



**VILLAGE OF SEAMAN  
ADAMS COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 2000-1999**



**JIM PETRO**  
**AUDITOR OF STATE**  

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**STATE OF OHIO**



VILLAGE OF SEAMAN  
ADAMS COUNTY

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## INDEPENDENT ACCOUNTANTS' REPORT

Village of Seaman  
Adams County  
P. O. Box 248  
Seaman, Ohio 45679

To the Village Council:

We have audited the accompanying financial statements of the Village of Seaman, Adams County, Ohio (the Village), as of and for the years ended December 31, 2000 and 1999. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the Village prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Village as of December 31, 2000 and 1999, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 18, 2001 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 grants. That report is an integral part of our audit performed in accordance with the *Governmental Auditing Standards* and should be read in conjunction with this report in considering the results of our audits.

This report is intended solely for the information and use of management, and Village Council and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

**Jim Petro**  
Auditor of State

April 18, 2001

**VILLAGE OF SEAMAN  
ADAMS COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2000**

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Totals (Memorandum Only)</u>
<b>Cash Receipts:</b>					
Property Tax and Other Local Taxes	\$80,494				\$80,494
Intergovernmental Receipts	31,187	30,619		92,604	154,410
Charges for Services	5,819				5,819
Fines, Licenses, and Permits	24,658	233			24,891
Interest	1,042				1,042
Miscellaneous	8,774	300			9,074
<b>Total Cash Receipts</b>	<u>151,974</u>	<u>31,152</u>		<u>92,604</u>	<u>275,730</u>
<b>Cash Disbursements:</b>					
Current:					
Security of Persons and Property	84,285	12,352			96,637
Public Health Services	2,011				2,011
Transportation		5,264			5,264
General Government	63,424				63,424
Debt Service:					
Principal Payments			22,624		22,624
Interest Payments			6,534		6,534
Financing and Other Debt-Service Related			146		146
Capital Outlay		6,281		92,604	98,885
<b>Total Disbursements</b>	<u>149,720</u>	<u>23,897</u>	<u>29,304</u>	<u>92,604</u>	<u>295,525</u>
<b>Total Receipts Over/(Under) Disbursements</b>	<u>2,254</u>	<u>7,255</u>	<u>(29,304)</u>		<u>(19,795)</u>
<b>Other Financing Receipts/(Disbursements):</b>					
Sale of assets	3,376				3,376
Transfers-In			29,138		29,138
<b>Total Other Financing Receipts/(Disbursements)</b>	<u>3,376</u>		<u>29,138</u>		<u>32,514</u>
<b>Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements</b>	<u>5,630</u>	<u>7,255</u>	<u>(166)</u>		<u>12,719</u>
<b>Fund cash balances, January 1</b>	<u>7,739</u>	<u>5,097</u>	<u>394</u>		<u>13,230</u>
<b>Fund Cash Balances, December 31</b>	<u><b>\$13,369</b></u>	<u><b>\$12,352</b></u>	<u><b>\$228</b></u>		<u><b>\$25,949</b></u>
<b>Reserves for Encumbrances, December 31</b>	<u><b>\$2,847</b></u>				<u><b>\$2,847</b></u>

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

**VILLAGE OF SEAMAN  
ADAMS COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
PROPRIETARY FUND TYPE AND AGENCY FUND  
FOR THE YEAR ENDED DECEMBER 31, 2000**

