



OHIO AUDITOR OF STATE
KEITH FABER



VILLAGE OF SENECAVILLE
GUERNSEY COUNTY

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OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT

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

To the Village Council:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of the Village of Senecaville, Guernsey 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 § 117.38 and Ohio Administrative Code § 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, 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.

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 § 117.38 and Ohio Administrative Code § 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

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

Though the Village does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D) permit. Our 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, 2018 and 2017, and the respective changes in financial position thereof for the years then ended.

Basis of Additional Opinion Qualification

Fines, Licenses and Permits receipts are reported at \$4,551 and \$4,828 for the years ended December 31, 2018 and 2017, respectively, which is 100 percent of total Agency Fund operating receipts for the years ended December 31, 2018 and 2017. We were unable to obtain sufficient appropriate audit evidence supporting the occurrence, completeness and existence of transactions recorded as fines, licenses and permits receipts. Consequently, we were unable to determine whether any adjustments to these amounts were necessary.

Additional Opinion Qualification

In our opinion, except for the possible effects of the matter described in the *Basis of Additional Opinion Qualification* paragraph, the financial statements referred to above present fairly, in all material respects, the cash balances of the Agency Fund of the Village of Senecaville, Guernsey County, Ohio as of December 31, 2018 and 2017, and its cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D) permit, described in Note 2.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances of the General, Special Revenue, Capital Projects, Debt Service and Enterprise funds of the Village of Senecaville, Guernsey County, Ohio, as of December 31, 2018 and 2017, and its receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D) permit, described in Note 2.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 7, 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.

A handwritten signature in black ink that reads "Keith Faber". The signature is written in a cursive, flowing style.

Keith Faber
Auditor of State
Columbus, Ohio

October 7, 2019

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Village of Senecaville, Ohio

Guernsey 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	Debt Service	Capital Projects	Totals (Memorandum Only)
Cash Receipts					
Property and Other Local Taxes	\$9,527	\$32,953	\$0	\$0	\$42,480
Intergovernmental	18,427	40,651	0	0	59,078
Special Assessments	0	0	1,014	0	1,014
Charges for Services	0	26,149	0	0	26,149
Fines, Licenses and Permits	7,321	0	0	0	7,321
Earnings on Investments	1,276	143	0	0	1,419
Miscellaneous	76,905	16,739	0	0	93,644
<i>Total Cash Receipts</i>	<u>113,456</u>	<u>116,635</u>	<u>1,014</u>	<u>0</u>	<u>231,105</u>
Cash Disbursements					
Current:					
Security of Persons and Property	9,403	48,681	0	0	58,084
Public Health Services	579	3,275	0	0	3,854
Leisure Time Activities	0	19,733	0	0	19,733
Basic Utility Services		2,000			2,000
Transportation	0	33,764	0	0	33,764
General Government	37,348	5,650	234	0	43,232
Capital Outlay	0	0	0	0	0
<i>Total Cash Disbursements</i>	<u>47,330</u>	<u>113,103</u>	<u>234</u>	<u>0</u>	<u>160,667</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>66,126</u>	<u>3,532</u>	<u>780</u>	<u>0</u>	<u>70,438</u>
Other Financing Receipts (Disbursements)					
Transfers In	0	65,000	0	0	65,000
Transfers Out	(65,000)	0	0	0	(65,000)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(65,000)</u>	<u>65,000</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Net Change in Fund Cash Balances</i>	1,126	68,532	780	0	70,438
<i>Fund Cash Balances, January 1</i>	<u>21,254</u>	<u>130,264</u>	<u>2,354</u>	<u>878</u>	<u>154,750</u>
Fund Cash Balances, December 31					
Restricted	0	198,796	3,134	878	202,808
Assigned	22,380	0	0	0	22,380
<i>Fund Cash Balances, December 31</i>	<u>\$22,380</u>	<u>\$198,796</u>	<u>\$3,134</u>	<u>\$878</u>	<u>\$225,188</u>

