



Dave Yost • Auditor of State



**SENECA COUNTY**  
**TABLE OF CONTENTS**

TITLE	PAGE
Independent Auditor’s Report .....	1
Management’s Discussion and Analysis.....	5
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position .....	18
Statement of Activities .....	19
Fund Financial Statements:	
Balance Sheet - Governmental Funds.....	21
Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities.....	22
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds .....	23
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities .....	24
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual Comparison (Non-GAAP Budgetary Basis) - General Fund .....	25
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual Comparison (Non-GAAP Budgetary Basis) – Maintenance And Repair Fund .....	26
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual Comparison (Non-GAAP Budgetary Basis) – Seneca County Opportunity Center Fund .....	27
Statement of Net Position –Proprietary Funds .....	28
Statement of Revenues, Expenses and Changes in Fund Net Position –Proprietary Funds .....	29
Statement of Cash Flows –Proprietary Funds .....	30
Statement of Fiduciary Assets and Liabilities - Fiduciary Funds .....	32
Notes to the Basic Financial Statements .....	33
Federal Awards Expenditures Schedule.....	76
Notes to the Federal Awards Expenditures Schedule .....	79

SENECA COUNTY

TABLE OF CONTENTS  
(Continued)

TITLE	PAGE
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> .....	81
Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Federal Program and on Internal Control Over Compliance in Accordance with <i>OMB Circular A-133</i> .....	83
Schedule of Findings.....	85



# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

Seneca County  
111 Madison Street  
Tiffin, Ohio 44883-2824

To the Board of County Commissioners:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Seneca County, Ohio (the County), as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are 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 did not audit the financial statements of Seneca Re-Ad Industries, Inc., which represents all of the County's discretely presented component unit. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amount included for the Seneca Re-Ad Industries, Inc., is based solely on the report of other auditors. We conducted our audit 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. The other auditors audited the financial statements of Seneca Re-Ad Industries, Inc. in accordance with auditing standards generally accepted in the United States of America and not in accordance with *Government Auditing Standards*.

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 County'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 County's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

### **Opinions**

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Seneca County, Ohio, as of December 31, 2013, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the General, Maintenance and Repair, and Seneca County Opportunity Center funds thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

### **Other Matters**

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require this presentation to include *Management's discussion and analysis*, listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

#### *Supplementary and Other Information*

Our audit was conducted to opine on the County's basic financial statements taken as a whole.

The Federal Awards Expenditures Schedule presents additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and is also not a required part of the financial statements.

The schedule is management's responsibility, and derives from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected this schedule to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling the schedule directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves in accordance with auditing standards generally accepted in the United States of America. In our opinion, this schedule is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated September 19, 2014, on our consideration of the County'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 County's internal control over financial reporting and compliance.

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

**Dave Yost**  
Auditor of State

Columbus, Ohio

September 19, 2014

**This page intentionally left blank.**

## SENECA COUNTY, OHIO

### MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2013 UNAUDITED

The management's discussion and analysis of Seneca County's (the "County") financial performance provides an overall review of the County's financial activities for the year ended December 31, 2013. The intent of this discussion and analysis is to look at the County's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the County's financial performance.

#### **Financial Highlights**

Key financial highlights for 2013 are as follows:

- The total net position of the County increased \$6,414,716 during 2013. The net position of the governmental activities increased \$4,307,622, which represents a 4.23 percent increase over the net position at December 31, 2012; meanwhile, the net position of business-type activities increased \$2,107,094 or 100.14 percent from 2012.
- General revenues accounted for \$16,192,258 or 38.49 percent of total governmental activities revenue. Program specific revenues accounted for \$25,874,251 or 61.51 percent of total governmental activities revenue.
- The County as a whole had \$38,524,324 in expenses; \$28,732,983 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily taxes) of \$16,206,057 were adequate to provide for these programs.
- The General fund, the County's largest major governmental fund, had revenues and other financing sources of \$16,636,725 in 2013, an increase of \$1,168,626 or 7.56 percent from general fund revenues and other financing sources in 2012. The General fund had expenditures and other financing uses of \$15,496,807 in 2013, an increase of \$463,371 or 3.08 percent from 2012. The net effect of changes in revenues and expenditures contributed to the General fund balance increase of \$1,139,918 or 26.86 percent from 2012 to 2013.
- The net position of the business-type activities, which are composed of the Emergency Medical Services and the County Sewer District enterprise funds, increased in 2013 by \$2,107,094 or 100.14 percent.

#### **Using the Basic Financial Statements (BFS)**

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so that the reader can understand the County as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The statement of net position and the statement of activities provide information about the activities of the whole County, presenting both an aggregate view of the County's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements illustrate how services were financed in the short-term, as well as what current resources remain for future spending. The fund financial statements also look at the County's most significant funds with all other non-major funds presented in total in one column. In the case of the County, there are three major governmental funds. The General fund is the largest major fund.

## SENECA COUNTY, OHIO

### MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2013 UNAUDITED (Continued)

#### **Reporting the County as a Whole**

##### *Statement of Net Position and the Statement of Activities*

The statement of net position and the statement of activities answer the question, "How did the County perform financially during 2013?" These statements include all assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues and expenses using the accrual basis of accounting, similar to accounting used by most private-sector companies. This basis of accounting includes all of the current year's revenues and expenses, regardless of when cash is received or paid.

These two statements report the County's net position and changes in net position during the year. The change in net position is important because it tells the reader that, for the County as a whole, the financial position of the County has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the County's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, and other factors.

In the statement of net position and the statement of activities, the County is divided into two distinct kinds of activities:

*Governmental activities* - Most of the County's programs and services are reported here, including human services, health, public safety, public works and general government. These services are funded primarily by taxes and intergovernmental revenues including federal and State grants and other shared revenues.

*Business-type activities* - These services are provided on a charge for goods or services basis to recover all or a significant portion of the expenses of the goods or services provided.

#### **Reporting the County's Most Significant Funds**

##### *Fund Financial Statements*

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other State and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds. Fund financial reports provide detailed information about the County's major funds. The County uses many funds to account for a multitude of financial transactions; however, these fund financial statements focus on the County's most significant funds.

The County's major governmental funds are the General fund, the Maintenance and Repair fund, and the Seneca County Opportunity Center (SCOC). The County's major enterprise funds are the Emergency Medical Services and County Sewer District.

##### *Governmental Funds*

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements; however, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of expendable resources, as well as on balances of expendable resources available at the end of the year. Such information may be useful in evaluating a government's near-term financing requirements.

## SENECA COUNTY, OHIO

### MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2013 UNAUDITED (Continued)

Because the focus of the governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, the readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The County maintains a multitude of individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental statement of revenues, expenditures, and changes in fund balances for the major funds, which were identified earlier. Data from the other governmental funds are combined into a single, aggregated presentation.

#### ***Proprietary Funds***

The County maintains two proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The County uses enterprise funds to account Emergency Medical Services and County Sewer District operations.

#### ***Fiduciary Funds***

Fiduciary funds are used to account for resources held for the benefit of parties outside the County. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. Agency funds are the County's only fiduciary fund type.

#### ***Notes to the Financial Statements***

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

#### **Government-Wide Financial Analysis**

The statement of net position provides the perspective of the County as a whole. During 2012 the County had reported balances between funds related to an internal note as an investment of the governmental activities and as liabilities of the governmental activities and business-type activities. For 2013, the County has classified the assets and liabilities arising from the issuance of internal notes as interfund loans receivable/payable in the governmental funds and as a component of internal balance on the government wide financial statements to the extent to which the note was an obligation of the business-type activities (see Note 5.B for detail). Assets and liabilities at December 31, 2012, have been reclassified to conform to current year presentation of these items.

**SENECA COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2013  
UNAUDITED  
(Continued)

The table below provides a summary of the County's net position for 2013 and 2012, as restated.

	<b>Net Position</b>					
	Governmental	Business-type	Reclassified	Reclassified	Total	Reclassified
	Activities	Activities	Governmental	Business-type		
2013	2013	Activities	Activities	2013	Total	
		2012	2012		2012	
<b>Assets</b>						
Current and other assets	\$ 45,989,471	\$ 1,219,855	\$ 44,501,113	\$ 1,548,772	\$ 47,209,326	\$ 46,049,885
Capital assets	<u>72,592,303</u>	<u>6,235,613</u>	<u>70,562,315</u>	<u>4,352,763</u>	<u>78,827,916</u>	<u>74,915,078</u>
Total assets	<u>118,581,774</u>	<u>7,455,468</u>	<u>115,063,428</u>	<u>5,901,535</u>	<u>126,037,242</u>	<u>120,964,963</u>
<b>Liabilities</b>						
Long-term liabilities outstanding	5,115,343	3,144,646	5,313,082	2,988,935	8,259,989	8,302,017
Other liabilities	<u>2,368,431</u>	<u>99,540</u>	<u>2,955,493</u>	<u>808,412</u>	<u>2,467,971</u>	<u>3,763,905</u>
Total liabilities	<u>7,483,774</u>	<u>3,244,186</u>	<u>8,268,575</u>	<u>3,797,347</u>	<u>10,727,960</u>	<u>12,065,922</u>
<b>Deferred Inflows of Resources</b>	<u>5,064,892</u>	<u>-</u>	<u>5,069,367</u>	<u>-</u>	<u>5,064,892</u>	<u>5,069,367</u>
<b>Net Position</b>						
Net investment in capital assets	68,989,686	3,097,089	66,609,254	1,344,732	72,086,775	67,953,986
Restricted	25,771,402	110,819	25,205,065	17,880	25,882,221	25,222,945
Unrestricted	<u>11,272,020</u>	<u>1,003,374</u>	<u>9,911,167</u>	<u>741,576</u>	<u>12,275,394</u>	<u>10,652,743</u>
Total net position	<u>\$ 106,033,108</u>	<u>\$ 4,211,282</u>	<u>\$ 101,725,486</u>	<u>\$ 2,104,188</u>	<u>\$ 110,244,390</u>	<u>\$ 103,829,674</u>

Over time, net position can serve as a useful indicator of a government's financial condition. At December 31, 2013, the County's assets exceeded liabilities and deferred inflows of resources by \$110,244,390. This amounts to \$106,033,108 in the governmental activities and \$4,211,282 in the business-type activities.

Capital assets reported on the government-wide statements represent the largest portion of the County's assets. At year-end, capital assets represented 62.54 percent of total governmental and business-type assets. Capital assets include land and improvements, land improvements, buildings and improvements, machinery and equipment, infrastructure, and construction in progress. The County's net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction, or improvement of those assets and amounted to \$72,086,775 at December 31, 2013. Capital assets are used to provide services to citizens and are not available for future spending. Although the County's net investment in capital assets is reported net of related long-term obligations, it should be noted that the resources to repay the related debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

As of December 31, 2013, the County is able to report positive balances in all categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities. A portion of the County's net position, \$25,771,402 or 24.31 percent in the governmental activities and \$110,819 or 2.63 percent in the business-type activities, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, which amounts to \$11,272,020 in the governmental activities and \$1,003,374 in the business-type activities, may be used to meet the County's ongoing obligations to citizens and creditors.

Governmental net position increased by \$4,307,622 during 2013 from balances at December 31, 2012.

