



**VILLAGE OF SEAMAN
ADAMS COUNTY
Regular Audit
For the Years Ended December 31, 2018 and 2017**

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Members of Council
Village of Seaman
PO Box 48
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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, 2017 through December 31, 2018. 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.

Keith Faber
Auditor of State
Columbus, Ohio

September 9, 2019

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**VILLAGE OF SEAMAN
ADAMS COUNTY**

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INDEPENDENT AUDITOR'S REPORT

July 24, 2019

Village of Seaman
Adams County
P.O. Box 48
Seaman, OH 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, Ohio (the Village) as of and for the years ended December 31, 2018 and 2017.

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 such 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 permitted 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, 2018 and 2017, 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 cash balances, receipts and disbursements by fund type, and related notes of the Village of Seaman, Adams County as of December 31, 2018 and 2017, 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 24, 2019, 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, 2018**

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Property and Other Local Taxes	\$ 194,700	\$ 41,461	\$ 236,161
Intergovernmental	29,862	40,036	69,898
Fines, Licenses and Permits	46,868	97	46,965
Earnings on Investments	77	-	77
Miscellaneous	8,351	857	9,208
<i>Total Cash Receipts</i>	<u>279,858</u>	<u>82,451</u>	<u>362,309</u>
Cash Disbursements			
Current:			
Security of Persons and Property	128,561	1,758	130,319
Basic Utility Services	27,419	473	27,892
Transportation	-	72,847	72,847
General Government	69,748	-	69,748
<i>Total Cash Disbursements</i>	<u>225,728</u>	<u>75,078</u>	<u>300,806</u>
<i>Net Change in Fund Cash Balances</i>	54,130	7,373	61,503
<i>Fund Cash Balances, January 1</i>	<u>122,605</u>	<u>60,415</u>	<u>183,020</u>
Fund Cash Balances, December 31			
Restricted	-	67,788	67,788
Assigned	93,593	-	93,593
Unassigned	83,142	-	83,142
<i>Fund Cash Balances, December 31</i>	<u>\$ 176,735</u>	<u>\$ 67,788</u>	<u>\$ 244,523</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, 2018**

	<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	\$ 435,379	\$ -	\$ 435,379
Miscellaneous	16,431	-	16,431
	<u>451,810</u>	<u>-</u>	<u>451,810</u>
<i>Total Operating Cash Receipts</i>			
Operating Cash Disbursements			
Personal Services	99,548	-	99,548
Employee Fringe Benefits	17,523	-	17,523
Contractual Services	267,459	-	267,459
	<u>384,530</u>	<u>-</u>	<u>384,530</u>
<i>Total Operating Cash Disbursements</i>			
<i>Operating Income</i>	<u>67,280</u>	<u>-</u>	<u>67,280</u>
Non-Operating Receipts (Disbursements)			
Principal Retirement	(1,539)	-	(1,539)
Interest and Other Fiscal Charges	(566)	-	(566)
Other Financing Sources	-	45,468	45,468
Other Financing Uses	-	(46,505)	(46,505)
	<u>(2,105)</u>	<u>(1,037)</u>	<u>(3,142)</u>
<i>Total Non-Operating Receipts (Disbursements)</i>			
<i>Net Change in Fund Cash Balances</i>	65,175	(1,037)	64,138
<i>Fund Cash Balances, January 1</i>	<u>168,100</u>	<u>4,063</u>	<u>172,163</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$ 233,275</u></u>	<u><u>\$ 3,026</u></u>	<u><u>\$ 236,301</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 Year Ended December 31, 2018

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 Pool

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

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.

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 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 – 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.

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.

VILLAGE OF SEAMAN
ADAMS COUNTY
Notes To The Financial Statements
For The Year Ended December 31, 2018
(Continued)

Note 2 – Summary of Significant Accounting Policies (Continued)

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

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 Village 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, and 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 commitments are made. Encumbrances outstanding at year end cancelled, and reappropriated in the subsequent year.

A summary of 2018 budgetary activity appears in Note 4.

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.

VILLAGE OF SEAMAN
ADAMS COUNTY
Notes To The Financial Statements
For The Year Ended December 31, 2018
(Continued)

Note 2 – Summary of Significant Accounting Policies (Continued)

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.

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.

Note 3 – Compliance

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the Street Construction, Maintenance and Repair and Permissive Motor Vehicle License Tax Funds by \$7,902 and \$3,054, respectively, for the year ended December 31, 2018.