See accompanying notes to the basic financial statements

Village of Senecaville, Ohio

Guernsey 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

	Proprietary Fund Type	Fiduciary Fund Type	Totals
	Enterprise	Agency	(Memorandum Only)
Operating Cash Receipts			
Charges for Services	\$136,144	\$0	\$136,144
Fines, Licenses and Permits	0	4,551	4,551
<i>Total Operating Cash Receipts</i>	<u>136,144</u>	<u>4,551</u>	<u>140,695</u>
Operating Cash Disbursements			
Personal Services	32,302	0	32,302
Employee Fringe Benefits	7,004	0	7,004
Contractual Services	36,144	0	36,144
Supplies and Materials	19,776	0	19,776
Other	829	8,543	9,372
<i>Total Operating Cash Disbursements</i>	<u>96,055</u>	<u>8,543</u>	<u>104,598</u>
<i>Operating Income (Loss)</i>	<u>40,089</u>	<u>(3,992)</u>	<u>36,097</u>
Non-Operating Receipts (Disbursements)			
Special Assessments	13,890	0	13,890
Miscellaneous Receipts	1,258		1,258
Capital Outlay	(750)	0	(750)
Principal Retirement	(27,475)	0	(27,475)
Interest and Other Fiscal Charges	(23,611)	0	(23,611)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(36,688)</u>	<u>0</u>	<u>(36,688)</u>
<i>Net Change in Fund Cash Balances</i>	3,401	(3,992)	(591)
<i>Fund Cash Balances, January 1</i>	<u>70,403</u>	<u>3,992</u>	<u>74,395</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$73,804</u></u>	<u><u>\$0</u></u>	<u><u>\$73,804</u></u>

See accompanying notes to the basic financial statements

Village of Senecaville, Ohio
Guernsey County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 1 - Reporting Entity

The Village of Senecaville (the Village), Guernsey 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 services include general government services, street maintenance, sewer utility services and park operations. The Village contracts with Richland Township for the police and fire protection services.

The Village participates in the Public Entities Pool of Ohio, a risk-sharing pool available to Ohio local governments that provides property and casualty coverage for its members. (Note 7 to the financial statements provide addition information for this 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 purposes provided it is expended or transferred according to the general laws of Ohio.

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

Street Construction Maintenance and Repair – 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.

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

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

Village of Senecaville, Ohio
Guernsey County
Notes to the Financial Statements
For the Year Ended December 31, 2018
(Continued)

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

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

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

Municipal Building Construction Fund - The municipal building construction fund accounts for the potential construction of a new municipal building.

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

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

Sewer Operating Fund - The sewer fund receives charges for services from resident to cover sewer service cost.

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

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

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.

Village of Senecaville, Ohio
Guernsey County
Notes to the Financial Statements
For the Year Ended December 31, 2018
(Continued)

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 re-appropriated in the subsequent year.

A summary of 2018 budgetary activity appears in Note 4.

Deposits

The Village pools all available funds of the Village in an interest-bearing checking account.

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.

Fund Balance

Fund balance is divided into two 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:

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.

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.

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 Senecaville, Ohio
Guernsey County
Notes to the Financial Statements
For the Year Ended December 31, 2018
(Continued)

Note 3 – Compliance

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the General Fund by \$53,714 for the year ended December 31, 2018; the police department citation log did not maintain the sequence of tickets issues; the Village did not consistently certify the availability of funds prior to purchase commitments; the Village did not ensure that their depositories had adequate collateral; and the Village made an improper transfer in the General Fund.

Note 4 - Budgetary Activity

Budgetary activity for the year ending 2018 follows:

2018 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$37,543	\$113,456	\$75,913
Special Revenue	172,775	181,635	8,860
Debt Service	100	1,014	914
Capital Projects	0	0	0
Enterprise	225,300	151,292	(74,008)
Total	\$435,718	\$447,397	\$11,679

2018 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$58,616	\$112,330	(\$53,714)
Special Revenue	316,487	113,103	\$203,384
Debt Service	2,454	234	\$2,220
Enterprise	295,146	147,891	\$147,255
Total	\$672,703	\$373,558	\$299,145

Note 5 – 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:

	2018
Demand deposits	\$298,992

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. From January 1 through July 31, 2018, the Village's deposits were not insured or collateralized, contrary to Ohio law.

Village of Senecaville, Ohio
Guernsey County
Notes to the Financial Statements
For the Year Ended December 31, 2018
(Continued)

Note 6 – 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 non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction 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 7 - 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.