## SENECA COUNTY, OHIO

### MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2013 UNAUDITED (Continued)

General government expenses, which include legislative and executive and judicial programs, accounted for \$9,073,461 or 24.13 percent of total governmental expenses. General government expenses were covered by direct charges to users, operating grants and contributions, and capital grants and contributions of \$3,277,336, \$250,284, and \$209,576, respectively, in 2013. Excluding general government expenses, the County's largest program in 2013 was health, accounting for 22.51 percent of total governmental expenses. Health activities are provided mainly by the SCOC. 39.42 percent of these expenses were funded by \$2,498,548 in operating grants and contributions and \$838,123 in charges for health services in 2013. Public works expenses accounted for 17.38% of expenses and were offset by direct charges to users, operating grants and contributions, and capital grants and contributions of \$838,429, \$4,101,899, and \$4,186,574, respectively. Public safety activities include the operations of the County sheriff, coroner, community corrections, homeland security, emergency management, and the Seneca County Youth Center. 37.01 percent of public safety expenses was funded by program-specific charges for services revenues, including prison and detention center housing fees and reimbursements, revenue from concealed weapons licenses, emergency management charges for services and other sales, while 21.81 percent of public safety expenses was funded by operating and capital grants and contributions from federal, State, and local sources. Human services programs support the operations of the County Home, Public Assistance, Victim Assistance, Veteran Services, and the Children Services Board. Human services expenses accounted for \$6,342,892 or 16.87 percent of total governmental activities expenses. These expenses were funded by \$255,804 in charges to users of services and \$5,471,457 in operating grants and contributions in 2013.

The County's direct charges to users of governmental services made up \$7,613,053 or 18.10 percent of total governmental activities revenues. These charges include fees for real estate transfers, fees associated with the collection of property taxes, fines and forfeitures related to judicial activity, income from the lease of property, and licenses and permits.

The State and federal government contributed to the County revenues of \$13,304,253 in operating grants and contributions and \$4,956,945 in capital grants and contributions. Operating grants and contributions are restricted to be used for specific County programs, while capital grants and contributions are restricted to be used for the construction or acquisition of facilities and other capital assets.

General revenues totaled \$16,192,258, and amounted to 38.49 percent of total revenues. These revenues primarily consist of property and sales tax revenue of \$13,007,215, or 80.33 percent of total general revenues in 2013. The other primary source of general revenues is unrestricted grants and entitlements of \$2,427,120, with local government revenue assistance and the County's allocation of Ohio casino revenues making up \$687,629, or 28.33 percent, and \$681,981 or 28.10 percent of the total, respectively.

Capital grants and contributions decreased among the governmental activities as the County had fewer ongoing construction projects during the year, while in the prior year the Youth Center and SCAT building construction projects were funded by grantors. Capital grants and contributions among the business-type activities increased significantly during 2013 due to a grant from the U.S. Department of Agriculture for construction of the Bascom Wastewater Treatment Plant.

Charges for services in the business-type activities decreased from 2012 due to lower charges to customers, lower tap-in fees earned for connections to the County sewer system, which can vary based on the needs of sewer customers, and lower billings for EMS services. The operations of the Bascom Sewer District were fully consolidated into the operations of the County Sewer District for 2013.

**SENECA COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2013  
UNAUDITED  
(Continued)**

The table below shows the changes in net position for fiscal year 2013 and 2012.

	<b>Change in Net Position</b>					
	Governmental Activities 2013	Business-type Activities 2013	Governmental Activities 2012	Business-type Activities 2012	Total 2013	Total 2012
<b>Revenues</b>						
Program revenues:						
Charges for services and sales	\$ 7,613,053	\$ 754,536	\$ 7,441,638	\$ 1,147,685	\$ 8,367,589	\$ 8,589,323
Operating grants and contributions	13,304,253	5,882	13,742,891	6,000	13,310,135	13,748,891
Capital grants and contributions	4,956,945	2,098,314	6,922,077	133,297	7,055,259	7,055,374
<b>Total program revenues</b>	<u>25,874,251</u>	<u>2,858,732</u>	<u>28,106,606</u>	<u>1,286,982</u>	<u>28,732,983</u>	<u>29,393,588</u>
General revenues:						
Property taxes	5,035,465	-	4,994,203	-	5,035,465	4,994,203
Sales tax	7,971,750	-	7,552,080	-	7,971,750	7,552,080
Unrestricted grants	2,427,120	-	2,383,283	-	2,427,120	2,383,283
Contributions and donations	26,000	-	334	928	26,000	1,262
Investment earnings	57,660	1,289	65,972	557	58,949	66,529
Other	674,263	12,510	495,684	37,517	686,773	533,201
<b>Total general revenues</b>	<u>16,192,258</u>	<u>13,799</u>	<u>15,491,556</u>	<u>39,002</u>	<u>16,206,057</u>	<u>15,530,558</u>
<b>Total revenues</b>	<u>42,066,509</u>	<u>2,872,531</u>	<u>43,598,162</u>	<u>1,325,984</u>	<u>44,939,040</u>	<u>44,924,146</u>
<b>Expenses</b>						
Program expenses:						
General government						
Legislative and executive	6,563,460	-	6,028,548	-	6,563,460	6,028,548
Judicial	2,510,001	-	2,450,533	-	2,510,001	2,450,533
Public safety	6,493,429	-	6,668,801	-	6,493,429	6,668,801
Public works	6,537,118	-	6,153,195	-	6,537,118	6,153,195
Health	8,464,251	-	8,899,825	-	8,464,251	8,899,825
Human services	6,342,892	-	6,512,765	-	6,342,892	6,512,765
Conservation and recreation	117,422	-	240,198	-	117,422	240,198
Community and economic development	457,776	-	343,012	-	457,776	343,012
Interest and fiscal charges	117,538	-	125,935	-	117,538	125,935
Bascom Sewer District	-	-	-	108,715	-	108,715
Emergency Medical Services	-	450,399	-	429,700	450,399	429,700
County Sewer District	-	470,038	-	242,729	470,038	242,729
<b>Total expenses</b>	<u>37,603,887</u>	<u>920,437</u>	<u>37,422,812</u>	<u>781,144</u>	<u>38,524,324</u>	<u>38,203,956</u>
Excess of revenues over expenses	4,462,622	1,952,094	6,175,350	544,840	6,414,716	6,720,190
Transfers	(155,000)	155,000	(155,000)	155,000	-	-
<b>Change in net position</b>	4,307,622	2,107,094	6,020,350	699,840	6,414,716	6,720,190
<b>Net position at beginning of year</b>	<u>101,725,486</u>	<u>2,104,188</u>	<u>95,705,136</u>	<u>1,404,348</u>	<u>103,829,674</u>	<u>97,109,484</u>
<b>Net position at end of year</b>	<u>\$106,033,108</u>	<u>\$ 4,211,282</u>	<u>\$101,725,486</u>	<u>\$ 2,104,188</u>	<u>\$110,244,390</u>	<u>\$103,829,674</u>

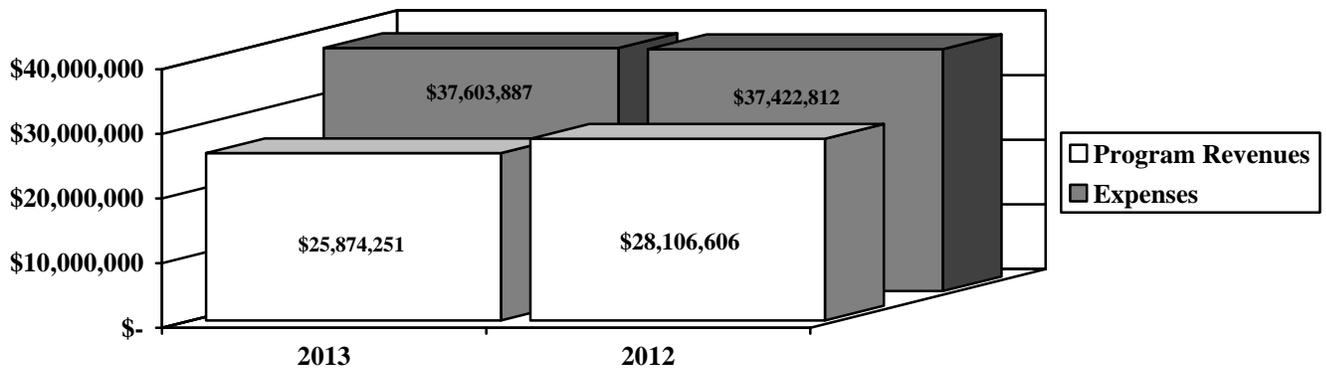
**SENECA COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2013  
UNAUDITED  
(Continued)

**Governmental Activities**

The statement of activities shows the cost of program services and the charges for services and grants offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services for 2013 and 2012. That is, it identifies the cost of these services supported by general revenues (such as tax revenue and unrestricted State grants and entitlements). The County is reliant upon general revenues to finance operations, as program revenues are not sufficient to cover total expenses.

**Governmental Activities - Program Revenues vs. Total Expenses**



The table that follows presents the total and net costs of services, or the extent to which the County relies on general revenues to finance current operations, of the governmental activities for 2013 and 2012.

	<b>Governmental Activities</b>			
	Total Cost of Services 2013	Net Cost of Services 2013	Total Cost of Services 2012	Net Cost of Services 2012
Program Expenses:				
General government				
Legislative and executive	\$ 6,563,460	\$ 4,202,486	\$ 6,028,548	\$ 4,349,647
Judicial	2,510,001	1,133,779	2,450,533	1,103,986
Public safety	6,493,429	2,674,156	6,668,801	3,899,071
Public works	6,537,118	(2,589,784)	6,153,195	(5,861,193)
Health	8,464,251	5,127,580	8,899,825	5,042,161
Human services	6,342,892	615,631	6,512,765	872,653
Conservation and recreation	117,422	117,322	240,198	237,058
Community and economic development	457,776	330,928	343,012	(453,112)
Interest and fiscal charges	117,538	117,538	125,935	125,935
<b>Total</b>	<b>\$ 37,603,887</b>	<b>\$ 11,729,636</b>	<b>\$ 37,422,812</b>	<b>\$ 9,316,206</b>

Charges for services, operating grants and contributions, and capital grants and contributions totaling \$3,737,196 were used to offset the general government expenses of the County. The remaining \$5,336,265 in general government expenses was funded by property taxes, sales taxes and grants and entitlements not restricted to specific programs. The County's reliance upon general revenues for governmental activities is apparent, with 31.19 percent of expenses

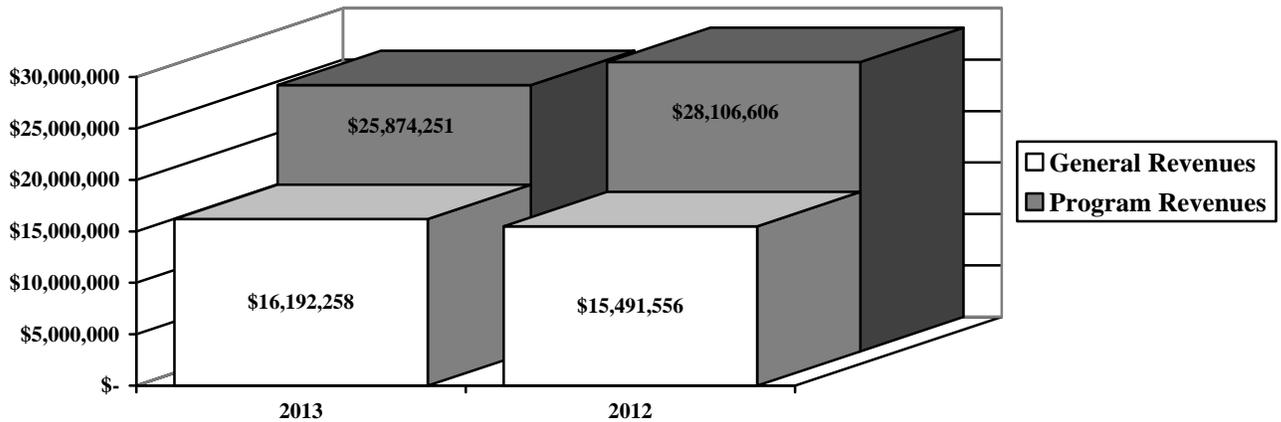
**SENECA COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2013  
UNAUDITED  
(Continued)**

supported through taxes and other general revenues during 2013.

The graph below illustrates the County's dependence on general revenues.