	<u>Proprietary Fund Type</u>		<b>Totals (Memorandum Only)</b>
	<u>Enterprise</u>	<u>Agency</u>	
<b>Operating Cash Receipts:</b>			
Charges for Services	\$346,004		\$346,004
Miscellaneous	5,440		5,440
Total Operating Cash Receipts	<u>351,444</u>		<u>351,444</u>
<b>Operating Cash Disbursements:</b>			
Personal Services	72,026		72,026
Employee Fringe Benefits	8,184		8,184
Contractual Services	133,981		133,981
Supplies and Materials	70,311		70,311
Capital Outlay	29,075		29,075
Total Operating Cash Disbursements	<u>313,577</u>		<u>313,577</u>
Operating Income/(Loss)	<u>37,867</u>		<u>37,867</u>
<b>Non-Operating Cash Receipts:</b>			
Revenue Bond Refund	13,967		13,967
Other Non-Operating Cash Receipts		31,962	31,962
Total Non-Operating Cash Receipts	<u>13,967</u>	<u>31,962</u>	<u>45,929</u>
<b>Non-Operating Cash Disbursements:</b>			
Other Non-Operating Cash Disbursements		29,429	29,429
Total Non-Operating Cash Disbursements		<u>29,429</u>	<u>29,429</u>
Excess of Receipts Over/(Under) Disbursements Before Interfund Transfers and Advances	51,834	2,533	54,367
Transfers - In	6,000		6,000
Transfers-Out	<u>(35,138)</u>		<u>(35,138)</u>
Net Receipts Over/(Under) Disbursements	22,696	2,533	25,229
Fund Cash Balances, January 1	<u>49,793</u>	<u>2,665</u>	<u>52,458</u>
<b>Fund Cash Balances, December 31</b>	<b><u>\$72,489</u></b>	<b><u>\$5,198</u></b>	<b><u>\$77,687</u></b>
Reserve for Encumbrances, December 31	<u>\$9,380</u>		<u>\$9,380</u>

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



**VILLAGE OF SEAMAN  
ADAMS COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 1999**

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Totals (Memorandum Only)</u>
<b>Cash Receipts:</b>					
Property Tax and Other Local Taxes	\$76,083	\$3,786			\$79,869
Intergovernmental Receipts	27,858	39,249		113,000	180,107
Charges for Services	5,647				5,647
Fines, Licenses, and Permits	42,779	162			42,941
Interest	1,019	8			1,027
Miscellaneous	7,489	799			8,288
<b>Total Cash Receipts</b>	<u>160,875</u>	<u>44,004</u>		<u>113,000</u>	<u>317,879</u>
<b>Cash Disbursements:</b>					
Current:					
Security of Persons and Property	90,893	28,802			119,695
Public Health Services	4,010				4,010
Transportation		24,468			24,468
General Government	67,338				67,338
Debt Service:					
Principal Payments			22,178		22,178
Interest Payments			6,980		6,980
Financing and Other Debt-Service Related			105		105
Capital Outlay	4,280	972		113,000	118,252
<b>Total Disbursements</b>	<u>166,521</u>	<u>54,242</u>	<u>29,263</u>	<u>113,000</u>	<u>363,026</u>
<b>Total Receipts Over/(Under) Disbursements</b>	<u>(5,646)</u>	<u>(10,238)</u>	<u>(29,263)</u>		<u>(45,147)</u>
<b>Other Financing Receipts/(Disbursements):</b>					
Sale of assets	4,120				4,120
Transfers-In	8	1,188	29,263		30,459
Transfers-Out	(2,024)	(8)			(2,032)
<b>Total Other Financing Receipts/(Disbursements)</b>	<u>2,104</u>	<u>1,180</u>	<u>29,263</u>		<u>32,547</u>
<b>Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements</b>	<u>(3,542)</u>	<u>(9,058)</u>			<u>(12,600)</u>
<b>Fund cash balances, January 1</b>	<u>11,281</u>	<u>14,155</u>	<u>394</u>		<u>25,830</u>
<b>Fund Cash Balances, December 31</b>	<u><b>\$7,739</b></u>	<u><b>\$5,097</b></u>	<u><b>\$394</b></u>		<u><b>\$13,230</b></u>
<b>Reserves for Encumbrances, December 31</b>	<u><b>\$2,035</b></u>				<u><b>\$2,035</b></u>

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

**VILLAGE OF SEAMAN  
ADAMS COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
PROPRIETARY FUND TYPE AND AGENCY FUND  
FOR THE YEAR ENDED DECEMBER 31, 1999**

