117.38 and Ohio Administrative Code § 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.

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 opinions.

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

As described in Note 1 of the financial statements, the Village prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code § 117.38 and Ohio Administrative Code § 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.

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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 § 117.38 and Ohio Administrative Code § 117-2-03(D) permit. Our opinions on this accounting basis are in the *Disclaimer of Opinion on Fiduciary Fund Receipts on the Regulatory Basis of Accounting*, the *Qualification of Opinion on the General Fund fines, licenses and permits on the Regulatory Basis of Accounting* and the *Unmodified Opinions on the 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.

Basis for Disclaimer of Opinion on Fiduciary Fund Receipts on the Regulatory Basis of Accounting

Fines, license and permit receipts are reported at \$14,095 and \$11,803 for the years ended December 31, 2014 and 2013, respectively, which is 100% of Fiduciary Fund receipts for the years ended December 31, 2014 and 2013. We were unable to obtain sufficient appropriate audit evidence supporting the amounts recorded as other non-operating receipts.

Disclaimer of Opinion on Fiduciary Fund Receipts on the Regulatory Basis of Accounting

Because of the significance of fines, license and permit receipts to the Fiduciary Fund Type, the scope of our work was not sufficient to enable us to express, and we do not express, an opinion on the Fiduciary Fund Type of the Village of Senecaville, Guernsey County, Ohio, for the years ended December 31, 2014 and 2013.

Basis for Qualification of Opinion on General Fund Fines, licenses and permits on the Regulatory Basis of Accounting

Fines, licenses and permit receipts are reported at \$9,471 and \$8,232 for the years ended December 31, 2014 and 2013, which is 31 and 28 percent of total General Fund operating receipts for the years ended December 31, 2014 and 2013, respectively. We were unable to obtain sufficient appropriate audit evidence supporting the amounts recorded as fines, licenses and permits. Consequently, we were unable to determine whether any adjustments to these amounts were necessary.

Qualification of Opinion on the General Fund fines, licenses and permits on the Regulatory Basis of Accounting

Also, in our opinion, except for such adjustments, if any, as might have been determined to be necessary had we been able to obtain sufficient competent evidential matter to support the 2014 and 2013 fines, licenses and permit receipts in the General Fund, the financial statements referred to above present fairly, in all material respects, the fund cash balances of the General Fund, of the Village of Senecaville, Guernsey County, Ohio, 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 § 117.38 and Ohio Administrative Code § 117-2-03(D) permit, described in Note 1.

Unmodified Opinions on the Regulatory Basis of Accounting

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the fund cash balances of the Special Revenue Funds, Debt Service Fund, Capital Project Funds and Enterprise Funds, of the Village of Senecaville, Guernsey County, Ohio, 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 § 117.38 and Ohio Administrative Code § 117-2-03 permit, described in Note 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 18, 2016, 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.



Dave Yost
Auditor of State
Columbus, Ohio

February 18, 2016

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**VILLAGE OF SENECAVILLE
GUERNSEY COUNTY**