VILLAGE OF SEAMAN
ADAMS COUNTY
Notes To The Financial Statements
For The Year Ended December 31, 2018
(Continued)

Note 4 – Budgetary Activity

Budgetary activity for the year ending December 31, 2018 follows:

2018 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 223,261	\$ 279,858	\$ 56,597
Special Revenue	68,650	82,451	13,801
Enterprise	395,200	451,810	56,610
Total	<u>\$ 687,111</u>	<u>\$ 814,119</u>	<u>\$ 127,008</u>

2018 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 331,322	\$ 225,728	\$ 105,594
Special Revenue	74,190	75,078	(888)
Enterprise	465,200	386,635	78,565
Total	<u>\$ 870,712</u>	<u>\$ 687,441</u>	<u>\$ 183,271</u>

Note 5 – 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:

	2018
Demand deposits	\$ 450,189
Certificates of deposit	30,635
Total deposits	<u>\$ 480,824</u>

Deposits

Deposits are insured by the Federal Depository Insurance Corporation or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

Note 6 – 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.

VILLAGE OF SEAMAN
ADAMS COUNTY
Notes To The Financial Statements
For The Year Ended December 31, 2018
(Continued)

Note 7 – Risk Management

Risk Pool Membership

The Village is a member of the Public Entities Pool of Ohio (the Pool). The Pool assumes the risk of loss up to the limits of the Village's policy. The Pool covers the following risks:

- General liability and casualty
- Public official's liability
- Cyber
- Law enforcement liability
- Automobile liability
- Vehicles
- Property
- Equipment breakdown

The Pool reported the following summary of assets and actuarially-measured liabilities available to pay those liabilities as of December 31:

	2018
Cash and investments	\$ 35,381,789
Actuarial liabilities	\$ 12,965,015

Note 8 – 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, 2018.

Ohio Police and Fire Retirement System

Some of the Village's certified 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 12.25% of their wages. 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, 2018.

VILLAGE OF SEAMAN
ADAMS COUNTY
Notes To The Financial Statements
For The Year Ended December 31, 2018
(Continued)

Note 9 – 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. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2018. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2018. OP&F contributes 0.5 percent to fund these benefits.

Beginning January 1, 2019, OP&F is changing its retiree health care model and the current self-insured health care plan will no longer be offered. In its place is a stipend-based health care model. A stipend funded by OP&F will be placed in individual Health Reimbursement Accounts that retirees will use to be reimbursed for health care expenses.

Note 10 – Debt

Debt outstanding at December 31, 2018 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
OWDA Loan #6663	<u>\$ 27,160</u>	<u>2%</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 from the OWDA Enterprise Fund.

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

<u>Year Ending December 31:</u>	<u>OWDA Loan #6663</u>
2019	\$ 2,105
2020	2,105
2021	2,105
2022	2,105
2023	2,105
2024-2028	10,525
2029-2033	<u>10,525</u>
Total	<u>\$ 31,575</u>

**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, 2017**

	<u>General</u>	<u>Special Revenue</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts			
Property and Other Local Taxes	\$ 129,701	\$ 29,786	\$ 159,487
Intergovernmental	30,147	36,407	66,554
Fines, Licenses and Permits	51,237	-	51,237
Earnings on Investments	76	-	76
Miscellaneous	7,532	5,268	12,800
	<u>218,693</u>	<u>71,461</u>	<u>290,154</u>
<i>Total Cash Receipts</i>			
Cash Disbursements			
Current:			
Security of Persons and Property	133,476	1,684	135,160
Basic Utility Service	26,126	368	26,494
Transportation	-	53,431	53,431
General Government	47,217	-	47,217
	<u>206,819</u>	<u>55,483</u>	<u>262,302</u>
<i>Total Cash Disbursements</i>			
<i>Net Change in Fund Cash Balances</i>	11,874	15,978	27,852
<i>Fund Cash Balances, January 1 (Restated - See Note 10)</i>	<u>110,731</u>	<u>44,437</u>	<u>155,168</u>
Fund Cash Balances, December 31			
Restricted	-	60,415	60,415
Assigned	108,061	-	108,061
Unassigned	14,544	-	14,544
	<u>122,605</u>	<u>60,415</u>	<u>183,020</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 122,605</u>	<u>\$ 60,415</u>	<u>\$ 183,020</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, 2017**

