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Certified Public Accountants, A.C.

**VILLAGE OF SEAMAN
ADAMS COUNTY
Regular Audit**

For the Years Ended December 31, 2016 and 2015

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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, 2015 through December 31, 2016. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Village of Seaman is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

October 5, 2017

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Village of Seaman, Ohio
Adams County

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INDEPENDENT AUDITOR'S REPORT

July 17, 2017

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 of the cash balances, receipts, and disbursements by fund type, and related notes of the **Village of Seaman**, Adams County (the Village) as of and for the years ended December 31, 2016 and 2015.

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 opinions.

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

As described in Note 2 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, 2016 and 2015, 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, 2016 and 2015, 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 2.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 17, 2017, 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 (REGULATORY CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2016**

	<u>General</u>	<u>Special Revenue</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts			
Property and Other Local Taxes	\$ 142,966	\$ -	\$ 142,966
Intergovernmental	23,406	33,655	57,061
Fines, Licenses and Permits	53,468	-	53,468
Miscellaneous	7,497	7,101	14,598
<i>Total Cash Receipts</i>	<u>227,337</u>	<u>40,756</u>	<u>268,093</u>
Cash Disbursements			
Current:			
Security of Persons and Property	43,819	1,473	45,292
Basic Utility Services	14,924	-	14,924
Transportation	-	11,156	11,156
General Government	127,302	-	127,302
<i>Total Cash Disbursements</i>	<u>186,045</u>	<u>12,629</u>	<u>198,674</u>
<i>Net Change in Fund Cash Balances</i>	41,292	28,127	69,419
<i>Fund Cash Balances, January 1</i>	<u>68,957</u>	<u>16,310</u>	<u>85,267</u>
Fund Cash Balances, December 31			
Restricted	-	44,437	44,437
Unassigned	110,249	-	110,249
<i>Fund Cash Balances, December 31</i>	<u>\$ 110,249</u>	<u>\$ 44,437</u>	<u>\$ 154,686</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 (REGULATORY CASH BASIS)
ALL PROPRIETARY AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2016**

	<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	\$ 409,521	\$ -	\$ 409,521
Miscellaneous	6,534	-	6,534
<i>Total Operating Cash Receipts</i>	<u>416,055</u>	<u>-</u>	<u>416,055</u>
Operating Cash Disbursements			
Personal Services	91,841	-	91,841
Employee Fringe Benefits	19,478	-	19,478
Contractual Services	255,642	-	255,642
Supplies and Materials	2,749	-	2,749
<i>Total Operating Cash Disbursements</i>	<u>369,710</u>	<u>-</u>	<u>369,710</u>
<i>Operating Income</i>	<u>46,345</u>	<u>-</u>	<u>46,345</u>
Non-Operating Receipts (Disbursements)			
Principal Retirement	(1,479)	-	(1,479)
Interest and Other Fiscal Charges	(626)	-	(626)
Other Financing Sources	-	58,994	58,994
Other Financing Uses	-	(61,669)	(61,669)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(2,105)</u>	<u>(2,675)</u>	<u>(4,780)</u>
<i>Net Change in Fund Cash Balances</i>	44,240	(2,675)	41,565
<i>Fund Cash Balances, January 1</i>	<u>146,748</u>	<u>7,056</u>	<u>153,804</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$ 190,988</u></u>	<u><u>\$ 4,381</u></u>	<u><u>\$ 195,369</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 (REGULATORY CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2015**

	<u>General</u>	<u>Special Revenue</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts			
Property and Other Local Taxes	\$ 117,380	\$ -	\$ 117,380
Intergovernmental	19,105	31,701	50,806
Fines, Licenses and Permits	33,021	-	33,021
Miscellaneous	6,616	7,112	13,728
<i>Total Cash Receipts</i>	<u>176,122</u>	<u>38,813</u>	<u>214,935</u>
Cash Disbursements			
Current:			
Security of Persons and Property	27,150	7,756	34,906
Basic Utility Service	14,684	-	14,684
Transportation	-	27,287	27,287
General Government	108,764	-	108,764
<i>Total Cash Disbursements</i>	<u>150,598</u>	<u>35,043</u>	<u>185,641</u>
<i>Net Change in Fund Cash Balances</i>	25,524	3,770	29,294
<i>Fund Cash Balances, January 1</i>	<u>43,433</u>	<u>12,540</u>	<u>55,973</u>
Fund Cash Balances, December 31			
Restricted	-	16,310	16,310
Unassigned	68,957	-	68,957
<i>Fund Cash Balances, December 31</i>	<u><u>\$ 68,957</u></u>	<u><u>\$ 16,310</u></u>	<u><u>\$ 85,267</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 (REGULATORY CASH BASIS)
ALL PROPRIETARY AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2015**