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

	General	Special Revenue	Debt Service	Capital Projects	Totals (Memorandum Only)
Cash Receipts					
Property and Other Local Taxes	\$7,722	\$26,779	\$0	\$0	\$34,501
Special Assessments	0	0	24,318	0	24,318
Intergovernmental	11,344	29,112	0	3,297	43,753
Charges for Services	0	25,900	0	0	25,900
Fines, Licenses and Permits	9,883	25	0	0	9,908
Earnings on Investments	972	82	0	0	1,054
Miscellaneous	1,272	39,950	0	0	41,222
<i>Total Cash Receipts</i>	<u>31,193</u>	<u>121,848</u>	<u>24,318</u>	<u>3,297</u>	<u>180,656</u>
Cash Disbursements					
Current:					
Security of Persons and Property	19,902	66,784	0	0	86,686
Public Health Services	0	1,112	0	0	1,112
Leisure Time Activities	60	0	0	0	60
Transportation	0	45,714	0	0	45,714
General Government	23,453	916	101	0	24,470
Debt Service:					
Principal Retirement	0	0	27,023	0	27,023
Interest and Fiscal Charges	0	0	1,363	0	1,363
<i>Total Cash Disbursements</i>	<u>43,415</u>	<u>114,526</u>	<u>28,487</u>	<u>0</u>	<u>186,428</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(12,222)</u>	<u>7,322</u>	<u>(4,169)</u>	<u>3,297</u>	<u>(5,772)</u>
Other Financing Receipts (Disbursements)					
Transfers In	0	0	4,000	0	4,000
<i>Total Other Financing Receipts (Disbursements)</i>	<u>0</u>	<u>0</u>	<u>4,000</u>	<u>0</u>	<u>4,000</u>
<i>Net Change in Fund Cash Balances</i>	<u>(12,222)</u>	<u>7,322</u>	<u>(169)</u>	<u>3,297</u>	<u>(1,772)</u>
<i>Fund Cash Balances, January 1</i>	<u>63,873</u>	<u>98,809</u>	<u>307</u>	<u>54,816</u>	<u>217,805</u>
Fund Cash Balances, December 31					
Restricted	0	106,131	138	58,113	164,382
Assigned	48,628	0	0	0	48,628
Unassigned	3,023	0	0	0	3,023
<i>Fund Cash Balances, December 31</i>	<u>\$51,651</u>	<u>\$106,131</u>	<u>\$138</u>	<u>\$58,113</u>	<u>\$216,033</u>

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

**VILLAGE OF SENECAVILLE
GUERNSEY 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**

	Proprietary Fund Type	Fiduciary Fund Type	Totals
	Enterprise	Agency	(Memorandum Only)
Operating Cash Receipts			
Charges for Services	\$106,614	\$0	\$106,614
Fines, Licenses and Permits	0	14,095	14,095
<i>Total Operating Cash Receipts</i>	<u>106,614</u>	<u>14,095</u>	<u>120,709</u>
Operating Cash Disbursements			
Personal Services	26,051	0	26,051
Employee Fringe Benefits	4,009	0	4,009
Contractual Services	31,608	0	31,608
Supplies and Materials	17,694	0	17,694
Other	0	14,346	14,346
<i>Total Operating Cash Disbursements</i>	<u>79,362</u>	<u>14,346</u>	<u>93,708</u>
<i>Operating Income (Loss)</i>	<u>27,252</u>	<u>(251)</u>	<u>27,001</u>
Non-Operating Receipts (Disbursements)			
Special Assessments	8,300	0	8,300
Miscellaneous Receipts	59	0	59
Capital Outlay	(10,823)	0	(10,823)
Principal Retirement	(24,875)	0	(24,875)
Interest and Other Fiscal Charges	(26,181)	0	(26,181)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(53,520)</u>	<u>0</u>	<u>(53,520)</u>
<i>Income (Loss) before Transfers and Advances</i>	<u>(26,268)</u>	<u>(251)</u>	<u>(26,519)</u>
Transfers Out	(4,000)	0	(4,000)
<i>Net Change in Fund Cash Balances</i>	<u>(30,268)</u>	<u>(251)</u>	<u>(30,519)</u>
<i>Fund Cash Balances, January 1</i>	<u>225,389</u>	<u>553</u>	<u>225,942</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$195,121</u></u>	<u><u>\$302</u></u>	<u><u>\$195,423</u></u>