**Governmental Activities - General and Program Revenues**



**Business-Type Activities**

The Emergency Medical Services and County Sewer District are the County's enterprise funds. These operations had program revenues of \$2,858,732, general revenues of \$13,799, and expenses of \$920,437 for fiscal year 2013. The net position of the business-type activities increased \$2,107,094 during 2013.

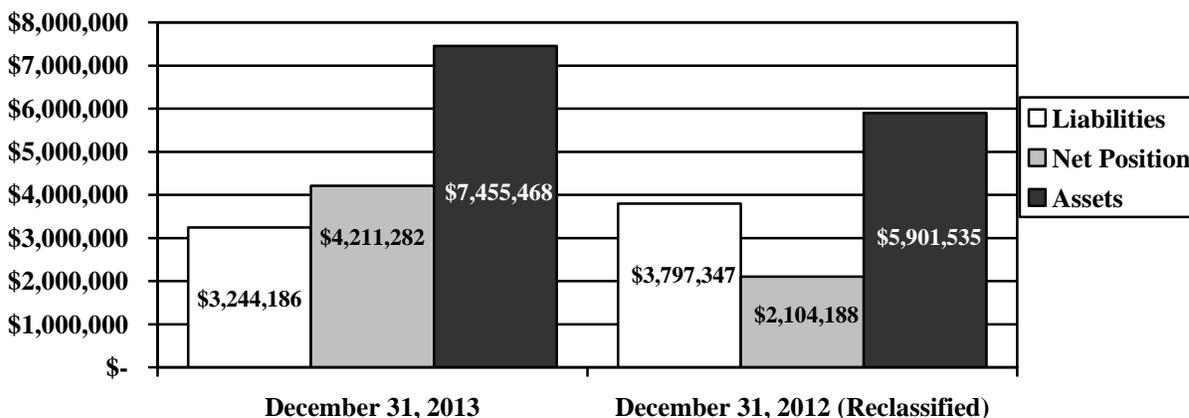
During 2013, the assets and net position of the business type activities increased significantly due to the acquisition and construction of the Bascom wastewater treatment plant which was funded by bond proceeds, the majority of which was received during 2012, and capital grant funding received from the U.S. Department of Agriculture, the most of which was recognized in 2013.

The following graph illustrates the assets, liabilities, and net position of the County's business-type activities at December 31, 2013 and December 31, 2012. Assets and liabilities at December 31, 2012 have been reclassified to include a \$34,000 balance of the County's internal loan, a liability of the EMS enterprise fund, as a component of internal balance rather than as a note payable as previously reported.

**SENECA COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2013  
UNAUDITED  
(Continued)

**Net Position of Business - Type Activities**



**Financial Analysis of the Government's Funds**

The County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental Funds**

The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of current resources and obligations. Such information is useful in assessing the County's financing requirements. In particular, fund balances serve as a useful measure of the County's net resources available for spending at year end.

The County's governmental funds reported a combined fund balance of \$29,581,963 at December 31, 2013, which is \$2,411,228 higher than last year's total of \$27,170,735. The schedule below indicates the fund balances as of December 31, 2013 and December 31, 2012 and the total change in fund balance during the year for all major governmental funds and the non-major governmental funds in the aggregate.

	Fund Balances December 31, 2013	Fund Balances December 31, 2012	Increase/ (Decrease)
Major funds:			
General	\$ 5,384,174	\$ 4,244,256	\$ 1,139,918
Maintenance and Repair	12,560,037	11,694,068	865,969
Seneca County Opportunity Center	5,493,794	6,268,924	(775,130)
Nonmajor governmental funds	<u>6,143,958</u>	<u>4,963,487</u>	<u>1,180,471</u>
Total	<u>\$ 29,581,963</u>	<u>\$ 27,170,735</u>	<u>\$ 2,411,228</u>

**General Fund**

The General fund is the primary operating fund of the County. During 2013, the County's General fund balance increased \$1,139,918.

**SENECA COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2013  
UNAUDITED  
(Continued)

The table that follows assists in illustrating the revenues of the General fund.

<u>Revenues</u>	<u>2013 Amount</u>	<u>2012 Amount</u>	<u>Percentage Change</u>
Taxes	\$ 9,555,624	\$ 9,191,987	3.96 %
Charges for services	4,136,128	3,724,662	11.05 %
Licenses and permits	2,498	3,247	(23.07) %
Fines and forfeitures	195,803	204,360	(4.19) %
Intergovernmental	2,109,361	1,749,915	20.54 %
Interest	46,798	56,701	(17.47) %
Other	<u>516,872</u>	<u>410,117</u>	26.03 %
Total	<u>\$ 16,563,084</u>	<u>\$ 15,340,989</u>	7.97 %

Tax revenue, consisting of property and sales taxes, represents 57.69 percent of all General fund revenue. Tax revenue increased 3.96 percent from the prior year primarily due to higher sales taxes earned during 2013 as the local economy continues to strengthen. Charges for services increased 11.05 percent from the prior year due to higher jail housing fees and the general fund's portion of EMS charges. Intergovernmental revenues increased during the year due to increases in capital grant revenues for County airport projects, operating grant receipts supporting judicial programs, and an increase in proceeds from the County's allocation of casino revenues from the State of Ohio. Other revenues of the general fund increased from the prior year due to increases in refunds and insurance proceeds received during 2013.

The table that follows assists in illustrating the expenditures of the General fund.

<u>Expenditures</u>	<u>2013 Amount</u>	<u>2012 Amount</u>	<u>Percentage Change</u>
General government:			
Legislative and executive	\$ 5,469,005	\$ 4,992,956	9.53 %
Judicial	2,196,454	2,062,175	6.51 %
Public safety	5,565,689	5,485,481	1.46 %
Public works	43,509	34,252	27.03 %
Health	115,096	190,717	(39.65) %
Human services	403,949	412,056	(1.97) %
Conservation and recreation	93,527	90,247	3.63 %
Capital outlay	-	12,946	(100.00) %
Debt service	<u>8,867</u>	<u>8,618</u>	2.89 %
Total	<u>\$ 13,896,096</u>	<u>\$ 13,289,448</u>	4.56 %

Total expenditures increased \$606,648 or 4.56 percent. General government expenditures increased \$610,328 due to higher costs incurred for insurance and contingencies, purchased services for the County airport operations, and costs of the municipal, common pleas, probate, and juvenile courts. Health expenditures of the general fund decreased 39.65 percent; higher health expenditures were incurred in 2012 than in 2013 for purchases of carpeting and equipment for health purposes. Public works expenditures increased due to higher expenditures of the County engineer.

## SENECA COUNTY, OHIO

### MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2013 UNAUDITED (Continued)

#### ***Maintenance and Repair Fund***

The Maintenance and Repair fund, a major governmental fund, had revenues and other financing sources \$4,922,122 in 2013, an increase of \$68,885 or 1.42 percent from 2012 revenues and other financing sources. The Maintenance and Repair fund had expenditures and other financing uses of \$4,056,153 in 2013, an increase of \$975,951 or 31.68 percent from 2012. The maintenance and repair fund incurred higher expenditures for street projects during the year. The fund balance of the Maintenance and Repair fund increased \$865,969 or 7.41 percent from 2012 to 2013.

#### ***Seneca County Opportunity Center (SCOC) Fund***

The SCOC fund, a major governmental fund, had revenues of \$7,310,030 in 2013, a decrease of \$492,538 or 6.31 percent from 2012 revenues. The SCOC fund had expenditures of \$8,085,160 in 2013, a decrease of \$146,492 or 1.78 percent from 2012. Lower charges for services revenues of the SCOC fund contributed to a decrease of \$775,130 or 12.36 percent in the fund balance of the SCOC fund from 2012 to 2013.

#### ***Budgeting Highlights - General Fund***

The County's budgeting process is prescribed by the Ohio Revised Code (ORC). Essentially, the budget is the County's appropriations, which are restricted by the amounts of anticipated revenues certified by the Budget Commission in accordance with the ORC; therefore, the County's plans or desires cannot be totally reflected in the original budget. If budgeted revenues are adjusted due to actual activity, then the appropriations may be adjusted accordingly.

Budgetary information is presented for the General fund, Maintenance and Repair fund, and SCOC fund.

In the General fund, final budgeted revenues and other financing sources of \$16,232,820 were \$1,536,810 higher than original budgeted revenues of \$14,696,010. Actual revenues and other financing sources of \$16,892,438 were higher than final budgeted revenues by \$659,618 or 4.06 percent.

General fund final budgeted expenditures and other financing uses of \$16,666,901 were \$1,122,809 higher than original budgeted expenditures and other financing uses of \$15,544,092. Actual expenditures and financing uses of \$16,219,830 were \$447,071 lower than final budgeted expenditures and financing uses.

#### ***Proprietary Funds***

The County's proprietary funds provide the same type of information found in the government-wide financial statements for business-type activities, but in more detail.

#### **Capital Assets and Debt Administration**

##### ***Capital Assets***

At the end of 2013, the County had \$78,827,916 (net of accumulated depreciation) invested in land and improvements (land and improvements not being depreciated, such as road base infrastructure), land improvements, buildings and improvements, machinery and equipment, infrastructure, and construction in progress. Of this total, \$72,592,303 was reported in the governmental activities and \$6,235,613 was reported in the business-type activities.

**SENECA COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2013  
UNAUDITED  
(Continued)

The following table shows fiscal year 2013 balances compared to 2012.

**Capital Assets at December 31  
(Net of Depreciation)**

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Land and improvements	\$ 20,829,776	\$ 21,177,931	\$ 26,243	\$ 26,243	\$ 20,856,019	\$ 21,204,174
Construction in progress	542,722	5,732,937	-	2,151,903	542,722	7,884,840
Land improvements	359,541	-	-	-	359,541	-
Building and improvements	14,836,443	10,213,600	88,981	95,263	14,925,424	10,308,863
Machinery and equipment	1,977,558	2,174,015	50,281	58,851	2,027,839	2,232,866
Infrastructure	34,046,263	31,263,832	6,070,108	2,020,503	40,116,371	33,284,335
<b>Total</b>	<u>\$ 72,592,303</u>	<u>\$ 70,562,315</u>	<u>\$ 6,235,613</u>	<u>\$ 4,352,763</u>	<u>\$ 78,827,916</u>	<u>\$ 74,915,078</u>

See Note 9 to the basic financial statements for detail on the County's capital assets.

The County's largest capital asset category is infrastructure, which includes roads, bridges and culverts. These items are immovable and of value only to the County; however, the annual cost of purchasing these items is quite significant. The net book value of the County's infrastructure (cost less accumulated depreciation) represents approximately 46.90 percent of the County's total governmental capital assets.

The County's largest business-type capital asset category is also infrastructure. These items play a vital role in the income producing ability of the business-type activities. The net book value of the County's infrastructure (cost less accumulated depreciation) represents approximately 97.35 percent of the County's total business-type capital assets. During 2013 the County completed construction of a wastewater treatment plant.

***Debt Administration***

At December 31, 2013 the County had \$3,125,000 in general obligation bonds, \$14,490 in capital lease obligations, \$50,486 in OWDA loans, \$280,624 in OPWC loans payable, and \$3,130,652 in sewer district improvement revenue bonds outstanding. Of this total, \$673,815 is due within one year and \$5,927,437 is due in more than one year.

The following table summarizes the bonds, notes and loans outstanding.

**SENECA COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2013  
UNAUDITED  
(Continued)

**Outstanding Debt, at Year End**

	Governmental Activities <u>2013</u>	Business-Type Activities <u>2013</u>	Governmental Activities <u>2012</u>	Business-Type Activities <u>2012</u>
Long-Term Obligations				
General obligation bonds	\$ 3,125,000	\$ -	\$ 3,585,000	\$ -
Capital lease obligation	14,490	-	22,061	-
OWDA loan	50,486	-	55,800	-
OPWC loan	272,752	7,872	-	8,556
WSOS loan	-	-	-	11,023
Sewer improvement bonds	-	3,130,652	-	2,954,452
<b>Total</b>	<u><u>\$ 3,462,728</u></u>	<u><u>\$ 3,138,524</u></u>	<u><u>\$ 3,662,861</u></u>	<u><u>\$ 2,974,031</u></u>

At December 31, 2013 the County's voted legal debt margin was \$21,246,516 and the County's unvoted legal debt margin was \$8,098,669. See Note 11 to the basic financial statements for detail on long-term obligations.