	<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	\$ 426,272	\$ -	\$ 426,272
Miscellaneous	11,122	-	11,122
	<u>437,394</u>	<u>-</u>	<u>437,394</u>
<i>Total Operating Cash Receipts</i>			
Operating Cash Disbursements			
Personal Services	98,018	-	98,018
Employee Fringe Benefits	17,128	-	17,128
Contractual Services	342,886	-	342,886
Other	145	-	145
	<u>458,177</u>	<u>-</u>	<u>458,177</u>
<i>Total Operating Cash Disbursements</i>			
<i>Operating Loss</i>	<u>(20,783)</u>	<u>-</u>	<u>(20,783)</u>
Non-Operating Receipts (Disbursements)			
Principal Retirement	(1,508)	-	(1,508)
Interest and Other Fiscal Charges	(597)	-	(597)
Other Financing Sources	-	66,701	66,701
Other Financing Uses	-	(67,019)	(67,019)
	<u>(2,105)</u>	<u>(318)</u>	<u>(2,423)</u>
<i>Total Non-Operating Receipts (Disbursements)</i>			
<i>Net Change in Fund Cash Balances</i>	(22,888)	(318)	(23,206)
<i>Fund Cash Balances, January 1</i>	<u>190,988</u>	<u>4,381</u>	<u>195,369</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$ 168,100</u></u>	<u><u>\$ 4,063</u></u>	<u><u>\$ 172,163</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 Year Ended December 31, 2017

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 Pool

The Village participates in a public entity risk pool. Note 6 to the financial statements provides additional information for this entity. This organization is:

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.

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 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 – 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.

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.

VILLAGE OF SEAMAN
ADAMS COUNTY
Notes To The Financial Statements
For The Year Ended December 31, 2017
(Continued)

Note 2 – Summary of Significant Accounting Policies (Continued)

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

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 Village 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, and 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 commitments are made. Encumbrances outstanding at year end cancelled, and reappropriated in the subsequent year.

A summary of 2017 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.

VILLAGE OF SEAMAN
ADAMS COUNTY
Notes To The Financial Statements
For The Year Ended December 31, 2017
(Continued)

Note 2 – Summary of Significant Accounting Policies (Continued)

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.

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
ADAMS COUNTY
Notes To The Financial Statements
For The Year Ended December 31, 2017
(Continued)

Note 3 – Budgetary Activity

Budgetary activity for the year ending December 31, 2017 follows:

2017 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 209,809	\$ 218,693	\$ 8,884
Special Revenue	64,820	71,461	6,641
Enterprise	392,200	437,394	45,194
Total	<u>\$ 666,829</u>	<u>\$ 727,548</u>	<u>\$ 60,719</u>

2017 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 248,767	\$ 206,819	\$ 41,948
Special Revenue	86,511	55,483	31,028
Enterprise	512,200	460,282	51,918
Total	<u>\$ 847,478</u>	<u>\$ 722,584</u>	<u>\$ 124,894</u>

Note 4 – 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:

	2017
Demand deposits	\$ 324,625
Certificates of deposit	30,558
Total deposits	<u>\$ 355,183</u>

Deposits

Deposits are insured by the Federal Depository Insurance Corporation or collateralized by securities specifically pledged by the financial institution to the Village.

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.

VILLAGE OF SEAMAN
ADAMS COUNTY
Notes To The Financial Statements
For The Year Ended December 31, 2017
(Continued)

Note 6 – Risk Management

Risk Pool Membership

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, 2017, 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 auditor's) conform with generally accepted accounting principles, and reported the following assets, liabilities and net position at December 31, 2017.

	<u>2017</u>
Assets	\$44,452,326
Liabilities	(13,004,011)
Net Position	\$31,448,315

At December 31, 2017 the liabilities above include approximately \$11.8 million of estimated incurred claims payable. The assets above also include approximately \$11.2 million of unpaid claims to be billed. The Pool's membership increased to 527 members in 2017. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2017, the Village's share of these unpaid claims collectible in future years is approximately \$15,000.

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 SEAMAN
ADAMS COUNTY
Notes To The Financial Statements
For The Year Ended December 31, 2017
(Continued)

Note 6 – Risk Management (Continued)

Risk Pool Membership (Continued)

<u>2017 Contributions to PEP</u>

\$23,375

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, 2017.

Ohio Police and Fire Retirement System

Some of the Village's certified 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 12.25% of their wages. 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, 2017.

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 1 percent of the employer contribution to fund these benefits, and OP&F contributes 0.5 percent to fund these benefits.

VILLAGE OF SEAMAN
ADAMS COUNTY
Notes To The Financial Statements
For The Year Ended December 31, 2017
(Continued)

Note 9 – Debt

Debt outstanding at December 31, 2017 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
OWDA Loan #6663	<u>\$ 28,699</u>	<u>2%</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 from the OWDA Enterprise Fund.