Village of Senecaville, Ohio
Guernsey County
Notes to the Financial Statements
For the Year Ended December 31, 2018
(Continued)

	<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 \$9,000.

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>2017 Contributions to PEP</u> \$13,879

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 8 - Defined Benefit Pension Plans

Ohio Public Employees Retirement System

The Village's non-elected officials and employees as well as the mayor 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.

Social Security

The Village's elected council officials contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Village of Senecaville, Ohio
Guernsey County
Notes to the Financial Statements
For the Year Ended December 31, 2018
(Continued)

Employees contributed 6.2 percent of their gross salaries. The Village contributed an amount equal to 6.2 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2018.

Note 9 – Debt

Debt outstanding at December 31, 2018 was as follows:

	Principal	Interest Rate
Ohio Public Works Commission Loan	\$46,300	0%
US Dept. of Agriculture Bonds	508,791	4.50%
Total	\$555,091	

The Ohio Public Works Commission interest free loan (OPWC) obtained in 2002 relates to improvements to the Village sewer system. The loan will be repaid in semiannual installments of \$5,787.00, over 20 years. The loan is collateralized by sewer receipts. The Village has agreed to set utility rates sufficient to cover the debt service requirements.

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

Amortization

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

	OPWC	
Year ending December 31:	Loan	USDA
2019	\$11,575	\$39,596
2020	11,575	39,544
2021	11,575	39,561
2022	11,575	39,442
2023	0	39,592
2024-2028	0	197,720
2029-2033	0	197,688
2034-2038	0	184,262
Total	\$46,300	\$777,405

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Village of Senecaville, Ohio
Guernsey 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

	General	Special Revenue	Debt Service	Capital Projects	Totals (Memorandum Only)
Cash Receipts					
Property and Other Local Taxes	\$10,298	\$30,726	\$0	\$0	\$41,024
Intergovernmental	16,878	47,680	0	0	64,558
Special Assessments	0	0	110	0	110
Charges for Services	0	25,946	0	0	25,946
Fines, Licenses and Permits	50	0	0	0	50
Earnings on Investments	319	15	0	0	334
Miscellaneous	470	29,503	0	0	29,973
<i>Total Cash Receipts</i>	<u>28,015</u>	<u>133,870</u>	<u>110</u>	<u>0</u>	<u>161,995</u>
Cash Disbursements					
Current:					
Security of Persons and Property	7,760	79,934	0	0	87,694
Public Health Services	239	2,110	0	0	2,349
Leisure Time Activities	0	22,094	0	0	22,094
Transportation	0	30,013	0	0	30,013
General Government	40,652	4,405	265	0	45,322
Capital Outlay	0	0	0	14,900	14,900
<i>Total Cash Disbursements</i>	<u>48,651</u>	<u>138,556</u>	<u>265</u>	<u>14,900</u>	<u>202,372</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(20,636)</u>	<u>(4,686)</u>	<u>(155)</u>	<u>(14,900)</u>	<u>(40,377)</u>
Other Financing Receipts (Disbursements)					
Transfers In	600	446	0	0	1,046
Transfers Out	(446)	(600)	0	0	(1,046)
Other Financing Uses	0	0	0	(41,215)	(41,215)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>154</u>	<u>(154)</u>	<u>0</u>	<u>(41,215)</u>	<u>(41,215)</u>
<i>Net Change in Fund Cash Balances</i>	<u>(20,482)</u>	<u>(4,840)</u>	<u>(155)</u>	<u>(56,115)</u>	<u>(81,592)</u>
<i>Fund Cash Balances, January 1</i>	<u>41,736</u>	<u>135,104</u>	<u>2,509</u>	<u>56,993</u>	<u>236,342</u>
Fund Cash Balances, December 31					
Restricted	0	130,264	2,354	878	133,496
Assigned	21,073	0	0	0	21,073
Unassigned (Deficit)	181	0	0	0	181
<i>Fund Cash Balances, December 31</i>	<u>\$21,254</u>	<u>\$130,264</u>	<u>\$2,354</u>	<u>\$878</u>	<u>\$154,750</u>