**Current Economic Factors**

The County's estimated population as of July 1, 2013, per the U.S. Census Bureau is 55,914. The County's average annual unemployment rate during 2013 was 7.3% compared to a 7.4% average for the State of Ohio.

The County is primarily a rural community with a significant agricultural and durable goods manufacturing presence. The County's \$976.5 million assessed real property tax base has grown approximately 4 percent over the last six years. The growth is based on residential real estate construction and revaluations of property within the County. The County's debt burden remains modest.

**Contacting the County's Financial Management**

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the County's finances and to show the County's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Honorable Julie A. Adkins, Seneca County Auditor, 109 S. Washington St., Suite 2206, Tiffin, Ohio 44883-2895.

SENECA COUNTY, OHIO

STATEMENT OF NET POSITION  
DECEMBER 31, 2013

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Seneca Re-Ad Industries, Inc.
<b>Assets:</b>				
Equity in pooled cash and investments. . . . .	\$ 27,233,692	\$ 861,604	\$ 28,095,296	\$ -
Cash and cash equivalents in segregated accounts. . . . .	148,190	-	148,190	950,074
Cash and cash equivalents with fiscal agent . . . . .	-	-	-	988
Receivables:				
Sales taxes. . . . .	2,079,606	-	2,079,606	-
Property taxes . . . . .	5,502,784	-	5,502,784	-
Accounts. . . . .	476,777	188,580	665,357	120,405
Accrued interest . . . . .	2,137	83	2,220	-
Intergovernmental . . . . .	5,096,551	103,836	5,200,387	-
Loans. . . . .	45,927	-	45,927	-
Notes . . . . .	-	66,428	66,428	-
Materials and supplies inventory. . . . .	459,566	-	459,566	-
Prepayments . . . . .	235,308	371	235,679	-
Internal balance . . . . .	1,047	(1,047)	-	-
Investment in joint ventures . . . . .	4,707,886	-	4,707,886	-
Capital assets:				
Land and construction in progress. . . . .	21,372,498	26,243	21,398,741	2,945
Depreciable capital assets, net. . . . .	51,219,805	6,209,370	57,429,175	227,218
Total capital assets, net. . . . .	<u>72,592,303</u>	<u>6,235,613</u>	<u>78,827,916</u>	<u>230,163</u>
Total assets . . . . .	<u>118,581,774</u>	<u>7,455,468</u>	<u>126,037,242</u>	<u>1,301,630</u>
<b>Liabilities:</b>				
Accounts payable. . . . .	677,815	16,728	694,543	1,335
Contracts payable. . . . .	190,375	-	190,375	-
Accrued wages and benefits payable . . . . .	736,744	9,209	745,953	31,711
Due to other governments . . . . .	689,402	51,050	740,452	4,382
Accrued interest payable . . . . .	8,410	21,523	29,933	-
Unearned revenue . . . . .	65,685	1,030	66,715	-
Undistributed monies. . . . .	-	-	-	4,910
Long-term liabilities:				
Due within one year . . . . .	1,023,263	52,536	1,075,799	-
Due in more than one year. . . . .	4,092,080	3,092,110	7,184,190	-
Total liabilities . . . . .	<u>7,483,774</u>	<u>3,244,186</u>	<u>10,727,960</u>	<u>42,338</u>
<b>Deferred inflows of resources:</b>				
Property taxes levied for the subsequent year. . . . .	5,064,892	-	5,064,892	-
Total deferred inflows of resources . . . . .	<u>5,064,892</u>	<u>-</u>	<u>5,064,892</u>	<u>-</u>
<b>Net position:</b>				
Net investment in capital assets. . . . .	68,989,686	3,097,089	72,086,775	230,163
Restricted for:				
Capital projects . . . . .	81,246	-	81,246	-
Grants and specific programs . . . . .	3,144,084	-	3,144,084	-
Human services programs. . . . .	2,560,237	-	2,560,237	-
Community and economic development . . . . .	620,432	-	620,432	-
SCOC programs. . . . .	5,515,925	-	5,515,925	-
Roads and bridges. . . . .	13,849,478	-	13,849,478	-
Debt service. . . . .	-	110,819	110,819	-
Unrestricted . . . . .	<u>11,272,020</u>	<u>1,003,374</u>	<u>12,275,394</u>	<u>1,029,129</u>
Total net position . . . . .	<u>\$ 106,033,108</u>	<u>\$ 4,211,282</u>	<u>\$ 110,244,390</u>	<u>\$ 1,259,292</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**This page intentionally left blank.**

SENECA COUNTY, OHIO

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2013

	<b>Program Revenues</b>			
	<b>Expenses</b>	<b>Charges for Services and Sales</b>	<b>Operating Grants and Contributions</b>	<b>Capital Grants and Contributions</b>
<b>Governmental activities:</b>				
General government:				
Legislative and executive. . . . .	\$ 6,563,460	\$ 2,072,641	\$ 78,757	\$ 209,576
Judicial. . . . .	2,510,001	1,204,695	171,527	-
Public safety . . . . .	6,493,429	2,403,361	855,117	560,795
Public works . . . . .	6,537,118	838,429	4,101,899	4,186,574
Health. . . . .	8,464,251	838,123	2,498,548	-
Human services . . . . .	6,342,892	255,804	5,471,457	-
Conservation and recreation . . . . .	117,422	-	100	-
Community and economic development. . . . .	457,776	-	126,848	-
Interest and fiscal charges . . . . .	117,538	-	-	-
Total governmental activities . . . . .	<u>37,603,887</u>	<u>7,613,053</u>	<u>13,304,253</u>	<u>4,956,945</u>
<b>Business-type activities:</b>				
Emergency Medical Services . . . . .	450,399	323,657	5,882	-
County Sewer District. . . . .	470,038	430,879	-	2,098,314
Total business-type activities . . . . .	<u>920,437</u>	<u>754,536</u>	<u>5,882</u>	<u>2,098,314</u>
Totals . . . . .	<u>\$ 38,524,324</u>	<u>\$ 8,367,589</u>	<u>\$ 13,310,135</u>	<u>\$ 7,055,259</u>
<b>Component Unit:</b>				
Seneca Re-Ad Industries, Inc . . . . .	<u>\$ 1,188,620</u>	<u>\$ 508,317</u>	<u>\$ 609,322</u>	<u>\$ -</u>

**General revenues:**

- Property taxes levied for:
  - General purposes . . . . .
  - Seneca County Opportunity Center. . . . .
- Sales taxes . . . . .
- Grants and entitlements not restricted  
to specific programs. . . . .
- Contributions and donations. . . . .
- Investment earnings. . . . .
- Miscellaneous . . . . .

Total general revenues . . . . .

Transfers . . . . .

Total transfers and general revenues. . . . .

Change in net position . . . . .

**Net position at beginning of year . . . . .**

**Net position at end of year . . . . .**

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**Net (Expense) Revenue  
and Changes in Net Position**

<b>Primary Government</b>			<b>Component Unit</b>
<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>	<b>Seneca Re-Ad Industries, Inc.</b>
\$ (4,202,486)	\$ -	\$ (4,202,486)	\$ -
(1,133,779)	-	(1,133,779)	-
(2,674,156)	-	(2,674,156)	-
2,589,784	-	2,589,784	-
(5,127,580)	-	(5,127,580)	-
(615,631)	-	(615,631)	-
(117,322)	-	(117,322)	-
(330,928)	-	(330,928)	-
(117,538)	-	(117,538)	-
(11,729,636)	-	(11,729,636)	-
-	(120,860)	(120,860)	-
-	2,059,155	2,059,155	-
-	1,938,295	1,938,295	-
(11,729,636)	1,938,295	(9,791,341)	-
-	-	-	(70,981)
1,615,959	-	1,615,959	-
3,419,506	-	3,419,506	-
7,971,750	-	7,971,750	-
2,427,120	-	2,427,120	-
26,000	-	26,000	5,520
57,660	1,289	58,949	3,102
674,263	12,510	686,773	3,151
16,192,258	13,799	16,206,057	11,773
(155,000)	155,000	-	-
16,037,258	168,799	16,206,057	11,773
4,307,622	2,107,094	6,414,716	(59,208)
101,725,486	2,104,188	103,829,674	1,318,500
\$ 106,033,108	\$ 4,211,282	\$ 110,244,390	\$ 1,259,292

SENECA COUNTY, OHIO

BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2013

	General	Maintenance and Repair	Seneca County Opportunity Center	Nonmajor Governmental Funds	Total Governmental Funds
<b>Assets:</b>					
Equity in pooled cash and investments . . . . .	\$ 3,988,316	\$ 11,344,416	\$ 4,236,888	\$ 7,664,072	\$ 27,233,692
Cash and cash equivalents in segregated accounts . . . . .	148,190	-	-	-	148,190
Receivables:					
Sales taxes . . . . .	2,079,606	-	-	-	2,079,606
Property taxes . . . . .	1,756,459	-	3,746,325	-	5,502,784
Accounts . . . . .	369,115	25,582	31,620	50,460	476,777
Due from other funds . . . . .	28,951	54,491	-	57,360	140,802
Interfund loans . . . . .	30,602	248,000	1,216,000	-	1,494,602
Accrued interest . . . . .	2,137	-	-	-	2,137
Intergovernmental . . . . .	868,037	2,062,534	723,772	1,442,208	5,096,551
Loans . . . . .	-	-	-	45,927	45,927
Loans to other funds . . . . .	20,130	-	-	250,000	270,130
Materials and supplies inventory . . . . .	47,168	404,138	6,180	2,080	459,566
Prepayments . . . . .	155,721	502	53,678	25,407	235,308
Total assets . . . . .	<u>\$ 9,494,432</u>	<u>\$ 14,139,663</u>	<u>\$ 10,014,463</u>	<u>\$ 9,537,514</u>	<u>\$ 43,186,072</u>
<b>Liabilities:</b>					
Accounts payable . . . . .	\$ 298,033	\$ 78,004	\$ 109,576	\$ 192,202	\$ 677,815
Contracts payable . . . . .	-	-	-	190,375	190,375
Accrued wages and benefits payable . . . . .	311,920	61,070	225,447	138,307	736,744
Matured compensated absences payable . . . . .	3,793	-	-	-	3,793
Intergovernmental payable . . . . .	369,754	38,110	161,211	120,327	689,402
Due to other funds . . . . .	1,196	35	9,169	129,355	139,755
Interfund loans payable . . . . .	-	-	-	1,494,602	1,494,602
Loans from other funds . . . . .	-	-	-	270,130	270,130
Unearned revenue . . . . .	8,962	-	-	56,723	65,685
Total liabilities . . . . .	<u>993,658</u>	<u>177,219</u>	<u>505,403</u>	<u>2,592,021</u>	<u>4,268,301</u>
<b>Deferred inflows of resources:</b>					
Property taxes levied for the subsequent year . . . . .	1,616,861	-	3,448,031	-	5,064,892
Delinquent property taxes not available . . . . .	139,598	-	298,294	-	437,892
Accrued interest not available . . . . .	809	-	-	-	809
Intergovernmental revenue not available . . . . .	553,546	1,402,407	268,941	801,535	3,026,429
Sales taxes not available . . . . .	805,786	-	-	-	805,786
Total deferred inflows of resources . . . . .	<u>3,116,600</u>	<u>1,402,407</u>	<u>4,015,266</u>	<u>801,535</u>	<u>9,335,808</u>
<b>Fund balances:</b>					
Nonspendable . . . . .	373,031	404,640	59,858	27,487	865,016
Restricted . . . . .	-	12,155,397	5,433,936	5,989,879	23,579,212
Committed . . . . .	11,855	-	-	-	11,855
Assigned . . . . .	1,276,726	-	-	956,079	2,232,805
Unassigned (deficit) . . . . .	3,722,562	-	-	(829,487)	2,893,075
Total fund balances . . . . .	<u>5,384,174</u>	<u>12,560,037</u>	<u>5,493,794</u>	<u>6,143,958</u>	<u>29,581,963</u>
Total liabilities, deferred inflows of resources and fund balances . . . . .	<u>\$ 9,494,432</u>	<u>\$ 14,139,663</u>	<u>\$ 10,014,463</u>	<u>\$ 9,537,514</u>	<u>\$ 43,186,072</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**SENECA COUNTY, OHIO**