	<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	\$ 403,371	\$ -	\$ 403,371
Miscellaneous	3,850	-	3,850
<i>Total Operating Cash Receipts</i>	<u>407,221</u>	<u>-</u>	<u>407,221</u>
Operating Cash Disbursements			
Personal Services	85,480	-	85,480
Employee Fringe Benefits	17,673	-	17,673
Contractual Services	284,810	-	284,810
Supplies and Materials	7,814	-	7,814
<i>Total Operating Cash Disbursements</i>	<u>395,777</u>	<u>-</u>	<u>395,777</u>
<i>Operating Income</i>	<u>11,444</u>	<u>-</u>	<u>11,444</u>
Non-Operating Receipts (Disbursements)			
Principal Retirement	(1,449)	-	(1,449)
Interest and Other Fiscal Charges	(656)	-	-
Other Financing Sources	-	43,218	43,218
Other Financing Uses	-	(39,218)	(39,218)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(2,105)</u>	<u>4,000</u>	<u>1,895</u>
<i>Net Change in Fund Cash Balances</i>	9,339	4,000	13,339
<i>Fund Cash Balances, January 1 (Restated See Note 11)</i>	<u>137,409</u>	<u>3,056</u>	<u>140,465</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 146,748</u>	<u>\$ 7,056</u>	<u>\$ 153,804</u>

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

Village of Seaman, Ohio
Adams County
Notes to the Financial Statements
For the Years Ended December 31, 2016 and 2015

Note 1 - Reporting Entity

The Village of Seaman (the Village), Adams County, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. 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.

Public Entity Risk Pools

The Village participates in a public entity risk pool. Note 6 to the financial statements provides additional information for that entity. The Village's management believes these financial statements present all activities for which the Village is financially accountable.

Note 2 - Summary of Significant Accounting Policies

Basis of Presentation

The Village's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types, and a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all proprietary and fiduciary fund types which are organized on a fund type basis.

Fund Accounting

The Village uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Village are presented below:

General Fund The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Village for any purpose provided it is expended or transferred according to the general laws of Ohio.

Special Revenue Funds These funds account for and report the proceeds of 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 Funds:

Street Construction Maintenance and Repair Fund The street construction maintenance and repair fund accounts for and reports that portion of the State gasoline tax and motor vehicle license registration fees restricted for construction, maintenance, and repair of streets within the Village.

K-9 Fund The K-9 fund accounts for and reports donations to fund K-9 police operations.

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 Fund The water fund accounts for the provision of water treatment and distribution to the residents and commercial users located within the Village.

Sewer Fund The sewer fund accounts for the provision of sanitary sewer services to the residents and commercial users within the Village.

Village of Seaman, Ohio
Adams County
Notes to the Financial Statements
For the Years Ended December 31, 2016 and 2015

Note 2 - Summary of Significant Accounting Policies (Continued)

Fund Accounting (Continued)

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.

Basis of Accounting

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.

Budgetary Process

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

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

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.

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 2016 and 2015 budgetary activity appears in Note 3.

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.

Capital Assets

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

Village of Seaman, Ohio
Adams County
Notes to the Financial Statements
For the Years Ended December 31, 2016 and 2015

Note 2 - Summary of Significant Accounting Policies (Continued)

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.

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:

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

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.

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.

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.

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.