	<u>Proprietary Fund Type</u>		<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
<b>Operating Cash Receipts:</b>			
Charges for Services	\$336,498		\$336,498
Miscellaneous	5,017		5,017
	<u>341,515</u>		<u>341,515</u>
<b>Operating Cash Disbursements:</b>			
Personal Services	70,512		70,512
Employee Fringe Benefits	11,750		11,750
Contractual Services	137,187		137,187
Supplies and Materials	46,089		46,089
Capital Outlay	13,138		13,138
	<u>278,676</u>		<u>278,676</u>
Total Operating Cash Disbursements			<u>278,676</u>
Operating Income/(Loss)	<u>62,839</u>		<u>62,839</u>
<b>Non-Operating Cash Receipts:</b>			
Other Non-Operating Receipts		47,965	47,965
		<u>47,965</u>	<u>47,965</u>
Total Non-Operating Cash Receipts			<u>47,965</u>
<b>Non-Operating Cash Disbursements:</b>			
Other Non-Operating Cash Disbursements		50,905	50,905
		<u>50,905</u>	<u>50,905</u>
Total Non-Operating Cash Disbursements			<u>50,905</u>
Excess of Receipts Over/(Under) Disbursements Before Interfund Transfers and Advances	62,839	(2,940)	59,899
Transfers-Out	(28,427)		(28,427)
Net Receipts Over/(Under) Disbursements	34,412	(2,940)	31,472
Fund Cash Balances, January 1	<u>15,381</u>	<u>5,605</u>	<u>20,986</u>
<b>Fund Cash Balances, December 31</b>		<b><u>\$2,665</u></b>	<b><u>\$52,458</u></b>
Reserve for Encumbrances, December 31	<u>\$15,307</u>		<u>\$15,307</u>

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

**VILLAGE OF SEAMAN  
ADAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000 AND 1999**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The Village of Seaman, Adams County, Ohio (the Village), is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village is directed by a publicly-elected six-member Council. The Village provides general governmental services, including water and sewer utilities, park operations (leisure time activities), road maintenance, street lighting and police services.

The Village's management believes these financial statements present all activities for which the Village is financially accountable, except debt service funds maintained by outside custodians which are not included in these financial statements. Assets held by custodians are described further in Note 8 to the financial statements.

**B. Basis of Accounting**

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized 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 prescribed or permitted by the Auditor of State.

**C. Cash and Deposits**

The Village maintains several checking accounts and Certificates of deposit which are valued at cost.

**D. Fund Accounting**

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

**1. General Fund**

The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

**2. Special Revenue Fund**

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

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

**VILLAGE OF SEAMAN  
ADAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000 AND 1999  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Law Enforcement Overtime Block Grant Fund - This fund is set up to receive grant monies to be used to pay overtime of law enforcement personnel.

COPS Match Universal Fund - This fund is set up to receive grant monies to be used to pay salaries and fringe benefits of law enforcement personnel.

**3. Debt Service Fund**

These funds are used to accumulate resources for the payment of bonds and note indebtedness. The Village had the following significant debt service fund:

Sewer Debt Fund - used to retire debt from the Ohio Water Development Authority loan.

**4. Capital Project Funds**

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through enterprise or trust funds). The Village had the following significant Capital Project Fund:

Issue II Fund - used to account for receipts that are restricted for the acquisition or construction of major capital projects financed through grant funds received from the State.

**5. Enterprise Funds**

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

Water Fund - This fund receives charges for services from residents to cover the cost of providing this utility.

Sewer Fund - This fund receives charges for services from residents to cover the cost of providing this utility.

**6. Fiduciary Funds (Agency Fund)**

Funds for which the Village is acting in an agency capacity are classified as agency funds. The Village had the following significant Fiduciary Fund:

Mayor's Court - To account for proceeds of court cases that are heard in the Mayor's Court.

**E. Budgetary Process**

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

**VILLAGE OF SEAMAN  
ADAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000 AND 1999  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**1. Appropriations**

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

**2. Estimated Resources**

Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1. The County Budget Commission must also approve estimated resources. Incorrect amounts available for expenditures in each fund were certified to the County Auditor for January 1, 2000 and January 1, 2001.

**3. Encumbrances**

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated. The Village did not encumber all commitments required by Ohio law. However, a review was performed to determine the amount of additional encumbrances outstanding at year end which were not recorded. These additional encumbrances were added to the financial statements.

A summary of 2000 and 1999 budgetary activity appears in Note 3.

**F. Property, Plant and Equipment**

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

**G. Unpaid Vacation and Sick Leave**

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the cash basis of accounting used by the Village.