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO  
NET POSITION OF GOVERNMENTAL ACTIVITIES  
DECEMBER 31, 2013

<b>Total governmental fund balances</b>		\$	29,581,963
<i>Amounts reported for governmental activities on the statement of net position are different because:</i>			
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.			72,592,303
Investments in joint ventures by the governmental activities are not financial resources and therefore are not reported in the funds.			4,707,886
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred inflows in the funds.			
Sales taxes receivable	\$	805,786	
Delinquent property taxes receivable		437,892	
Intergovernmental receivable		3,026,429	
Accrued interest receivable		809	
Total		4,270,916	4,270,916
On the statement of net position interest is accrued on outstanding bonds payable, whereas in the governmental funds interest is accrued when due.			(8,410)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.			
Compensated absences		(1,648,822)	
Capital lease payable		(14,490)	
General obligation bonds payable		(3,125,000)	
Loans payable		(323,238)	
Total		(5,111,550)	(5,111,550)
<b>Net position of governmental activities</b>		\$	106,033,108

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

SENECA COUNTY, OHIO

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2013

	General	Maintenance and Repair	Seneca County Opportunity Center	Nonmajor Governmental Funds	Total Governmental Funds
<b>Revenues:</b>					
Property taxes . . . . .	\$ 1,605,378	\$ -	\$ 3,399,692	\$ -	\$ 5,005,070
Sales taxes . . . . .	7,950,246	-	-	-	7,950,246
Special assessments . . . . .	-	-	-	246,142	246,142
Charges for services . . . . .	4,136,128	489,598	547,420	1,122,957	6,296,103
Licenses and permits . . . . .	2,498	-	-	220,859	223,357
Fines and forfeitures . . . . .	195,803	34,640	-	232,149	462,592
Intergovernmental . . . . .	2,109,361	4,107,201	3,225,142	11,604,525	21,046,229
Interest . . . . .	46,798	8,238	-	1,815	56,851
Rent . . . . .	96,446	-	66,826	152,466	315,738
Contributions and donations . . . . .	26,000	-	3,360	3,559	32,919
Other . . . . .	394,426	8,096	67,590	273,272	743,384
<b>Total revenues . . . . .</b>	<b>16,563,084</b>	<b>4,647,773</b>	<b>7,310,030</b>	<b>13,857,744</b>	<b>42,378,631</b>
<b>Expenditures:</b>					
Current:					
General government:					
Legislative and executive . . . . .	5,469,005	-	-	421,198	5,890,203
Judicial . . . . .	2,196,454	-	-	262,787	2,459,241
Public safety . . . . .	5,565,689	-	-	952,693	6,518,382
Public works . . . . .	43,509	3,728,919	-	158,663	3,931,091
Health . . . . .	115,096	-	8,085,160	188,291	8,388,547
Human services . . . . .	403,949	-	-	5,898,830	6,302,779
Conservation and recreation . . . . .	93,527	-	-	46	93,573
Community and economic development . . . . .	-	-	-	457,776	457,776
Capital outlay . . . . .	-	-	-	5,457,804	5,457,804
Debt service:					
Principal retirement . . . . .	7,571	-	-	465,314	472,885
Interest and fiscal charges . . . . .	1,296	-	-	117,104	118,400
<b>Total expenditures . . . . .</b>	<b>13,896,096</b>	<b>3,728,919</b>	<b>8,085,160</b>	<b>14,380,506</b>	<b>40,090,681</b>
Excess (deficiency) of revenues over (under) expenditures . . . . .	2,666,988	918,854	(775,130)	(522,762)	2,287,950
<b>Other financing sources (uses):</b>					
Loan proceeds . . . . .	-	272,752	-	-	272,752
Sale of capital assets . . . . .	3,929	1,597	-	-	5,526
Transfers in . . . . .	69,712	-	-	1,845,379	1,915,091
Transfers (out) . . . . .	(1,600,711)	(327,234)	-	(142,146)	(2,070,091)
<b>Total other financing sources (uses) . . . . .</b>	<b>(1,527,070)</b>	<b>(52,885)</b>	<b>-</b>	<b>1,703,233</b>	<b>123,278</b>
<b>Net change in fund balances . . . . .</b>	<b>1,139,918</b>	<b>865,969</b>	<b>(775,130)</b>	<b>1,180,471</b>	<b>2,411,228</b>
<b>Fund balances at beginning of year . . . . .</b>	<b>4,244,256</b>	<b>11,694,068</b>	<b>6,268,924</b>	<b>4,963,487</b>	<b>27,170,735</b>
<b>Fund balances at end of year . . . . .</b>	<b>\$ 5,384,174</b>	<b>\$ 12,560,037</b>	<b>\$ 5,493,794</b>	<b>\$ 6,143,958</b>	<b>\$ 29,581,963</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**SENECA COUNTY, OHIO**

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2013

**Net change in fund balances - total governmental funds** \$ 2,411,228

*Amounts reported for governmental activities in the statement of activities are different because:*

Governmental funds report capital outlays as expenditures; however, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceed depreciation expense in the current period.

Capital asset additions	\$	6,316,417	
Current year depreciation		(3,208,932)	
Total			3,107,485

The net effect of various transactions involving capital assets (i.e. sales, disposals, trade-ins, and donations) is to decrease net position. (1,077,497)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Sales taxes		21,504	
Property taxes		30,395	
Intergovernmental revenues		(364,830)	
Investment income		809	
Total			(312,122)

Equity interests in joint ventures do not represent current resources and are not reported in the funds; however, gains or losses resulting from these investments increase or decrease assets on the statement of net position. 15,796

Proceeds from loans are reported as an other financing source in the governmental funds; however, in the statement of activities they are not reported as revenues as they increase liabilities on the statement of net position. (272,752)

Repayment of bond and lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net position. 472,885

In the statement of activities, interest is accrued on outstanding bonds and loans, whereas in governmental funds, an interest expenditure is reported when due. 862

Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. (38,263)

**Change in net position of governmental activities** \$ 4,307,622

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**SENECA COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
 GENERAL FUND  
 FOR THE YEAR ENDED DECEMBER 31, 2013

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>Revenues:</b>				
Property taxes . . . . .	\$ 1,606,000	\$ 1,605,378	\$ 1,605,378	\$ -
Sales taxes . . . . .	7,288,632	7,879,259	7,879,259	-
Charges for services. . . . .	3,298,860	3,885,731	3,893,139	7,408
Licenses and permits . . . . .	3,385	2,498	2,498	-
Fines and forfeitures . . . . .	158,000	186,201	197,391	11,190
Intergovernmental. . . . .	2,086,376	2,054,643	2,054,773	130
Interest. . . . .	81,100	41,782	41,782	-
Rent . . . . .	129,660	96,446	99,623	3,177
Contributions and donations. . . . .	-	21,000	26,000	5,000
Other. . . . .	43,997	376,241	383,793	7,552
<b>Total revenues . . . . .</b>	<b>14,696,010</b>	<b>16,149,179</b>	<b>16,183,636</b>	<b>34,457</b>
<b>Expenditures:</b>				
Current:				
General government:				
Legislative and executive. . . . .	5,384,420	5,826,947	5,606,312	220,635
Judicial . . . . .	2,436,070	2,521,699	2,408,488	113,211
Public safety . . . . .	5,616,319	5,797,119	5,717,702	79,417
Public works . . . . .	42,026	49,532	40,795	8,737
Health . . . . .	143,303	137,489	127,489	10,000
Human services. . . . .	591,396	520,690	454,131	66,559
Conservation and recreation . . . . .	93,600	93,600	93,600	-
<b>Total expenditures . . . . .</b>	<b>14,307,134</b>	<b>14,947,076</b>	<b>14,448,517</b>	<b>498,559</b>
<b>Excess of revenues over expenditures . . . . .</b>	<b>388,876</b>	<b>1,202,103</b>	<b>1,735,119</b>	<b>533,016</b>
<b>Other financing sources (uses):</b>				
Sale of capital assets. . . . .	-	3,929	3,929	-
Advances in . . . . .	-	-	625,161	625,161
Advances (out). . . . .	-	-	(30,602)	(30,602)
Transfers in . . . . .	-	79,712	79,712	-
Transfers (out). . . . .	(1,236,958)	(1,719,825)	(1,740,711)	(20,886)
<b>Total other financing sources (uses) . . . . .</b>	<b>(1,236,958)</b>	<b>(1,636,184)</b>	<b>(1,062,511)</b>	<b>573,673</b>
<b>Net change in fund balances . . . . .</b>	<b>(848,082)</b>	<b>(434,081)</b>	<b>672,608</b>	<b>1,106,689</b>
<b>Fund balances at beginning of year . . . . .</b>	<b>746,574</b>	<b>746,574</b>	<b>746,574</b>	<b>-</b>
<b>Prior year encumbrances appropriated . . . . .</b>	<b>934,444</b>	<b>934,444</b>	<b>934,444</b>	<b>-</b>
<b>Fund balance at end of year . . . . .</b>	<b>\$ 832,936</b>	<b>\$ 1,246,937</b>	<b>\$ 2,353,626</b>	<b>\$ 1,106,689</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**SENECA COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
 MAINTENANCE AND REPAIR FUND  
 FOR THE YEAR ENDED DECEMBER 31, 2013

	<u>Budgeted Amounts</u>			<b>Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues:</b>				
Charges for services . . . . .	\$ 355,000	\$ 355,000	\$ 470,787	\$ 115,787
Fines and forfeitures . . . . .	31,000	31,000	33,365	2,365
Intergovernmental . . . . .	4,000,000	4,000,000	4,111,988	111,988
Interest . . . . .	6,200	6,200	8,212	2,012
Other . . . . .	-	-	16,626	16,626
<b>Total revenues . . . . .</b>	<u>4,392,200</u>	<u>4,392,200</u>	<u>4,640,978</u>	<u>248,778</u>
<b>Expenditures:</b>				
Current:				
Public works . . . . .	4,450,911	4,811,554	4,065,504	746,050
<b>Total expenditures . . . . .</b>	<u>4,450,911</u>	<u>4,811,554</u>	<u>4,065,504</u>	<u>746,050</u>
Excess (deficiency) of revenues over (under) expenditures . . . . .	<u>(58,711)</u>	<u>(419,354)</u>	<u>575,474</u>	<u>994,828</u>
<b>Other financing sources (uses):</b>				
Loan proceeds . . . . .	-	-	272,752	272,752
Sale of capital assets . . . . .	-	-	1,597	1,597
Advances (out) . . . . .	-	-	(248,000)	(248,000)
Transfers (out) . . . . .	(393,332)	(388,188)	(327,234)	60,954
<b>Total other financing sources (uses) . . . . .</b>	<u>(393,332)</u>	<u>(388,188)</u>	<u>(300,885)</u>	<u>87,303</u>
Net change in fund balances . . . . .	(452,043)	(807,542)	274,589	1,082,131
<b>Fund balances at beginning of year . . . . .</b>	10,397,718	10,397,718	10,397,718	-
<b>Prior year encumbrances appropriated . . . . .</b>	353,194	353,194	353,194	-
<b>Fund balance at end of year . . . . .</b>	<u>\$ 10,298,869</u>	<u>\$ 9,943,370</u>	<u>\$ 11,025,501</u>	<u>\$ 1,082,131</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**SENECA COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
 SENECA COUNTY OPPORTUNITY CENTER FUND  
 FOR THE YEAR ENDED DECEMBER 31, 2013