See accompanying notes to the basic financial statements

Village of Senecaville, Ohio

Guernsey 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

	Proprietary Fund Type	Fiduciary Fund Type	Totals
	Enterprise	Agency	(Memorandum Only)
Operating Cash Receipts			
Charges for Services	\$118,891	\$0	\$118,891
Fines, Licenses and Permits	0	4,828	4,828
<i>Total Operating Cash Receipts</i>	<u>118,891</u>	<u>4,828</u>	<u>123,719</u>
Operating Cash Disbursements			
Personal Services	34,620	0	34,620
Employee Fringe Benefits	4,471	0	4,471
Contractual Services	73,977	0	73,977
Supplies and Materials	20,786	0	20,786
Other	430	1,480	1,910
<i>Total Operating Cash Disbursements</i>	<u>134,284</u>	<u>1,480</u>	<u>135,764</u>
<i>Operating Income (Loss)</i>	<u>(15,393)</u>	<u>3,348</u>	<u>(12,045)</u>
Non-Operating Receipts (Disbursements)			
Special Assessments	13,374	0	13,374
Capital Outlay	(23,697)	0	(23,697)
Principal Retirement	(26,775)	0	(26,775)
Interest and Other Fiscal Charges	(24,295)	0	(24,295)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(61,393)</u>	<u>0</u>	<u>(61,393)</u>
<i>Income (Loss) before Transfers</i>	<u>(76,786)</u>	<u>3,348</u>	<u>(73,438)</u>
Transfers In	25,000	0	25,000
Transfers Out	(25,000)	0	(25,000)
<i>Net Change in Fund Cash Balances</i>	<u>(76,786)</u>	<u>3,348</u>	<u>(73,438)</u>
<i>Fund Cash Balances, January 1</i>	<u>147,189</u>	<u>644</u>	<u>147,833</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$70,403</u></u>	<u><u>\$3,992</u></u>	<u><u>\$74,395</u></u>

See accompanying notes to the basic financial statements

Village of Senecaville, Ohio
Guernsey County
Notes to the Financial Statements
For the Year Ended December 31, 2017

Note 1 - Reporting Entity

The Village of Senecaville (the Village), Guernsey 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 services include general government services, street maintenance, sewer utility services and park operations. The Village contracts with Richland Township for the police and fire protection services.

The Village participates in the Public Entities Pool of Ohio, a risk-sharing pool available to Ohio local governments that provides property and casualty coverage for its members. (Note 6 to the financial statements provide addition information for this 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 purposes 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 specific purposes other than debt service or capital projects. The Village had the following significant Special Revenue Funds:

Street Construction Maintenance and Repair – 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.

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

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

Village of Senecaville, Ohio
Guernsey County
Notes to the Financial Statements
For the Year Ended December 31, 2017
(Continued)

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

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

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

Municipal Building Construction Fund - The municipal building construction fund accounts for the potential construction of a new municipal building.

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

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

Sewer Operating Fund - The sewer fund receives charges for services from resident to cover sewer service cost.

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

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

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.

Village of Senecaville, Ohio
Guernsey County
Notes to the Financial Statements
For the Year Ended December 31, 2017
(Continued)

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 2017 budgetary activity appears in Note 3.

Deposits

The Village pools all available funds of the Village in an interest-bearing checking account.

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.

Fund Balance

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

Restricted 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.

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.

Village of Senecaville, Ohio
Guernsey County
Notes to the Financial Statements
For the Year Ended December 31, 2017
(Continued)

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

Note 3 - Budgetary Activity

Budgetary activity for the year ending 2017 follows:

2017 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$21,422	\$28,615	\$7,193
Special Revenue	126,855	134,316	7,461
Debt Service	0	110	110
Enterprise	131,300	157,265	25,965
Total	\$279,577	\$320,306	\$40,729

2017 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$55,267	\$49,097	\$6,170
Special Revenue	263,982	139,156	124,826
Debt Service	2,509	265	2,244
Capital Projects	56,992	56,115	877
Enterprise	278,459	234,051	44,408
Total	\$657,209	\$478,684	\$178,525

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:

	2017
Demand deposits	\$229,145

Deposits

Deposits are insured by the Federal Depository Insurance Corporation. At December 31, 2017, \$229,145 of deposits were not insured or collateralized, contrary to Ohio law.