**2. EQUITY IN POOLED CASH**

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

	<u>2000</u>	<u>1999</u>
Demand deposits	\$93,636	\$55,688
Certificates of deposit	10,000	10,000
	\$103,636	\$65,688
Total deposits	\$103,636	\$65,688

**VILLAGE OF SEAMAN  
ADAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000 AND 1999  
(Continued)**

**2. EQUITY IN POOLED CASH (Continued)**

**Deposits:** Deposits are either (1) insured by the Federal Depository Insurance Corporation or (2) collateralized by the financial institution's public entity deposit pool.

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2000 and 1999 follows:

2000 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 153,969	\$ 155,350	\$ 1,381
Special Revenue	27,026	31,152	4,126
Debt Service	29,200	29,138	(62)
Capital Projects	175,000	92,604	(82,396)
Enterprise	365,499	371,411	5,912
Total	<u>\$ 750,694</u>	<u>\$ 679,655</u>	<u>\$ (71,039)</u>

2000 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 182,447	\$ 152,567	\$ 29,880
Special Revenue	29,494	23,897	5,597
Debt Service	29,200	29,304	(104)
Capital Projects	104,050	92,604	11,446
Enterprise	361,307	358,095	3,212
Total	<u>\$ 706,498</u>	<u>\$ 656,467</u>	<u>\$ 50,031</u>

1999 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 167,460	\$ 165,003	\$ (2,457)
Special Revenue	48,589	45,192	(3,397)
Debt Service	29,200	29,263	63
Capital Projects	130,000	113,000	(17,000)
Enterprise	319,107	341,515	22,408
Total	<u>\$ 694,356</u>	<u>\$ 693,973</u>	<u>\$ (383)</u>

**VILLAGE OF SEAMAN  
ADAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000 AND 1999  
(Continued)**

**3. BUDGETARY ACTIVITY (Continued)**

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 170,698	\$ 170,580	\$ 118
Special Revenue	53,938	54,250	(312)
Debt Service	35,200	29,263	5,937
Capital Projects	130,000	113,000	17,000
Enterprise	303,452	322,410	(18,958)
Total	\$ 693,288	\$ 689,503	\$ 3,785

Expenditures exceeded appropriations in various funds in 2000 and 1999, contrary to Ohio Revised Code Section 5705.41(B). Appropriations exceeded estimated resources in various funds in 2000 and 1999, contrary to Ohio Revised Code Section 5705.39.

**4. PROPERTY TAX**

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by Village Council. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to make semiannual payment, 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.

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

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

**5. DEBT**

Debt outstanding at December 31, 2000 was as follows:

	Principal	Interest Rate
Ohio Water Development Authority Loan	\$ 309,700	2%

**VILLAGE OF SEAMAN  
ADAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000 AND 1999  
(Continued)**

**5. DEBT (Continued)**

The Ohio Water Development Authority (OWDA) loan relates to a water and sewer plant expansion project that was mandated by the Ohio Environmental Protection Agency. The OWDA has approved up to \$476,069 in loans to the Village for this project. The loans will be repaid in semiannual installments of \$14,579, including interest, over 20 years. The scheduled payment amount below assumes that \$476,069 will be borrowed. The scheduled payment will be adjusted to reflect any revisions in amounts actually borrowed. The loan is collateralized by water and sewer receipts. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

Amortization of the above debt outstanding as of December 31, 2000, including interest payments of \$40,196, is scheduled as follows:

Year ending December 31:	OWDA
2001	\$ 29,158
2002	29,158
2003	29,158
2004	29,158
2005	29,158
Subsequent	<u>204,106</u>
Total	<u>\$ 349,896</u>

The Village has adopted various ordinances related to sewer rates and the establishment of funds to comply with the OWDA loan debt covenants required by the Ohio Environmental Protection Agency. However, during 1999 and 2000 the Village did not comply with these ordinances.

**6. RETIREMENT SYSTEMS**

The Village's law enforcement officers belong to the Police and Firemen's Disability and Pension Funds (PFDPF). Other full-time employees belong to the Public Employees Retirement System (PERS) of Ohio. PFDPF and PERS are cost-sharing, multiple-employer plans. These plans provide retirement benefits, including post-retirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2000 and 1999, members of PFDPF contributed 10% of their wages to the PFDPF. The Village contributed an amount equal to 19.5% of their wages. PERS members contributed 8.5% of their gross salaries. The Village contributed an amount equal to 13.55% of participants' gross salaries for 1999 and 10.84% of participants' gross salaries for 2000. The Village has paid all contributions required through December 31, 2000.