	<u>Budgeted Amounts</u>			<b>Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues:</b>				
Property taxes . . . . .	\$ 3,367,000	\$ 3,399,692	\$ 3,399,692	\$ -
Charges for services . . . . .	1,070,203	767,507	758,956	(8,551)
Intergovernmental . . . . .	3,261,390	2,962,104	2,972,367	10,263
Rent . . . . .	67,543	66,892	66,826	(66)
Contributions and donations. . . . .	3,975	3,160	3,360	200
Other. . . . .	123,292	72,169	67,590	(4,579)
<b>Total revenues . . . . .</b>	<u>7,893,403</u>	<u>7,271,524</u>	<u>7,268,791</u>	<u>(2,733)</u>
<b>Expenditures:</b>				
Current:				
Health. . . . .	13,295,339	12,651,946	8,613,139	4,038,807
<b>Total expenditures . . . . .</b>	<u>13,295,339</u>	<u>12,651,946</u>	<u>8,613,139</u>	<u>4,038,807</u>
Excess of expenditures over revenues . . . . .	<u>(5,401,936)</u>	<u>(5,380,422)</u>	<u>(1,344,348)</u>	<u>4,036,074</u>
<b>Other financing sources (uses):</b>				
Transfers in . . . . .	63,000	-	-	-
Transfers (out). . . . .	(420,000)	(420,000)	-	420,000
<b>Total other financing sources (uses) . . . . .</b>	<u>(357,000)</u>	<u>(420,000)</u>	<u>-</u>	<u>420,000</u>
Net change in fund balances . . . . .	(5,758,936)	(5,800,422)	(1,344,348)	4,456,074
<b>Fund balances at beginning of year . . . . .</b>	5,693,004	5,693,004	5,693,004	-
<b>Prior year encumbrances appropriated . . . . .</b>	605,586	605,586	605,586	-
<b>Fund balance at end of year . . . . .</b>	<u>\$ 539,654</u>	<u>\$ 498,168</u>	<u>\$ 4,954,242</u>	<u>\$ 4,456,074</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

SENECA COUNTY, OHIO

STATEMENT OF NET POSITION  
 PROPRIETARY FUNDS  
 DECEMBER 31, 2013

	<b>Business-type Activities - Enterprise Funds</b>		
	<b>Emergency Medical Services</b>	<b>County Sewer District</b>	<b>Total</b>
<b>Assets:</b>			
Current assets:			
Equity in pooled cash and cash equivalents . . .	\$ 295,103	\$ 566,501	\$ 861,604
Receivables:			
Accounts . . . . .	60,259	128,321	188,580
Accrued interest. . . . .	-	83	83
Intergovernmental . . . . .	-	103,836	103,836
Notes . . . . .	-	66,428	66,428
Prepayments . . . . .	275	96	371
Total current assets . . . . .	<u>355,637</u>	<u>865,265</u>	<u>1,220,902</u>
Noncurrent assets:			
Capital assets:			
Land and construction in progress . . . . .	-	26,243	26,243
Depreciable capital assets, net . . . . .	34,669	6,174,701	6,209,370
Total capital assets, net. . . . .	<u>34,669</u>	<u>6,200,944</u>	<u>6,235,613</u>
Total assets. . . . .	<u>390,306</u>	<u>7,066,209</u>	<u>7,456,515</u>
<b>Liabilities:</b>			
Current liabilities:			
Accounts payable . . . . .	7,730	8,998	16,728
Accrued wages and benefits payable. . . . .	6,330	2,879	9,209
Due to other funds . . . . .	653	394	1,047
Due to other governments . . . . .	34,080	16,970	51,050
Unearned revenue. . . . .	-	1,030	1,030
Accrued interest payable . . . . .	-	21,523	21,523
Compensated absences payable. . . . .	2,852	-	2,852
Revenue bonds payable. . . . .	-	49,000	49,000
OPWC loans payable . . . . .	-	684	684
Total current liabilities . . . . .	<u>51,645</u>	<u>101,478</u>	<u>153,123</u>
Long-term liabilities:			
Compensated absences payable. . . . .	3,270	-	3,270
Revenue bonds payable . . . . .	-	3,081,652	3,081,652
OPWC loans payable . . . . .	-	7,188	7,188
Total long-term liabilities . . . . .	<u>3,270</u>	<u>3,088,840</u>	<u>3,092,110</u>
Total liabilities. . . . .	<u>54,915</u>	<u>3,190,318</u>	<u>3,245,233</u>
<b>Net position:</b>			
Net investment in capital assets . . . . .	34,669	3,062,420	3,097,089
Restricted for debt service . . . . .	-	110,819	110,819
Unrestricted. . . . .	300,722	702,652	1,003,374
Total net position. . . . .	<u>\$ 335,391</u>	<u>\$ 3,875,891</u>	<u>4,211,282</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

SENECA COUNTY, OHIO

STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN NET POSITION  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2013

	<b>Business-type Activities - Enterprise Funds</b>		
	<b>Emergency Medical Services</b>	<b>County Sewer District</b>	<b>Total</b>
<b>Operating revenues:</b>			
Charges for services . . . . .	\$ -	\$ 422,025	\$ 422,025
Tap-in fees . . . . .	-	8,854	8,854
Patient fees. . . . .	323,657	-	323,657
Other operating revenues. . . . .	9,412	3,098	12,510
Total operating revenues. . . . .	<u>333,069</u>	<u>433,977</u>	<u>767,046</u>
<b>Operating expenses:</b>			
Personal services . . . . .	180,759	69,759	250,518
Contract services . . . . .	140,017	202,982	342,999
Materials and supplies . . . . .	58,640	29,138	87,778
Depreciation . . . . .	36,511	83,698	120,209
Other . . . . .	34,099	2,361	36,460
Total operating expenses . . . . .	<u>450,026</u>	<u>387,938</u>	<u>837,964</u>
Operating income (loss) . . . . .	<u>(116,957)</u>	<u>46,039</u>	<u>(70,918)</u>
<b>Nonoperating revenues (expenses):</b>			
Interest income . . . . .	-	1,289	1,289
Interest and fiscal charges . . . . .	(373)	(82,100)	(82,473)
Grants and subsidies . . . . .	5,882	-	5,882
Total nonoperating revenues (expenses) . . . . .	<u>5,509</u>	<u>(80,811)</u>	<u>(75,302)</u>
Loss before contributions and transfers. . . . .	(111,448)	(34,772)	(146,220)
Transfer in . . . . .	155,000	-	155,000
Capital contributions. . . . .	-	2,098,314	2,098,314
Change in net position . . . . .	43,552	2,063,542	2,107,094
<b>Net position at beginning of year . . . . .</b>	<u>291,839</u>	<u>1,812,349</u>	<u>2,104,188</u>
<b>Net position at end of year . . . . .</b>	<u>\$ 335,391</u>	<u>\$ 3,875,891</u>	<u>\$ 4,211,282</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

SENECA COUNTY, OHIO

STATEMENT OF CASH FLOWS  
 PROPRIETARY FUNDS  
 FOR THE YEAR ENDED DECEMBER 31, 2013

	<b>Business-type Activities - Enterprise Funds</b>		
	<b>Emergency Medical Services</b>	<b>County Sewer District</b>	<b>Total</b>
<b>Cash flows from operating activities:</b>			
Cash received from customers. . . . .	\$ 340,302	\$ 434,576	\$ 774,878
Cash received from tap-in fees . . . . .	-	48,682	48,682
Cash received from other operations . . . . .	9,412	4,021	13,433
Cash payments for personal services. . . . .	(188,036)	(69,072)	(257,108)
Cash payments for contractual services . . . . .	(107,850)	(210,400)	(318,250)
Cash payments for materials and supplies . . . . .	(60,784)	(32,987)	(93,771)
Cash payments for other expenses . . . . .	(32,671)	(2,361)	(35,032)
Net cash provided by (used in) operating activities. . .	(39,627)	172,459	132,832
<b>Cash flows from noncapital financing activities:</b>			
Cash received from grants and subsidies . . . . .	5,882	-	5,882
Cash received from transfers in. . . . .	155,000	-	155,000
Net cash provided by noncapital financing activities. . .	160,882	-	160,882
<b>Cash flows from capital and related financing activities:</b>			
Acquisition of capital assets . . . . .	(30,543)	(2,706,176)	(2,736,719)
Principal retirement on notes. . . . .	(34,000)	-	(34,000)
Proceeds from revenue bonds . . . . .	-	192,200	192,200
Capital contributions . . . . .	-	2,127,775	2,127,775
Principal retirement on revenue bonds. . . . .	-	(16,000)	(16,000)
Principal retirement on loans. . . . .	-	(11,707)	(11,707)
Interest and fiscal charges . . . . .	(373)	(80,888)	(81,261)
Net cash used in capital and related financing activities. . . . .	(64,916)	(494,796)	(559,712)
<b>Cash flows from investing activities:</b>			
Interest received . . . . .	-	1,211	1,211
Net cash provided by investing activities. . . . .	-	1,211	1,211
Net increase (decrease) in cash and cash equivalents . . . . .	56,339	(321,126)	(264,787)
<b>Cash and cash equivalents at beginning of year . . . .</b>	<b>238,764</b>	<b>887,627</b>	<b>1,126,391</b>
<b>Cash and cash equivalents at end of year . . . . .</b>	<b>\$ 295,103</b>	<b>\$ 566,501</b>	<b>\$ 861,604</b>

SENECA COUNTY, OHIO

STATEMENT OF CASH FLOWS  
 PROPRIETARY FUNDS (CONTINUED)  
 FOR THE YEAR ENDED DECEMBER 31, 2013

	<u>Business-type Activities - Enterprise Funds</u>		
	<u>Emergency Medical Services</u>	<u>County Sewer District</u>	<u>Total</u>
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:</b>			
Operating income (loss) . . . . .	\$ (116,957)	\$ 46,039	\$ (70,918)
Adjustments:			
Depreciation. . . . .	36,511	83,698	120,209
Changes in assets and liabilities:			
Decrease in accounts receivable. . . . .	16,645	117,450	134,095
(Increase) in notes receivable . . . . .	-	(65,178)	(65,178)
(Increase) in prepayments. . . . .	(125)	(3)	(128)
Increase in accounts payable . . . . .	3,153	4,683	7,836
(Decrease) in contracts payable . . . . .	-	(12,202)	(12,202)
Increase in accrued wages and benefits . . . . .	1,086	496	1,582
Increase (decrease) in intergovernmental payable . . . . .	29,275	(3,945)	25,330
Increase (decrease) in amounts due to other funds. . . . .	(433)	391	(42)
(Decrease) in compensated absences payable . . . . .	(8,782)	-	(8,782)
Increase in unearned revenue. . . . .	-	1,030	1,030
Net cash provided by (used in) operating activities. . . . .	<u>\$ (39,627)</u>	<u>\$ 172,459</u>	<u>\$ 132,832</u>

**Non-Cash Transactions:**

As of December 31, 2012, the County Sewer District fund had purchased \$733,660 in capital assets on account.