Village of Senecaville, Ohio
Guernsey County
Notes to the Financial Statements
For the Year Ended December 31, 2017
(Continued)

Note 5 – 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 non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction 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

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

Village of Senecaville, Ohio
Guernsey County
Notes to the Financial Statements
For the Year Ended December 31, 2017
(Continued)

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 \$18,000.

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>2017 Contributions to PEP</u> \$29,040

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

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

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 with the exception of delinquent contributions totaling \$3,462.70 that was an error found for years 2014-2017 for the Mayor and the Village Administrator during the 2015-2016 Financial Audit.

Social Security

The Village's elected officials contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Village contributed an amount equal to 6.2 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2017.

Village of Senecaville, Ohio
Guernsey County
Notes to the Financial Statements
For the Year Ended December 31, 2017
(Continued)

Note 8 – Debt

Debt outstanding at December 31, 2017 was as follows:

	Principal	Interest Rate
Ohio Public Works Commission Loan	\$57,875	0.00%
US Dept. of Agriculture Bonds	524,691	4.50%
Total	\$582,566	

The Ohio Public Works Commission interest free loan (OPWC) obtained in 2002 relates to improvements to the Village sewer system. The loan will be repaid in semiannual installments of \$5,787.00, over 20 years. The loan is collateralized by sewer receipts. The Village has agreed to set utility rates sufficient to cover the debt service requirements.

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

Amortization:

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

Year Ending December 31:	OPWC Loan	USDA
2018	\$11,575	\$39,511
2019	11,575	39,596
2020	11,575	39,544
2021	11,575	39,561
2022	11,575	39,442
2023-2027	0	197,707
2028-2032	0	197,677
2033-2037	0	197,763
2038	0	26,115
Total	\$57,875	\$816,916

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OHIO AUDITOR OF STATE KEITH FABER



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

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

To the Village Council:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements by fund type of the Village of Senecaville, Guernsey County, Ohio (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 October 7, 2019 wherein we noted the Village followed financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D) permit. We qualified our opinion on the Village's financial statements for the years ended December 31, 2018 and 2017 because we were unable to obtain sufficient appropriate audit evidence supporting the occurrence, completeness and existence of transactions recorded as fines, licenses and permits receipts in the Agency Fund.

Internal Control Over Financial Reporting

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

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

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. We consider Findings 2018-001, 2018-002, 2018-006 and 2018-007 described in the accompanying Schedule of Findings to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider Findings 2018-003 and 2018-004 described in the accompanying Schedule of Findings to be a significant deficiencies.

Compliance and Other Matters

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying Schedule of Findings as items 2018-001 through 2018-005.

Village's Responses to Findings

The Village's responses to the Findings identified in our audit are described in the accompanying schedule of findings. We did not subject the Village's responses to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

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 report is not suitable for any other purpose.



Keith Faber
Auditor of State
Columbus, Ohio

October 7, 2019

**VILLAGE OF SENECVILLE
GUERNSEY COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2018 AND 2017**

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

FINDING NUMBER 2018-001

Noncompliance and Material Weakness

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

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

As such, we were unable to satisfy ourselves as to the occurrence, existence and completeness of Fines, Licenses and Permits receipts recorded in the 2018 and 2017 Mayor's Court Fund. We have modified the opinion accordingly. These receipts represent 100 percent of fines and forfeiture receipts of the 2018 and 2017 Mayor's Court Agency Fund.

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

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

Officials' Response: "New procedures have been adopted to ensure the completeness and accuracy of mayor's court collections and the disposition of these collections."

FINDING NUMBER 2018-002

Noncompliance and Material Weakness

Ohio Rev. Code § 5705.41(B) states no subdivision or taxing unit is to expend money unless it has been appropriated.

We found expenditures exceeded appropriations at December 31, 2018, in the General Fund, in the amount of \$53,714. We found expenditures exceeded appropriations at December 31, 2017, in the Sewer Operating Fund, in the amount of \$7,253.