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

**VILLAGE OF SENECAVILLE
GUERNSEY COUNTY**

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

	General	Special Revenue	Debt Service	Capital Projects	Totals (Memorandum Only)
Cash Receipts					
Property and Other Local Taxes	\$7,657	\$26,556	\$0	\$0	\$34,213
Special Assessments	0	0	24,727	0	24,727
Intergovernmental	11,612	29,470	0	5,219	46,301
Charges for Services	0	26,800	0	0	26,800
Fines, Licenses and Permits	8,232	0	0	0	8,232
Earnings on Investments	998	84	0	0	1,082
Miscellaneous	373	3,531	0	0	3,904
<i>Total Cash Receipts</i>	<u>28,872</u>	<u>86,441</u>	<u>24,727</u>	<u>5,219</u>	<u>145,259</u>
Cash Disbursements					
Current:					
Security of Persons and Property	47,558	25,028	0	0	72,586
Public Health Services	0	1,262	0	0	1,262
Leisure Time Activities	679	0	0	0	679
Transportation	0	32,968	0	0	32,968
General Government	23,044	1,914	86	0	25,044
Debt Service:					
Principal Retirement	0	0	26,438	0	26,438
Interest and Fiscal Charges	0	0	1,948	0	1,948
<i>Total Cash Disbursements</i>	<u>71,281</u>	<u>61,172</u>	<u>28,472</u>	<u>0</u>	<u>160,925</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(42,409)</u>	<u>25,269</u>	<u>(3,745)</u>	<u>5,219</u>	<u>(15,666)</u>
Other Financing Receipts					
Transfers In	0	0	0	604	604
Transfers Out	(604)	0	0	0	(604)
<i>Total Other Financing Receipts</i>	<u>(604)</u>	<u>0</u>	<u>0</u>	<u>604</u>	<u>0</u>
<i>Net Change in Fund Cash Balances</i>	<u>(43,013)</u>	<u>25,269</u>	<u>(3,745)</u>	<u>5,823</u>	<u>(15,666)</u>
<i>Fund Cash Balances, January 1</i>	<u>106,886</u>	<u>73,540</u>	<u>4,052</u>	<u>48,993</u>	<u>233,471</u>
Fund Cash Balances, December 31					
Restricted	0	98,809	307	54,816	153,932
Assigned	63,216	0	0	0	63,216
Unassigned	657	0	0	0	657
<i>Fund Cash Balances, December 31</i>	<u>\$63,873</u>	<u>\$98,809</u>	<u>\$307</u>	<u>\$54,816</u>	<u>\$217,805</u>

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

**VILLAGE OF SENECVILLE
GUERNSEY 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**

	Proprietary Fund Type	Fiduciary Fund Type	Totals
	Enterprise	Agency	(Memorandum Only)
Operating Cash Receipts			
Charges for Services	\$105,435	\$0	\$105,435
Fines, Licenses and Permits	0	11,803	11,803
<i>Total Operating Cash Receipts</i>	<u>105,435</u>	<u>11,803</u>	<u>117,238</u>
Operating Cash Disbursements			
Personal Services	22,158	0	22,158
Employee Fringe Benefits	4,190	0	4,190
Contractual Services	30,159	0	30,159
Supplies and Materials	12,983	0	12,983
Other	0	11,250	11,250
<i>Total Operating Cash Disbursements</i>	<u>69,490</u>	<u>11,250</u>	<u>80,740</u>
<i>Operating Income</i>	<u>35,945</u>	<u>553</u>	<u>36,498</u>
Non-Operating Receipts (Disbursements)			
Special Assessments	11,089	0	11,089
Miscellaneous Receipts	150	0	150
Capital Outlay	(5,673)	0	(5,673)
Principal Retirement	(24,375)	0	(24,375)
Interest and Other Fiscal Charges	(26,757)	0	(26,757)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(45,566)</u>	<u>0</u>	<u>(45,566)</u>
<i>Net Change in Fund Cash Balances</i>	(9,621)	553	(9,068)
<i>Fund Cash Balances, January 1</i>	<u>235,010</u>	<u>0</u>	<u>235,010</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$225,389</u></u>	<u><u>\$553</u></u>	<u><u>\$225,942</u></u>

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

**VILLAGE OF SENECAVILLE
GUERNSEY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
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 Senecaville, Guernsey County, Ohio (the Village), as a body corporate and politic. A six-member Council directs the Village. The Village's services include general government services, street maintenance, sewer utility services and park operations. The Village contracts with Richland Township for and police and fire protection services.

The Village participates in the Public Entities Pool of Ohio, a risk-sharing pool available to Ohio local governments that provides property and casualty coverage for its members. Note 7 to the financial statements provides additional information for this entity.

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 § 117.38 and Ohio Administrative Code § 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 § 117.38 and Ohio Administrative Code § 117-2-03(D) permit.