Village of Seaman, Ohio
Adams County
Notes to the Financial Statements
For the Years Ended December 31, 2016 and 2015

Note 3 - Budgetary Activity

Budgetary activity for the years ending 2016 and 2015 follows:

2016 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 176,059	\$ 227,337	\$ 51,278
Special Revenue	33,341	40,756	7,415
Enterprise	407,200	416,055	8,855
Total	\$ 616,600	\$ 684,148	\$ 67,548

2016 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 187,569	\$ 186,045	\$ 1,524
Special Revenue	36,841	12,629	24,212
Enterprise	457,200	371,815	85,385
Total	\$ 681,610	\$ 570,489	\$ 111,121

2015 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 170,264	\$ 176,122	\$ 5,858
Special Revenue	33,893	38,813	4,920
Enterprise	426,995	407,221	(19,774)
Total	\$ 631,152	\$ 622,156	\$ (8,996)

2015 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 167,500	\$ 150,598	\$ 16,902
Special Revenue	37,652	35,043	2,609
Enterprise	466,995	397,882	69,113
Total	\$ 672,147	\$ 583,523	\$ 88,624

Note 4 – 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:

	2016	2015
Demand deposits	\$ 320,055	\$ 209,071
Certificates of deposit	30,000	30,000
Total deposits	\$ 350,055	\$ 239,071

Village of Seaman, Ohio
Adams County
Notes to the Financial Statements
For the Years Ended December 31, 2016 and 2015

Note 4 – Deposits and Investments (Continued)

Deposits

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

Note 5 – Taxes

Property Taxes

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.

Note 6 - 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. 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 York. 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, 2016 and 2015, 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.

Village of Seaman, Ohio
Adams County
Notes to the Financial Statements
For the Years Ended December 31, 2016 and 2015

Note 6 - Risk Management (Continued)

Financial Position

PEP's financial statements (audited by other auditor's) conform with generally accepted accounting principles, and reported the following assets, liabilities and net position at December 31, 2016.

	<u>2016</u>	<u>2015</u>
Assets	\$42,182,281	\$38,307,677
Liabilities	(13,396,700)	(12,759,127)
Net Position	<u>\$28,785,581</u>	<u>\$25,548,550</u>

At December 31, 2016 and 2015, respectively, the liabilities above include approximately \$12.0 million and \$11.5 million of estimated incurred claims payable. The assets above also include approximately \$11.5 million and \$11.0 million of unpaid claims to be billed. The Pool's membership increased from 488 members in 2014 to 499 members in 2015 to 520 members in 2016. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2016, the Village's share of these unpaid claims collectible in future years is approximately \$13,000.

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.

<u>2016 Contributions to PEP</u> \$ 20,810	<u>2015 Contributions to PEP</u> \$19,224
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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.

Note 7 - Defined Benefit Pension Plans

Ohio Public Employees Retirement System

Some 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.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10%, of their gross salaries and the Village contributed an amount equaling 14%, of participants' gross salaries. The Village has paid all contributions required through December 31, 2016.

Village of Seaman, Ohio
Adams County
Notes to the Financial Statements
For the Years Ended December 31, 2016 and 2015

Note 7 - Defined Benefit Pension Plans (Continued)

Ohio Police and Fire Retirement System

Some of the Village's certified Fire Fighters and full-time Police Officers belong to the Police and Fire Pension Fund (OP&F). OP&F 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.

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed from January 1, 2015, through June 30, 2015, OP&F participants contributed 11.5% of their wages. From July 1, 2015, through December 31, 2016, OP&F participants contributed 12.25% of their wages. For 2016 and 2015, the Village contributed to OP&F an amount equal to 19.5% of full-time police members' wages. The Village has paid all contributions required through December 31, 2016.

Note 8 - Postemployment Benefits

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. OPERS contributes 2 percent of the employer contribution to fund these benefits, and OP&F contributes 0.5 percent to fund these benefits.

Note 9 – Debt

Debt outstanding at December 31, 2016 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
OWDA - 6663 Waterline Replacement	\$ 30,207	2.00%
Total	<u>\$ 30,207</u>	

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.