The Fiscal Officer should not certify the availability of funds and should deny payment requests exceeding appropriations. The Fiscal Officer may request the Village Council to approve increased expenditure levels by increasing appropriations and amending estimated resources, if necessary.

Officials' Response: "We did not receive a response from Officials to this finding."

**VILLAGE OF SENECVILLE
GUERNSEY COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2018 AND 2017**

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

(Continued)

FINDING NUMBER 2018-003

Noncompliance and Significant Deficiency

Ohio Rev. Code § 5705.41(D)(1) prohibits a subdivision or taxing authority from making any contract or ordering any expenditure of money unless a certificate signed by the fiscal officer is attached thereto. The fiscal officer must certify that the amount required to meet any such contract or expenditure has been lawfully appropriated and is in the treasury, or is in the process of collection to the credit of an appropriate fund free from any previous encumbrance.

There are several exceptions to the standard requirement stated above that a fiscal officer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are: "then and now" certificates, blanket certificates, and super blanket certificates, which are provided for in Sections 5705.41(D)(1) and 5705.41(D)(3), respectively, of the Ohio Revised Code.

1. "Then and Now" Certificate - If the fiscal officer can certify that both at the time that the contract or order was made ("then"), and at the time that the fiscal officer is completing the certification ("now"), that sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the Township can authorize the drawing of a warrant for the payment of the amount due. The Township has thirty days from receipt of the "then and now" certificate to approve payment by ordinance or resolution.

Amounts of less than \$3,000 may be paid by the fiscal officer without a resolution or ordinance upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the Township.

2. Blanket Certificate - Fiscal officers may prepare "blanket" certificates for a certain sum of money not in excess of an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority against any specific line item account over a period not running beyond the current fiscal year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.
3. Super Blanket Certificate - The Township may also make expenditures and contracts for any amount from a specific line item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification is not to exceed beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any line item appropriation.

The Village did not certify the availability of funds prior to purchase commitment for four out of seven expenditures tested in 2018 and for two out of eight expenditures tested in 2017, and there was no evidence the Village followed the aforementioned exceptions.

Unless the exceptions noted above are used, prior certification is not only required by statute but is a key control in the disbursement process to assure that purchase commitments receive prior approval.

**VILLAGE OF SENECVILLE
GUERNSEY COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2018 AND 2017**

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

(Continued)

FINDING NUMBER 2018-003 (Continued)

Noncompliance and Significant Deficiency (Continued)

To improve controls over disbursements and to help reduce the possibility of the Village's funds exceeding budgetary spending limitations, we recommend the Fiscal Officer certify that the funds are or will be available prior to an obligation being incurred by the Village. When prior certification is not possible, "then and now" certification should be used.

The Village should certify purchases to which Section 5705.41(D) applies. The Fiscal Officer should sign the certification at the time the Village incurs a commitment, and only when the requirements of Ohio Rev. Code Section 5705.41(D) are satisfied. The Fiscal Officer should post approved purchase commitments to the proper appropriation code, to reduce the available appropriation.

Officials' Response: "We did not receive a response from Officials to this finding."

FINDING NUMBER 2018-004

Noncompliance and Significant Deficiency

Ohio Rev. Code § 135.18 provides that each institution designated as a public depository and awarded public deposits, shall provide security for the repayment of all public deposits by securing all uninsured public deposits of each public depositor separately (Ohio Rev. Code § 135.18(A)(1)), or as applicable to Ohio Rev. Code §§ 135.181 or 135.182 by establishing and pledging to the treasurer of state a single pool of collateral for the benefit of every public depositor (Ohio Rev. Code § 135.18(A)(2)). If a public depository elects to provide security pursuant to Ohio Rev. Code § 135.18(A)(1), the public depository must pledge eligible securities and equal to at least one hundred five per cent (Ohio Rev. Code § 135.18(B))

Ohio Rev. Code § 135.181 provides in lieu of the specific pledging requirements of Ohio Rev. Code §§ 135.18 and 135.37, a public depository at its option may pledge a single pool of eligible securities to secure the repayment of all its public deposits not otherwise secured, provided that at all times the total market value of the securities so pledged is at least equal to one hundred five per cent of its uninsured public deposits to be secured by the pooled securities.