C. Deposits

The Village had one primary, interest bearing checking account and two non-interest bearing checking accounts during the audit period.

D. Fund Accounting

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

1. General Fund

The General Fund reports all financial resources except those required to be accounted for in another fund.

2. Special Revenue Funds

These funds account for proceeds from specific sources (other than from private-purpose trusts or for capital projects) that are restricted to expenditure for specific purposes. The Village had the following significant Special Revenue Funds:

**VILLAGE OF SENECAVILLE
GUERNSEY COUNTY**

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

1. Summary of Significant Accounting Policies (Continued)

D. Fund Accounting

2. Special Revenue Funds (Continued)

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

Fire Levy Fund – This fund receives money from a tax levy approved by voters to provide fire protection services for the Village.

Police Levy Fund – This fund receives money from a tax levy approved by voters to provide police protection services for the Village.

3. Debt Service Funds

These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. The Village had the following significant Debt Service Fund:

Special Assessment Debt Service Fund – This fund receives special assessment monies for the repayment of debt relating to sewer engineering costs.

4. Capital Project Funds

These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Village had the following significant Capital Project Funds:

Municipal Building Fund – This fund received monies for the potential construction of a new municipal building.

Issue II Fund – This fund received proceeds of an Issue II grant for capital projects.

5. 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:

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

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
DECEMBER 31, 2014 AND 2013
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

D. Fund Accounting (Continued)

5. Fiduciary Funds

Fiduciary funds include agency funds.

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

E. Budgetary Process

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

1. Appropriations

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

3. Encumbrances

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

A summary of 2014 and 2013 budgetary activity appears in Note 4.

F. Fund Balance

Fund balance is divided into three 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. 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.

**VILLAGE OF SENECVILLE
GUERNSEY COUNTY**

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

1. Summary of Significant Accounting Policies (Continued)

F. Fund Balance (Continued)

2. 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.

3. Unassigned

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

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

G. Property, Plant, and Equipment

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

2. Equity in Pooled Deposits

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

	<u>2014</u>	<u>2013</u>
Demand deposits	<u>\$411,456</u>	<u>\$443,747</u>

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

3. 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 SENECVILLE
GUERNSEY COUNTY**

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

4. 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	\$19,685	\$31,193	\$11,508
Special Revenue	128,266	121,848	(6,418)
Debt Service	28,750	28,318	(432)
Capital Projects	8,148	3,297	(4,851)
Enterprise	109,300	114,973	5,673
Total	<u>\$294,149</u>	<u>\$299,629</u>	<u>\$5,480</u>

2014 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$83,558	\$43,415	\$40,143
Special Revenue	212,767	114,526	98,241
Debt Service	29,057	28,487	570
Capital Projects	62,963	0	62,963
Enterprise	334,689	145,241	189,448
Total	<u>\$723,034</u>	<u>\$331,669</u>	<u>\$391,365</u>

2013 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$19,567	\$28,872	\$9,305
Special Revenue	81,306	86,441	5,135
Debt Service	25,000	24,727	(273)
Capital Projects	5,823	5,823	0
Enterprise	111,000	116,674	5,674
Total	<u>\$242,696</u>	<u>\$262,537</u>	<u>\$19,841</u>

2013 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$126,453	\$71,885	\$54,568
Special Revenue	143,596	61,172	82,424
Debt Service	29,052	28,472	580
Capital Projects	54,816	0	54,816
Enterprise	346,010	126,295	219,715
Total	<u>\$699,927</u>	<u>\$287,824</u>	<u>\$412,103</u>

5. Retirement System

The Village's elected officials and employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

**VILLAGE OF SENECVILLE
GUERNSEY COUNTY**

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

5. Retirement System (Continued)

The Ohio Revised Code also prescribes contribution rates. For 2014 and 2013, OPERS members contributed 10%, respectively, of their gross salaries and the Village contributed an amount equaling 14%, respectively, of participants' gross salaries. The Village has paid all contributions required through December 31, 2014.