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**SENECA COUNTY, OHIO**

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES  
 FIDUCIARY FUNDS  
 DECEMBER 31, 2013

	<b>Agency</b>
<b>Assets:</b>	
<i>Current assets:</i>	
Equity in pooled cash	
Equity in pooled cash and cash equivalents. . .	\$ 6,889,985
Cash in segregated accounts. . . . .	413,604
Receivables:	
Accrued interest. . . . .	5
Accounts . . . . .	890,018
Intergovernmental. . . . .	2,820,203
Taxes . . . . .	38,831,538
Prepayments. . . . .	24,200
Total assets . . . . .	\$ 49,869,553
<b>Liabilities:</b>	
<i>Current liabilities:</i>	
Accrued wages and benefits. . . . .	\$ 77,772
Intergovernmental payable . . . . .	43,522,815
Compensated absences . . . . .	253,948
Undistributed monies . . . . .	5,200,234
Deposits held and due to others. . . . .	814,784
Total liabilities . . . . .	\$ 49,869,553

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

## SENECA COUNTY, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2013

#### NOTE 1 - REPORTING ENTITY

Seneca County, Ohio (the "County") was created in 1824. The County is governed by a Board of three commissioners elected by the voters of the County. Other officials elected by the voters of the County that manage various segments of the County's operations are the Auditor, Treasurer, Recorder, Clerk of Courts, Coroner, Engineer, Prosecuting Attorney, Sheriff, two Common Pleas Court Judges and a Probate/Juvenile Court Judge. The County Commissioners authorize expenditures and serve as the budget and taxing authority, contracting body, and the chief administrators of public services for the County, although the elected officials manage the internal operations of their respective departments.

The reporting entity is comprised of the primary government, component units and other organizations that are included to insure that the financial statements are not misleading. The primary government of the County consists of all funds, departments, boards and agencies that are not legally separate from the County. Seneca County boards include the Board of Developmental Disabilities (Board of DD), the Job and Family Services Department and all departments and activities that are operated directly by the elected County officials.

Component units are legally separate organizations for which the County is financially accountable. The County is financially accountable if it appoints a voting majority of the organization's governing body and 1) the County is able to impose its will on that organization or 2) there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the County. Component units also include organizations that are fiscally dependent on the County in that the County approves the organization's budget, the issuance of the organization's debt or the levying of the organization's taxes. Certain organizations are also included as component units if the nature and significance of the relationship between the primary government and the organization is such that exclusion by the primary government would render the primary government's financial statements incomplete or misleading. The County has one component unit.

**Component Unit** - The component unit column on the entity-wide financial statements includes the financial data of the County's discretely presented component unit Seneca Re-Ad Industries, Inc. This is reported in a separate column to emphasize that it is legally separate from the County. Information in the following notes is applicable to the primary government. Information relative to the component unit is presented in Note 22.

#### Seneca Re-Ad Industries, Inc.

Seneca Re-Ad Industries Inc., is a not-for-profit corporation duly organized under Chapter 1702 O.R.C., and classified as a 501(c)(3) non-profit corporation. It has contracted with the Seneca County Board of DD to provide sheltered employment for developmentally disabled or handicapped adults in Seneca County. Responsibility for the provision of sheltered employment is with the Board of Trustees of Seneca Re-Ad Industries Inc., an eight member self appointing board that operates within the defined duties and stated rules of the Seneca County Board of DD. The Seneca Re-Ad Industries, Inc. receives all reasonable and just utility costs for the basic operation of this program from the Seneca County Board of DD. The staff, facilities, equipment, supplies and materials necessary for basic operation and care of the ground and facility for the Seneca Re-Ad program are also provided by the Seneca County Board of DD. In the event of dissolution of the non-profit corporation or the cancellation of the contract between the Seneca County Board of DD and Seneca Re-Ads, all materials and equipment purchased by the Seneca Re-Ads Industries, Inc. Board would become the property of the Seneca County Board of DD.

Separately issued financial statements for Seneca Re-Ad Industries, Inc. can be obtained from Reichert and Associates, CPAs, 206 West Hardin Street, Findlay, OH 45840.

## SENECA COUNTY, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2013 (CONTINUED)

#### NOTE 1 - REPORTING ENTITY - (Continued)

**Related Organizations** - Seneca County officials are responsible for appointing a voting majority of the board members of the Seneca County Emergency Planning Commission, Tiffin Seneca Public Library, Seneca County Museum Advisory Board, Seneca County Convention and Visitors' Bureau and Seneca Metropolitan Housing Authority; however, Seneca County is not financially accountable for these entities because it cannot impose its will on any of these organizations and a financial benefit/burden relationship does not exist.

The County Treasurer, as the custodian of public funds, invests all public monies held on deposit in the County treasury. The County serves as fiscal agent for the separate agencies, boards and commissions listed below, but is not financially accountable for these organizations. Accordingly, the activity of the following districts and agencies are presented as agency funds within Seneca County's financial statements:

- Seneca County General Health District
- Seneca County Emergency Planning Commission
- Seneca County Soil and Water Conservation District
- Seneca, Sandusky, Wyandot Mental Health & Recovery Services Board
- Seneca County Regional Planning Commission
- Seneca County Park District

The following organizations are joint ventures and pools in which the County participates. The financial information for these organizations is presented in Notes 20 and 21.

*Sandusky County-Seneca County-City of Tiffin Port Authority*

The Port Authority, a joint venture of Sandusky and Seneca Counties and the City of Tiffin, is established under the authority of Sections 4582.21 et. seq., of the Revised Code, with territorial limits co-terminus with the boundaries of the Counties, with Tiffin being within the boundaries of Seneca County. The Port Authority is governed by a seven member Board of Directors, consisting of two members from each of the counties and the city, with the seventh member being rotated between the three entities every four years. The members are appointed by the County Commissioners in the Counties, and by the Mayor of Tiffin in the City. Appointed members may hold no other public office or public employment except Notary Public, member of the State Militia, or member of a reserve component of the United States Armed Forces. Initial funding for organizational expenses, including purchase of real or personal property by the Port Authority, was contributed by each subdivision with no obligation of future contributions or financial support. The contributions were equal and simultaneous. The Port Authority may be dissolved at any time upon the enactment of an ordinance by the City and resolutions by the Counties. Any real or personal property will be returned to the subdivision from which it was received.

Upon dissolution of the Port Authority, any remaining balances of the Port Authority's funds will be distributed equally to the City and the Counties after paying all expenses and debts.

## SENECA COUNTY, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2013 (CONTINUED)

#### NOTE 1 - REPORTING ENTITY - (Continued)

##### Ottawa-Sandusky-Seneca County Solid Waste District

The Solid Waste District is a joint venture of Ottawa, Sandusky, and Seneca Counties and is established under the authority of Section 3734.54 of the Ohio Revised Code. The cost of operations and expenses is to be funded by fees collected by the District. In the event that fees are not sufficient for the purpose, the Counties shall share all operating costs and expenses incurred in the same proportions as the populations of the respective Counties bear to the total population of all the Counties. Upon the withdrawal of a county from the District, the Board of Directors shall ascertain, apportion, and order a division of the funds on hand, credits and real personal property of the District, either in money or in kind, on any equitable basis between the District and the withdrawing county. Should the District be dissolved, the Boards of County Commissioners shall continue to levy and collect taxes for the payment of any outstanding indebtedness. The Solid Waste District is governed by the three commissioners of each county involved.

##### Mental Health and Recovery Services (MHRS)

The Mental Health and Recovery Services Board is a joint venture between Seneca, Sandusky and Wyandot counties. The headquarters for the Mental Health Board is in Seneca County. The Board provides community services to mentally ill and emotionally disturbed persons. Statutorily created, the Mental Health Board is made of 18 members; 10 of the members are appointed by the county commissioners of each respective county, 4 are appointed by the State Department of Mental Health, and 4 are appointed by the State of Ohio Department of Alcohol and Drug Addiction Services. Revenues to provide mental health services are generated through state and federal grants. The Mental Health Board adopts its own budget, hires and fires staff and does not rely on the County to finance deficits. Seneca County is acting as fiscal agent to the Mental Health Board.

##### Northland Homes and Properties, Inc.

Northland Homes and Properties, Inc. is a not-for-profit corporation organized for charitable purposes under Section 501(c)(3) of the Internal Revenue Code of 1986. The corporation is a joint venture of the Board of DD of Seneca, Sandusky, and Marion counties to provide a lifetime of affordable housing and residential services to citizens with developmental disabilities. The corporation is governed by a board of at least ten trustees with each participating county board of developmental disabilities appointing two. The trustees shall serve a maximum of three consecutive three-year terms.

##### County Risk Sharing Authority, Inc. (CORSA)

The County is a member of CORSA, which is a risk sharing pool among thirty-six counties in Ohio. CORSA was formed as an Ohio nonprofit corporation for the purpose of establishing the CORSA Insurance/Self-Insurance Program, a group primary and excess insurance/self-insurance and risk management program. Member counties agree to jointly participate in coverage of losses and pay all contributions necessary for the specified insurance coverage provided by CORSA. This coverage includes comprehensive general liability, automobile liability, certain property insurance and public officials' errors and omissions liability insurance. Each member county has one vote on all matters requiring a vote, to be cast by a designated representative. The affairs of the CORSA are managed by an elected board of not more than nine trustees. Only county commissioners of member counties are eligible to serve on the board. No county may have more than one representative on the board at any time. Each member county's control over the budgeting and financing of CORSA is limited to its voting authority and any representation it may have on the Board of Trustees.

## SENECA COUNTY, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2013 (CONTINUED)

#### NOTE 1 - REPORTING ENTITY - (Continued)

##### County Commissioners' Association of Ohio Service Corporation (CCAOSC)

The CCAOSC is an Ohio corporation established to create an employer group workers compensation-rating plan as regulated by Section 4123.29 of the Ohio Revised Code. The CCAOSC is intended to achieve lower workers' compensation rates for the Group and establish safer working conditions and environments for each participant. The corporation is administered by a Group Executive Committee, which consists of seven members. Two of the members are the President and Treasurer of CCAOSC and five members, who must be County Commissioners, are elected by the participants as their representatives.

##### North Central Ohio Regional Council of Governments (NCORcog)

NCORcog is a legally separate body politic and corporate served by a eight-member Board of Directors that meets the definition of regional Council of governments under Chapter 167 of the Ohio Revised Code. NCORcog is a regional source for shared services. Cost savings achieved are designed to not only maintain existing essential services, but to enhance them as well.

The initial, founding members, and Board of Directors are the North Central Ohio ESC, Seneca County, the City of Tiffin, Clinton Township, the Village of New Riegel, North Central Academy, Tiffin City School District, and Seneca East Local School District. The Superintendent of the North Central Ohio ESC serves as Chair of the Board. The Chair is a non-voting member and shall only vote in the event of a tie. The treasurer of North Central Ohio ESC serves as ex-officio/advisor for fiscal matters and is also a non-voting member. Membership is voluntary pursuant to resolution, ordinance or other appropriate action. Application of membership shall be subject to approval by the Board of Directors. Each political subdivision is entitled to one vote. The North Central Ohio ESC serves as the fiscal agent. NCORcog issues a publicly available, stand-alone financial report. The report may be obtained by writing to the Treasurer of the North Central Ohio ESC, 928 W. Market Street, Tiffin, Ohio 44883.

#### NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The preparation of the Seneca County financial statements conforms to generally accepted accounting principles (GAAP) for local governmental units as prescribed in the statements issued by the Governmental Accounting Standards Board and other recognized authoritative sources. The County's most significant accounting policies are described below.

##### **A. Basis of Presentation**

The County's basic financial statements consist of government-wide statements, including the statement of net position and a statement of activities, and fund financial statements, which provide a more detailed level of financial information.

**Government-Wide Financial Statements** - The statement of net position and the statement of activities display information about the County as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the County that are governmental in nature and those that are considered business-type activities.

**SENECA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2013  
(CONTINUED)

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

The statement of net position presents the financial condition of the governmental and business-type activities of the County at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the County's governmental activities and business-type activities. Direct expenses are those that are specifically associated with a service, program, or department and, therefore, clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants, and contributions that are restricted to meeting the operational or capital requirements of a particular program, and interest earned on grants that is required to be used to support a particular program. Revenues that are not classified as program revenues are presented as general revenues of the County, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental program or business activity is self-financing or draws from the general revenues of the County.

***Fund Financial Statements*** - During the year, the County segregates transactions related to certain County functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the County at this more detailed level. The focus of governmental and proprietary fund financial statements is on major funds. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column. Fiduciary funds are presented by type.