Ohio Rev. Code § 135.181(L) provides upon request of a treasurer no more often than four times per year, a public depository shall report the amount of public moneys deposited by the treasurer and secured pursuant to division (B) of this section, and the total market value of the pool of securities pledged to secure public moneys held by the depository, including those deposited by the treasurer. Upon request of a treasurer no more often than four times per year, a qualified trustee shall report the total market value of the pool of securities deposited with it by the depository and shall provide an itemized list of the securities in the pool. These reports shall be made as of the date the treasurer specifies.

The treasurer of state created the Ohio Pooled Collateral System (OPCS) July 1, 2017. Under this program, public depositories that select the pledging method prescribed in Ohio Rev. Code § 135.18(A)(2) or Ohio Rev. Code § 135.37(A)(2), shall pledge to the treasurer of state a single pool of eligible securities for the benefit of all public depositors to secure the repayment of all uninsured public deposits at the public depository; provided that at all times the total market value of the securities so pledged is at least equal either of the following:

**VILLAGE OF SENECVILLE
GUERNSEY COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2018 AND 2017**

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

(Continued)

FINDING NUMBER 2018-004 (Continued)

Noncompliance and Significant Deficiency (Continued)

1. One hundred two percent of the total amount of all uninsured public deposits.
2. An amount determined by rules adopted by the treasurer of state that set forth the criteria for determining the aggregate market value of the pool of eligible securities pledged by a public depository pursuant to division (B) of this section. Such criteria shall include, but are not limited to, prudent capital and liquidity management by the public depository and the safety and soundness of the public depository as determined by a third-party rating organization. (Ohio Rev. Code § 135.182(B)(1))

The public depository shall designate a qualified trustee approved by the treasurer of state for the safekeeping of eligible pledged securities (Ohio Rev. Code § 135.182(C)).

The Village had a depository agreement with PNC Bank during 2017. PNC Bank did not join Ohio Pooled Collateral System (OPCS) provided by the Treasurer of State of Ohio until August 2018, nor did they provide specific pledged collateral for the Village, but continued to maintain pooled collateral as provided under a prior Ohio Rev. Code section. This caused the Village to be under collateralized from January to July 2018.

The Fiscal Officer should review the Village's account with the Ohio Pooled Collateral System to ensure proper pooled collateral has been obtained for the Village's funds.

Officials' Response: "We did not receive a response from Officials to this finding."

FINDING NUMBER 2018-005

Noncompliance

Ohio Rev. Code § 5705.14(E) states money may be transferred from the general fund to any other fund of the subdivision. 1989 Op. Att'y. Gen. No. 89-075 requires a governing board resolution passed by a simple majority of the board members to transfer funds.

During 2018 the Village Council approved transfers in the amount of \$7,296 from the Mayors Court Fund to the General Fund for the Village's portion of court fines for 2015 through 2018. This should have been recorded as a memo entry or check. We also determined the Fiscal Officer transferred \$65,000 from the General Fund to the Street Construction, Maintenance and Repair Fund in the amount of \$60,000 and the Police Fund in the amount of \$5,000 without Village Council approval.

The Village should only transfer monies after approval by a simple majority of the Village Council from the General Fund to any other fund of the Village. Remittance of the Village's portion of court fines should be made by check or memo check. The Village made a reclassification for the transfers from Mayor's Court to the General Fund, in the amount of \$7,296 on the 2018 financial statements.

Officials' Response: "We did not receive a response from Officials to this finding."

**VILLAGE OF SENECAVILLE
GUERNSEY COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2018 AND 2017**

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

(Continued)

FINDING NUMBER 2018-006

Material Weakness

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

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

We found the Village improperly reported appropriations in excess of estimated receipts in the General Fund as unassigned instead of reporting the excess as assigned, in the amounts of \$22,380 and \$21,073 during 2018 and 2017, respectively. The General Fund type cash fund balances have been reclassified on the 2018 and 2017 financial statements. Also, the Village Council has not established a fund balance policy.

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

Officials' Response: "We did not receive a response from Officials to this finding."

FINDING NUMBER 2018-007

Material Weakness

Sound accounting practices require accurately posting estimated receipts and appropriations to the ledgers to provide information for budget versus actual comparison and to allow the Village Council to make informed decisions regarding budgetary matters.