5. Debt

Debt outstanding at December 31, 2014 was as follows:

	Principal	Interest Rate
Ohio Water Development Authority Loan	\$41,660	2.0%
Ohio Public Works Commission Loan	86,813	0%
US Dept of Agriculture Bonds	568,491	4.5%
Total	\$696,964	

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 cost of 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 rate 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 ending December 31:	OWDA Loan	OPWC Loan	USDA Bonds
2015	\$28,386	\$11,575	\$39,582
2016	14,192	11,575	39,552
2017	0	11,575	39,495
2018	0	11,575	39,511
2019	0	11,575	39,596
2020-2024	0	34,725	197,635
2025-2029	0	0	197,712
2030-2034	0	0	197,725
2035-2038	0	0	144,737
Total	\$42,578	\$92,600	\$935,545

**VILLAGE OF SENECVILLE
GUERNSEY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
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 \$3,000.

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.

VILLAGE OF SENECAVILLE
GUERNSEY COUNTY

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

7. Risk Management (Continued)

<u>Contributions to PEP</u>	
<u>2013</u>	<u>2014</u>
\$5,385	\$5,631

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.



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

Village of Senecaville
Guernsey County
P.O. Box 5
Senecaville, Ohio 43780

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 Village of Senecaville, Guernsey County, Ohio (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 February 18, 2016, wherein we noted the Village followed financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D) permit. We did not express an opinion on the Fiduciary Fund Type for the years ended December 31, 2014 and 2013. We also qualified our opinion on fines, licenses and permits receipts in the General Fund for the years ended December 31, 2014 and 2013.

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.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Village's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings that we consider material weaknesses. We consider findings 2014-001 through 2014-004 to be material weaknesses.

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 Findings as items 2014-001 through 2014-003.

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.

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

Dave Yost
Auditor of State
Columbus, Ohio

February 18, 2016

**VILLAGE OF SENECVILLE
GUERNSEY COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2014 AND 2013**

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

FINDING NUMBER 2014-001

Noncompliance and Material Weakness

Ohio Admin. Code § 117-2-02(A) provides that all local public offices maintain an accounting system and accounting records sufficient to enable the public office to identify, assemble, analyze, classify, record and report its transactions, maintain accountability for the related assets, document compliance with finance-related legal and contractual requirements and prepare financial statements.

The following misstatements were noted for the year ended December 31, 2013 resulting in the following adjustments:

- All of the homestead and rollback receipts were misclassified as taxes rather than as intergovernmental receipts in all funds.
- Special assessments for delinquent sewer accounts totaling \$11,089 were misclassified as miscellaneous receipts rather than as special assessments in the Sewer Fund.
- The June gasoline tax receipts was posted entirely to the State Highway fund resulting in an adjustment to move \$422 from the State Highway fund to the Street Construction, Maintenance and Repair Fund.
- Receipts from building permits and marriage licenses totaling \$95 were misclassified as other receipts rather than as fines, licenses and permits in General Fund.
- All receipts (\$11,803) and disbursements (\$11,250) relating to Mayor's Court were incorrectly accounted for in the Police Special Revenue Fund rather than in the Mayor's Court Agency Fund. As a result, adjustments were proposed to properly report this activity.

The following misstatements were noted for the year ended December 31, 2014 resulting in the following adjustments:

- The Fiscal Officer incorrectly posted \$4,000 from sewer billings as charges for services in the Debt Service Fund rather than posting all charges from billings to the sewer fund and then showing a transfer from the sewer fund to the debt service fund. An adjustment was made to properly show the correct flow of the monies.
- Special assessments for delinquent sewer accounts totaling \$8,300 were misclassified as miscellaneous receipts rather than as special assessments in the Sewer Fund.
- All receipts (\$14,095) and disbursements (\$14,346) relating to Mayor's Court were incorrectly accounted for in the Police Special Revenue Fund rather than in the Mayor's Court Agency Fund. As a result, adjustments were proposed to properly report this activity.

These misstatements were caused by a lack of management oversight. As a result, significant adjustments and reclassification, with which the Village's management agrees, were made to the financial statements and ledgers and are reflected in the accompanying financial statements.