**7. RISK MANAGEMENT**

The Village is a member of the Ohio Municipal League Joint Self Insurance Pool (the Pool). The Pool assumes the risk of loss up to the limits of the Village's policy. The Pool may assess supplemental premiums. The following risks are covered by the Pool:

- General liability and casualty
- Public official's liability
- Vehicle



**VILLAGE OF SEAMAN  
ADAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000 AND 1999  
(Continued)**

**7. RISK MANAGEMENT (Continued)**

The Village also provides health insurance coverage to full-time employees through a private carrier.

**8. DEBT SERVICE TRUSTEE FUNDS**

The Sewer Plant Expansion trust agreement required the Village to establish a debt service fund to be maintained by a custodian bank. The Village has established this fund. These assets and the related receipts and disbursements are not reflected in the accompanying financial statements. At December 20, 2000, the purpose of the escrow account ended and the custodian bank paid the outstanding balance to the Village.

**9. CONTINGENT LIABILITIES**

The Village is defendant in several lawsuits. Although the outcome of these suits is not presently determinable, management believes that the resolution of these matters will not materially adversely affect the Village's financial condition.

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**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL REQUIRED BY  
GOVERNMENT AUDITING STANDARDS**

Village of Seaman  
Adams County  
P. O. Box 248  
Seaman, Ohio 45679

To the Village Council:

We have audited the accompanying financial statements of the Village of Seaman, Adams County, Ohio (the Village), as of and for the years ended December 31, 2000 and 1999, and have issued our report thereon dated April 18, 2001. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2000-30401-001 through 2000-30401-005. We also noted certain immaterial instances of noncompliance that we have reported to management of the Village in a separate letter dated April 18, 2001.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered Village's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Village's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. The reportable conditions are described in the accompanying schedule of findings as items 2000-30401-004 and 2000-30401-005.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financials statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we do not believe the reportable conditions described above are material weaknesses.

Village of Seaman  
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We also noted other matters involving the internal control structure over financial reporting that do not require inclusion in this report that we have reported to the management of the Village is a separate letter dated April 18, 2001.

This report is intended for the information and use of management and Village Council, and is not intended to be and should not be used by anyone other than these specified parties.

**Jim Petro**  
Auditor of State

April 18, 2001

**VILLAGE OF SEAMAN  
ADAMS COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2000 AND 1999**

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

**FINDING NUMBER 2000-30401-001**

**Noncompliance Citation**

Ohio Rev. Code Section 5705.41(B), prohibits expenditures unless they are properly appropriated. Expenditures exceeded appropriations in the following funds:

	<b>1999</b>			<b>2000</b>		
	Appropriations	Expenditures	Variance	Appropriations	Expenditures	Variance
<b>Water Fund</b>	\$161,403	\$176,674	(\$15,271)	\$189,270	\$207,398	(\$18,128)
<b>Sewer Fund</b>	136,049	145,735	(9,686)			
<b>Street Const. Maint. &amp; Repair</b>	23,264	24,966	(1,702)			
<b>Law Enforce. Block Grant</b>	474	12,582	(12,108)			

Expending money when it has not been appropriated could cause the Village to make illegal expenditures. The Village should adopt procedures to ensure that no expenditures are made unless they have been properly appropriated.

**FINDING NUMBER 2000-30401-002**

**Noncompliance Citation**

Ohio Rev. Code, Section 5705.36, requires that on or about the first day of each fiscal year, the fiscal officers of subdivisions and other taxing units are to certify to the county auditor the total amount from all sources which is available for expenditures from each fund in the tax budget along with any balances that existed at the end of the preceding year. The Village did not include encumbrances at the end of the fiscal years with this certificate to the county auditor for 1999 and 2000.

Failure to certify the total amount from all sources which is available for expenditures from each fund in the tax budget along with any balances that existed at the end of the preceding year could result in a delay of funding from the county.