The Appropriation resolution and subsequent amendments establish the legal spending authority of the Entity and the appropriation ledger provides the process by which the Entity controls spending, it is therefore necessary the amounts appropriated by the Village Council are precisely stated and accurately posted to the appropriation ledger.

The original certificate and amendments establish the amounts available for expenditures for the Entity and the receipts ledger provides the process by which the Entity controls what is available, it is therefore necessary the amounts estimated by the County Budget Commission are posted accurately to the receipts ledger.

The Village did not have procedures in place to accurately post authorized budgetary measures to the accounting system.

**VILLAGE OF SENECVILLE
GUERNSEY COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2018 AND 2017**

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

(Continued)

FINDING NUMBER 2018-007 (Continued)

Material Weakness (Continued)

At December 31, 2018, estimated receipts as approved by the Budget Commission did not agree to the Village's budgetary system for the following funds.

Fund	Estimated Receipts per Budget Commission	Estimated Receipts per UAN Ledgers	Variance
General	\$37,543	\$27,204	\$10,339
Police	18,490	33,490	15,000

At December 31, 2018, appropriations as approved by the Village Council did not agree to the Village's budgetary system for the following funds:

Fund	Appropriations per Budget Commission	Appropriations per UAN Ledgers	Variance
General	\$58,616	\$118,351	(\$59,735)
Street Construction, Maintenance and Repair	98,922	39,422	59,500
Police	35,673	30,673	5,000

At December 31, 2017, estimated receipts as approved by the County Budget Commission did not agree to the Village's budgetary system for the following funds:

Fund	Estimated Receipts per Budget Commission	Estimated Receipts per UAN Ledgers	Variance
Police	\$20,307	\$19,807	\$500
Sewer Operating	101,300	126,300	(25,000)

At December 31, 2017, appropriations as approved by the Village Council did not agree to the Village's budgetary system for the following funds:

	Appropriations per Village Council	Appropriations per UAN Ledgers	Variance
Police	\$29,028	\$26,506	\$2,522
Sewer Operating	150,728	175,728	(25,000)

Failure to accurately post the appropriations and estimated resources to the ledgers could result in overspending and negative cash balances. In addition, this could lead to inaccurate reporting of the budgetary information in the financial statements.

To effectively control the budgetary cycle and to maintain accountability over receipts and expenditures, the Village should post to the ledgers, on a timely basis, estimated resources as certified by the budget commission and appropriations approved by the Village Council. The Village should then monitor budget versus actual reports to help ensure amended certificates of resources and appropriations have been properly posted to the ledgers.

Officials' Response: "We did not receive a response from Officials to this finding."

Village of Senecaville
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**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
 DECEMBER 31, 2018 AND 2017**

Finding Number	Finding Summary	Status	Additional Information
2016-001	Misclassifications/adjustments were noted in the Village's financial statements for both 2016 and 2015. This also occurred for 2014 and 2013.	Not Corrected	This resulted from an oversight by the Fiscal Officer and no oversight body. The Fiscal Officer plans to correct this for future annual reports. We have reported as a management letter comment.
2016-002	Ohio Rev. Code § 733.40 cited since the Mayor's court did not remit fine monies collected that were due to the Village prior to the first Monday of each month, rather the monies remained in the Agency Fund. This also occurred for 2014 and 2013.	Partially Corrected	The Fiscal Officer did not remit any Village fine monies in 2017 but disbursed all of 2017 and 2018 Village fine monies in at the end of 2018. We have reported as a management letter comment.
2016-003	Ohio Admin. Code § 117-2-02(A) cited for lack of controls over issued and unissued tickets (Ticket Log) by the Village Police Department. This also occurred for 2014 and 2013.	Not Corrected	Due to turnover in Village Police personnel, this issue remained uncorrected. Repeated as noncompliance/material weakness in Finding 2018-001.

THIS INSTITUTION IS AN EQUAL OPPORTUNITY PROVIDER AND EMPLOYER.

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OHIO AUDITOR OF STATE KEITH FABER



VILLAGE OF SENECAVILLE

GUERNSEY COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
OCTOBER 17, 2019**