To ensure the Village's financial statements and notes to the financial statements are complete and accurate, the Fiscal Officer should review the audit adjustments, Village Officer's Handbook, and Auditor of State Bulletin 2011-004 for guidance on the correct line items to post various receipts and expenditures as well as fund balance classifications of the Village in future years.

**VILLAGE OF SENECVILLE
GUERNSEY COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2014 AND 2013
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2014-002

Noncompliance and Material Weakness

Ohio Admin. Code § 117-2-02(A) provides that, when designing the public office's system of internal control and the specific control activities, management should consider ensuring that accounting records are properly designed, verifying the existence and valuation of assets and liabilities and periodically reconcile them to the accounting records, and performing analytical procedures to determine the reasonableness of financial data.

The police department citation log had many different sequences of tickets issued out in the field. Citation books were not always issued to officers in the next sequence of tickets available. Additionally, ticket logs were not maintained by either the Mayor or the Village Marshall.

As such, we were unable to satisfy ourselves as to the completeness of Fines, Licenses and Permits receipts recorded in the General Fund in 2014 and 2013 and Other Non-operating Receipts in the Fiduciary Fund Type in 2014 and 2013. We have modified the opinion accordingly. These receipts represent 31 and 28 percent of total General Fund operating receipts for the years ended December 31, 2014 and 2013, respectively and 100 percent of receipts of the Fiduciary Fund Type for the years ended December 31, 2014 and 2013.

Proper control should be maintained over issued and unissued tickets by the Village Marshall or Mayor's Court Clerk by ensuring:

- Unissued ticket books are stored in a secure location.
- Tickets are issued in sequential order.
- All tickets are accounted for before the next book is issued.
- Any discrepancies are investigated promptly.
- A periodic (perhaps yearly) inventory is taken to determine the status of the issued tickets.
- All parts of a voided ticket are retained and stored in sequence with the other tickets. (Normally, the next ticket issued should replace the voided ticket.)

FINDING NUMBER 2014-003

Noncompliance and Material Weakness

Ohio Rev. Code § 733.40 requires all fines, forfeitures and costs in ordinances cases and all fees that are collected by the Mayor, that come into the Mayor's hands, that are due to the Mayor and all money received by the Mayor for use of the municipal corporation be paid by the Mayor into the municipality on the first Monday of each month. At the first regular meeting of the legislative authority each month, the Mayor shall submit a full statement of money received, from whom and for what purposes received, and when paid into the treasury.

The Mayor's Court did not pay the monies collected into the Village prior to the first Monday of the month in 2014 and 2013, but, rather, all such fines remained in the Police Fund. The audited financial statements reflect the General Fund's required portion relating to these fines. The Clerk of Mayor's Court should pay all monies collected to the Village's General Fund by the first Monday of the month following receipt.

The Village Council should establish an Agency Fund for all court receipts and disbursements. At the end of each month, the Village portion of Court fines collected should be remitted to the General Fund.

**VILLAGE OF SENECAVILLE
GUERNSEY COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2014 AND 2013
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2014-004

Material Weakness

Auditor of State Bulletin 2011-004 mandated Governmental Accounting Standard Board Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions for financial statements for periods beginning after June 15, 2010. This bulletin required entity's to formally adopt a fund balance policy. The policy should specify the following:

- 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.
- For unrestricted fund balances, the classification should be based on the government's accounting policies regarding whether it considers committed, assigned, or unassigned amounts to have been spent when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.
- If a government does not establish a policy for its use of unrestricted fund balance amounts, it should consider that committed amounts would be reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

The Village has not adopted a policy. We also found the Village improperly reported appropriations in excess of estimated receipts in the General Fund as unassigned instead of reporting the excess as assigned, in the amounts of \$48,628 and \$63,216 during 2014 and 2013, respectively. The General Fund cash fund balances have been reclassified on the 2014 and 2013 financial statements.

Council and management should review AOS Bulletin 2011-004 for proper reporting of cash fund balances and establish a fund balance policy to ensure compliance.

Official's Response: We did not receive a response from Officials to any of the aforementioned findings.

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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
MARCH 17, 2016**