Village of Seaman, Ohio
Adams County
Notes to the Financial Statements
For the Years Ended December 31, 2016 and 2015

Note 9 – Debt (Continued)

Amortization

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

Year ending December 31:	OWDA #6663
2016	\$ 2,105
2017	2,105
2018	2,105
2019	2,105
2020	2,105
2021-2025	10,525
2026-2030	10,525
2031-2035	7,367
Total	\$ 38,942

Note 10 – Contingent Liabilities

Amounts grantor agencies pay to the Village are subject to audit and adjustment by the grantor. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

Note 11 – Restatement of Prior Period Fund Balances

The Village's Mayors Court account had a balance as of December 31, 2014. As such, beginning fund cash balance was adjusted to reflect this action. This adjustments had the following effect on previously reported fund cash balances:

	Agency Fund
Fund Cash Balances, December 31, 2014	\$ -
Beginning Fund Balance Adjustment	3,056
Restated Fund Cash Balances, January 1, 2015	\$ 3,056



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1310 Market St., Suite 300
Wheeling, WV 26003
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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**

July 17, 2017

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 cash balances, receipts, and disbursements by fund type of the **Village of Seaman**, Adams County (the Village) as of and for the years ended December 31, 2016 and 2015, and the related notes to the financial statements and have issued our report thereon dated July 17, 2017, 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.

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 audit findings that we consider material weaknesses. We consider findings 2016-001 and 2016-002 to be material weaknesses.

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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 no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

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 July 17, 2017.

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, Ohio
Adams County**

**SCHEDULE OF AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

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

FINDING NUMBER 2016-001

Material Weakness

Posting Receipts and Disbursements and Fund Balance Classification

The Village should have procedures and controls in place to help prevent and detect errors in financial reporting. Fund balances should be properly classified based on Governmental Accounting Standards Statement No. 54 Fund Balance Reporting and Governmental Fund Type Definitions.

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

- During 2015, the Village did not post beginning fund balances on the financial statements.
- During 2016 and 2015, the Village classified Special Revenue fund balance as Unassigned instead of Restricted.
- During 2016 and 2015, the Village incorrectly posted General Governmental disbursements as Basic Utility Service, Security of Persons and Property, and Miscellaneous disbursements in the General Fund.
- During 2016 and 2015, the Village incorrectly posted Transportation disbursements as Miscellaneous disbursements in the Street Construction Fund, State Highway Fund, and Permissive Fund.
- During 2015, the Village incorrectly posted Security of Persons and Property disbursements as Miscellaneous disbursements in the K-9 Fund, and Police Training Fund.
- During 2016, the Village incorrectly posted Security of Persons and Property disbursements as Miscellaneous disbursements in the K-9 Fund.
- During 2015, the Village incorrectly posted Employee Fringe Benefit and Supplies and Materials disbursements as Personal Services and Contractual Services in the Sewer Fund.
- During 2015, the Village incorrectly posted Employee Fringe Benefit disbursements as Personal Services and Contractual Services in the Water Fund.
- During 2016 and 2015, the Village did not properly classify debt payments in the Water Fund.
- During 2015, the Village incorrectly posted a prior audit fund balance adjustment as Miscellaneous in the Sewer fund and Contractual Services in the Water Fund.
- During 2015 and 2016, the Village did not properly classify Mayor's Court activity.

Not posting receipts and disbursements accurately resulted in the financial statements requiring reclassifications and adjustments. The financial statements reflect all reclassifications and adjustments.

To help ensure accuracy and reliability in the financial reporting process, we recommend management perform a detailed review of its draft financial statements. Such review should include procedures to ensure that all receipts and disbursements are properly identified and classified on the financial statements. We recommend the Village ensure that the account codes used within its accounting system roll-up into the correct line item on the Village's financial statements. We also recommend the Village refer to the Ohio Village Handbook for guidance to determine the proper posting of receipts. The Fiscal Officer should refer to Auditor of State Technical Bulletin 2011-004 for assistance in properly classifying fund balances.

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

Village of Seaman, Ohio
Adams County

SCHEDULE OF AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

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

FINDING NUMBER 2016-002

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.

**Village of Seaman, Ohio
Adams County**

**SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2014-001	Posting Receipts and Disbursements	No	Not Corrected; Repeated as Finding 2016-001
2014-002	Financial Controls	No	Not Corrected; Repeated as Finding 2016-002
2014-003	GASB 54 Presentation	No	Not Corrected; Repeated as Finding 2016-001
2014-004	Ohio Revised Code Section 5705.41(B)	Yes	
2014-005	Ohio Revised Code Section 5705.39	Yes	
2014-006	Ohio Revised Code Section 2949.091(A)(1)	Yes	

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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
OCTOBER 17, 2017