**FINDING NUMBER 2000-30401-003**

**Noncompliance Citation**

Ohio Rev. Code Section 5705.39, requires that the total appropriations from each fund not exceed the total estimated revenue for that fund. Appropriations exceeded estimated resources in the following funds:

<u>1999</u>	<u>Appropriations</u>	<u>Total Estimated Resources</u>	<u>Variance</u>
<b>COPS Match Universal</b>	\$22,000	\$15,635	(\$6,365)
<b>Sewer Debt Fund</b>	35,200	29,595	(5,605)
 <u>2000</u>			
<b>General Fund</b>	180,412	161,710	(18,702)
<b>Law Enforcement Trust Fund</b>	2,000	233	(1,767)
<b>Law Enforcement Overtime Block Grant Fund</b>	400	0	(400)

**FINDING NUMBER 2000-30401-004**

**Noncompliance Citation/Reportable Condition**

**Ohio Rev. Code, Section 5705.41 (D)**, requires that no subdivision or taxing unit shall make any contract or give any order involving the expenditure of money unless there is attached thereto a certificate of the fiscal officer of the subdivision that the amount required to meet the obligation has been lawfully appropriated for such purpose and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. This certificate need be signed only by the subdivision’s fiscal officer. Every contract made without such a certificate shall be void, and no warrant shall be issued in payment of any amount due thereon.

This Section also provides for two “exceptions” to the above requirements:

1. Then-and-Now Certificates - If no certificate is furnished as required, upon receipt of the fiscal officer’s certificate that a sufficient sum was, both at the time of the contract or order and at the time of the certificate, appropriated and free of any previous encumbrances, the Village Council may authorize the issuance of a warrant in payment of the amount due upon such contract or order by resolution within 30 days from the receipt of such certificate.
2. If the amount involved is less than \$1,000 dollars, the Clerk-Treasurer may authorize payment through a Then-and-Now Certificate without affirmation of the Village Council, if such expenditure is otherwise valid.

**FINDING NUMBER 2000-30401-004  
 (Continued)**

Where a continuing contract is to be performed in whole or in part in an ensuing fiscal year, only the amount required to meet those amounts in the fiscal year in which the contract is made need be certified.

**Noncompliance Citation/Reportable Condition**

Contrary to the above requirement, the availability of funds was not certified for all commitments for the following funds at December 31:

	<b>Amount not Certified</b>	
	<b>1999</b>	<b>2000</b>
General Fund	\$2,035	\$2,847
Water Fund	9,270	9,380
Sewer Fund	37	

Additionally, prior certification was not obtained for 47% of the vouchers reviewed, and neither of the two certification exceptions described above was utilized. Failure to certify the availability of funds and encumber appropriations can result in overspending funds and negative cash fund balances.

Therefore, we recommend the Village obtain approved purchase orders, which contain the Treasurer's certification that the amount required to meet the obligation has been lawfully appropriated and authorized, prior to making a commitment. Note 3 has been adjusted to include the amounts not certified.

**FINDING NUMBER 2000-30401-005**

**Noncompliance/Reportable Condition**

Local Ordinance #1990-17, Sanitary Sewer Ordinance, requires that the Village Auditor (Clerk) annually determine if the sewage rate is sufficient to operate the plant and maintain and replace worn or obsolete plant equipment and prepare a written report to the Mayor, Council and Board of Public Affairs.

Local Ordinance #1994-3 established an annual replacement fund required by the Ohio Environmental Protection Agency. The Village established the fund "the Sewer Operation, Maintenance, and Repair Fund". The Ohio Environmental Protection Agency provided the Village with an amortization schedule that required yearly deposits of \$6,000 be made into the fund from sewer revenue. The deposits were to be for a twenty-year period making a total of \$120,000 in deposits. Allowable expenditures from the fund could be for expenses of the maintenance and replacement of plant equipment.

The Village has revised its sewer rates according to the terms of agreement, however the Village did not make the required annual deposit of \$6,000 into the Sewer Operation, Maintenance, and Repair Fund as required by the Ohio Environmental Protection Agency for 1999 nor did they deposit the amounts due from the prior audit period. However, the Village has expended money for maintenance and repair of the plant from their Sewer Revenue Fund during the current and prior audit periods.

Once provisions of the debt covenants are not met the loan is in default and the Ohio Environmental Protection Agency could demand payment in full. Management of the Village should review these covenants and abide by the terms of the agreement that they made with the Ohio Environmental Protection Agency.







STATE OF OHIO  
OFFICE OF THE AUDITOR  

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**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  
MAY 8, 2001**