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

<u>Year Ending December 31:</u>	<u>OWDA Loan #6663</u>
2018	\$ 2,105
2019	2,105
2020	2,105
2021	2,105
2022	2,105
2023-2027	10,525
2028-2032	10,525
2033	2,105
Total	<u>\$ 33,680</u>

Note 10 – Restatement of Prior Period Fund Balance

The Village's fund cash balance at January 1, 2017 in the General Fund has been restated for interest on certificates of deposit that was not posted in prior years. This adjustment resulted in the following changes in fund balance at January 1, 2017:

	<u>General Fund</u>
Fund Balance at December 31, 2016 as Previously Reported	\$ 110,249
Adjustment to Record CD Interest	<u>482</u>
Fund Balance January 1, 2017 as Restated	<u>\$ 110,731</u>



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Cambridge, OH 43725
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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 24, 2019

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, 2018 and 2017, and the related notes to the financial statements and have issued our report thereon dated July 24, 2019, 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 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 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 deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify a certain deficiency in internal control, described in the accompanying schedule of audit findings, that we consider a material weakness. We consider finding 2018-001 to be a material weakness.

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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 an instance of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of audit findings as item 2018-002.

We also noted certain matters not requiring inclusion in this report that we reported to the Village's management in a separate letter dated July 24, 2019.

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, 2018 and 2017

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

FINDING NUMBER 2018-001

Material Weakness

Posting Receipts, 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 2018 and 2017, the Village did not post beginning fund balances on the financial statements;
- During 2018 and 2017, the Village did not reclassify a portion of the General Fund balance as Assigned;
- During 2018 and 2017, the Village classified Special Revenue Fund balances as Unassigned instead of Restricted;
- During 2018 and 2017, the Village did not post interest on their CDs in the General Fund;
- During 2018 and 2017, the Village did not properly allocate rollback receipts between the General and Street Construction, Maintenance and Repair Funds;
- During 2017, the Village classified Local Government Distributions as Property and Other Local Taxes instead of Intergovernmental in the General Fund;
- During 2017, the Village classified License Tax Distributions as Property and Other Local Taxes instead of Intergovernmental in the Street Construction, Maintenance and Repair and State Highway Funds;
- During 2017, the Village classified License Tax Distributions as Intergovernmental instead of Property and Other Local Taxes in the Permissive Motor Vehicle License Tax Fund;
- During 2018 and 2017, the Village incorrectly posted General Governmental and Security of Persons and Property disbursements as Miscellaneous disbursements in the General Fund;
- During 2018 and 2017, the Village incorrectly posted Transportation disbursements as Miscellaneous and Capital Outlay disbursements in the Street Construction, Maintenance and Repair, State Highway, and Permissive Motor Vehicle License Tax Funds;
- During 2018 and 2017, the Village incorrectly posted Security of Persons and Property disbursements as Miscellaneous disbursements in the K-9 Fund;
- During 2017, the Village incorrectly posted Basic Utility Services disbursements as Miscellaneous disbursements in the Street Construction, Maintenance and Repair Fund;
- During 2018 and 2017, the Village incorrectly posted receipts and disbursements in a Debt Service Fund for activity of the OWDA Fund;
- During 2018 and 2017, the Village incorrectly posted Employee Fringe Benefit and Contractual Services disbursements as Other in the Water and Sewer Funds;
- During 2018 and 2017, the Village did not properly classify debt payments in the OWDA Fund; and
- During 2018 and 2017, 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. The Village has posted all adjustments to its accounting system.

VILLAGE OF SEAMAN
ADAMS COUNTY
Schedule of Audit Findings
For The Years Ended December 31, 2018 and 2017

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2018-001 (Continued)

Material Weakness (Continued)

Posting Receipts, Disbursements, and Fund Balance Classification (Continued)

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.

FINDING NUMBER 2018-002

Noncompliance

Ohio Revised Code Section 5705.41(B) provides no subdivision shall make any expenditure of money unless it has been lawfully appropriated.

In 2018 we noted expenditures exceeding appropriations in the Street Construction, Maintenance and Repair and Permissive Motor Vehicle License Tax Funds by \$7,902 and \$3,054, respectively.

Inadequate policies and procedures in reviewing and approving budgetary information resulted in these errors. We recommend the Fiscal Officer and Council review and amend appropriations whenever necessary to help reduce the possibility of expenditures exceeding appropriations, provided sufficient resources are available.

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

VILLAGE OF SEAMAN
ADAMS COUNTY
Schedule of Prior Audit Findings
For The Years Ended December 31, 2018 and 2017

Finding Number	Finding Summary	Status	Additional Information
2016-001	Posting Receipts, Disbursements, and Fund Balance Classification	Not Corrected	Repeated as Finding 2018-001
2016-002	Financial Controls	Corrected	N/A

OHIO AUDITOR OF STATE KEITH FABER



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
SEPTEMBER 19, 2019**