**B. Fund Accounting**

The County 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. There are three categories of funds: governmental, proprietary and fiduciary.

***Governmental Funds*** - Governmental funds are those through which most governmental functions of the County are financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purpose for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets plus deferred outflows of resources and liabilities plus deferred inflows of resources is reported as fund balance. The following are the County's major governmental funds:

*General fund* - The general fund is used to account for and report all financial resources not accounted for and reported in another fund. The general fund balance is available for any purpose provided it is expended or transferred according to the general laws of Ohio.

*Maintenance and Repair* - The Maintenance and Repair fund accounts for revenue derived from motor vehicle licenses, gasoline taxes, and investment revenue. Expenditures in this fund are restricted by State law to County road and bridge repair/improvement programs.

*Seneca County Opportunity Center Fund (SCOC)* - The SCOC fund accounts for a county-wide property tax levy and federal and state grants and entitlements for operating the SCOC, and providing additional support services for handicapped individuals.

**SENECA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2013  
(CONTINUED)

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

Other governmental funds of the County are used to account for (a) financial resources that are restricted, committed, or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other capital assets, (b) specific revenue sources that are restricted or committed to an expenditure for specified purposes other than debt service or capital projects and (c) financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

**Proprietary Funds** - Proprietary fund accounting focuses on the determination of operating income, changes in net position, financial position, and cash flows. Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services.

The following are the County's major enterprise funds:

Emergency Medical Services (EMS) - The EMS fund accounts for revenue received from charges for transporting people to the hospital in emergency situations and money received from transfers from the General fund.

County Sewer District - The County Sewer District fund accounts for money received from user and tap-in fees for sewer services provided to residents in various development areas of the County and grant and loan activities for the sewer and wastewater treatment facility acquisition and construction.

**Fiduciary Funds** - Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds, and agency funds. Trust funds are used to account for assets held by the County under a trust agreement for individuals, private organizations, or other governments and are not available to support the County's own programs. Currently, the County does not have any trust funds. The County's agency funds account for assets held by the County for political subdivisions for which the County acts as fiscal agent and for taxes, State-levied shared revenues, and fines and forfeitures collected for and distributed to other political subdivisions.

**C. Measurement Focus**

***Government-Wide Financial Statements***

The government-wide financial statements are prepared using a flow of economic resources measurement focus. All assets, all deferred outflows of resources, all liabilities and all deferred inflows of resources associated with the operation of the County are included on the statement of net position. The statement of activities presents increases (revenues) and decreases (expenses) in total net position.

## SENECA COUNTY, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2013 (CONTINUED)

#### NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

##### *Fund Financial Statements*

All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets, current deferred outflows of resources, current liabilities, and current deferred inflows of resources are generally included on the balance sheet. The statement of revenues, expenditures, and changes in fund balance reflects the sources (i.e. revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements, therefore, include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the fund financial statements for governmental funds. Like the government-wide financial statements, the proprietary funds are accounted for using a flow of economic resources measurement focus. All assets, deferred outflows of resources, liabilities and deferred inflows of resources associated with the operation of these funds are included on the statement of net position. The statement of revenues, expenses, and changes in fund net position presents increases (i.e. revenues) and decreases (i.e. expenses) in total net position. The statement of cash flows reflects how the County finances and meets the cash flow needs of its proprietary activities.

#### **D. Basis of Accounting**

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting; proprietary funds and fiduciary funds use the accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue and in the presentation of expenses versus expenditures.

##### *Revenues-Exchange and Non-Exchange Transactions*

Revenues resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recorded in the year in which the resources are measurable and become available. Available means the resources will be collected within the current year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current year. For the County, available means expected to be received within sixty days after year-end.

Non-exchange transactions, in which the County receives value without directly giving equal value in return, include property taxes, sales taxes, grants, entitlements, and donations. On the accrual basis, revenue from property taxes is recognized in the year for which the taxes are levied. Revenue from sales taxes is recognized in the period in which the sales are made. Revenue from grants, entitlements, and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted; matching requirements, in which the County must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the County on a reimbursement basis. On the modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

**SENECA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2013  
(CONTINUED)

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

Under the modified accrual basis, the following revenue sources are considered both measurable and available at year end: sales taxes, charges for services, fines and forfeitures, State-levied locally shared taxes (including gasoline tax and motor vehicle license tax), grants, interest, and rent.

*Deferred Inflows of Resources and Deferred Outflows of Resources* - A deferred inflow of resources is an acquisition of net position by the County that is applicable to a future reporting period. A deferred outflow of resources is a consumption of net position by the County that is applicable to a future reporting period.

Property taxes for which there is an enforceable legal claim as of December 31, 2013, but which were levied to finance 2014 operations and other revenues received in advance of the year for which they were intended to finance, have been recorded as a deferred inflow of resources. Sales taxes not received within the available period, grants and entitlements received before the eligibility requirements are met and delinquent property taxes due at December 31, 2013, are recorded as deferred inflows of resources in the governmental fund financial statements.

On governmental fund financial statements, receivables that were not collected within the available period are recorded as deferred inflows of resources.

*Expenses/Expenditures*

On the accrual basis, expenses are recognized at the time they are incurred. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

**E. Budgetary Process**

All funds, other than agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates the need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the County Commissioners may appropriate. The appropriations resolution is the County Commissioners' authorization to spend resources and sets annual limits on expenditures plus encumbrances at the level of control selected by the County Commissioners. The legal level of control has been established by the County Commissioners at the fund, program, department, and object level.

The certificate of estimated resources may be amended during the year if there are projected increases or the County Auditor identifies decreases in revenue. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the final amended certificate of estimated resources issued during 2013.

**SENECA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2013  
(CONTINUED)

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

The appropriations resolution is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriations resolution for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the County Commissioners during the year.

**F. Cash and Investments**

To improve cash management, cash received by the County is pooled and invested. Individual fund integrity is maintained through the County's records. Each fund's interest in the pool is presented as "equity in pooled cash and cash investments". During 2013, investments were limited to STAR Ohio, negotiable certificates of deposit (CDs), U.S. Government money market accounts, and U.S. Bank commercial paper.

Cash and cash equivalents that are held separately within departments of the County, and not included in the County Treasury, are recorded as "cash and cash equivalents in segregated accounts". Investments are reported at fair value, except for non-negotiable certificates of deposit, which are reported at cost. Fair value is based on quoted market prices. Any increase or decrease in fair value is reported as a component of investment earnings.

The County has invested funds in the State Treasury Assets Reserve of Ohio (STAR Ohio) during 2013. STAR Ohio is an investment pool managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's shares price, which is the price at which the investment could be sold on December 31, 2013. The County has also deposited funds in the STAR Plus program. The STAR Plus program allows Ohio's political subdivisions to deposit monies in a network of FDIC-insured banks via a single account.

Interest earnings are allocated to County funds according to State statutes and grant requirements. Interest revenue credited to the General fund during 2013 was \$46,798, which includes approximately \$41,387 assigned from the other County funds.

Investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the County are considered to be cash equivalents in the financial statements. Investments with an initial maturity of more than three months, and not purchased from the cash management pool, are reported as investments.

**G. Prepayments**

Payments made to vendors for services that will benefit periods beyond December 31, 2013 are recorded as prepayments using the consumption method by recording a current asset for the prepaid amount and reflecting the expenditure/expense in the year in which services are consumed.

**SENECA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2013  
(CONTINUED)

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

**H. Inventory**

Inventory is presented at the lower of cost or market on a first-in, first-out basis and is expensed/expensed when used. Inventory consists of expendable supplies held for consumption.

**I. Loans Receivable**

Loans receivable represent the right to receive repayment for certain loans made by the County. These loans are based upon written agreements between the County and the various loan recipients. Reported loans receivable is offset by a nonspendable, restricted, or committed fund balance in the governmental fund types.

**J. Capital Assets**

General capital assets are capital assets, which are associated with and generally arise from governmental activities. They generally result from expenditures in governmental funds. General capital assets are reported in the governmental activities column of the government-wide statement of net position but are not reported in the fund financial statements. Capital assets used by the enterprise funds are reported in both the business-type activities column of the government-wide statement of net position and in the respective funds.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and reductions during the year. Donated capital assets are recorded at their fair market value on the date donated. The County maintains a capitalization threshold of \$5,000 for all assets except infrastructure. The capitalization threshold for infrastructure is \$10,000. The County's infrastructure consists of roads, bridges, culverts and sewers. Improvements are capitalized; the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized. Interest incurred during the construction of enterprise fund capital assets is also capitalized.

All capital assets are depreciated, except for land and improvements (land and improvements not being depreciated, such as road base) and construction in progress. Improvements are depreciated over the remaining useful lives of the related capital assets. Useful lives for infrastructure were estimated based on the County's historical records of necessary improvements and replacement. Depreciation is computed using the straight-line method over the following useful lives.

<u>DESCRIPTION</u>	<u>ESTIMATED LIVES</u>
Buildings and Improvements .....	31.5
Land Improvements .....	15
Machinery and Equipment .....	5-7
Infrastructure .....	5-50

**K. Interfund Balances**

On fund financial statements, receivables and payables resulting from short-term interfund loans or interfund services provided and used are classified as "interfund loans receivable/payable" and receivables and payables resulting from long-term interfund loans are classified as "loans to/from other funds". Receivables and payables resulting from the routine lag between the dates interfund goods and services are provided or reimbursable expenditures occur are classified as "due to/from other funds".

## SENECA COUNTY, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2013 (CONTINUED)

#### NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Interfund balances within governmental activities and within business-type activities are eliminated on the government-wide statement of net position. The only interfund balances which remain on the government-wide statement of net position are those between governmental and business-type activities. These amounts are reflected as "internal balances".

#### L. Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable the County will compensate the employees for the benefits through paid time off or some other means. The County records a liability for accumulated unused vacation time when earned for all employees with more than one year of service.

Sick leave benefits are accrued as liabilities using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the County has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employee wage rates at year-end taking into consideration any limits specified in the County's termination policy. The County records a liability for sick leave for employees with seven or more years of service at varying rates depending on County policy.

The entire compensated absences liability is reported on the government-wide financial statements.

On governmental fund financial statements, compensated absences are recognized as a liability and expenditure to the extent payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account "matured compensated absences payable" in the fund from which the employees who have accumulated leave is paid. The noncurrent portion of the liability is not reported. For enterprise funds, the entire amount of compensated absences is reported as a fund liability.

#### M. Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities and long-term obligations are reported on the government-wide financial statements. All payables, accrued liabilities and long-term obligations payable from the proprietary funds are reported on the proprietary fund financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds; however, compensated absences that are paid from governmental funds are reported as liabilities on the fund financial statements only to the extent that they are due for payment during the current year. Bonds, loans and capital lease obligations are recognized as a liability on the fund financial statements when due.

#### N. Net Position

Net position represent the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources. The County's net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction or improvement of those assets or related debt also should be included in this component of net position.

## SENECA COUNTY, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2013 (CONTINUED)

#### NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Net position is reported as restricted when there are limitations imposed on its use, either through constitutional provisions or enabling legislation adopted by the County or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The County's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

#### **O. Fund Balance**

Fund balance is divided into five classifications based primarily on the extent to which the County is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

Nonspendable - The nonspendable fund balance classification includes amounts that cannot be spent because they are not in spendable form or legally required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of loans receivable in the general fund.

Restricted - Fund balance is reported as restricted when constraints are placed on the use of resources that are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

Committed - The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of the Board of Commissioners (the highest level of decision making authority). Those committed amounts cannot be used for any other purpose unless the Board of Commissioners removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned - Amounts in the assigned fund balance classification are intended to be used by the County for specific purposes, but do not meet the criteria to be classified as restricted nor committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by policies of the Board of Commissioners.

Unassigned - Unassigned fund balance is the residual classification for the general fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is only used to report a deficit fund balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

The County applies restricted resources first when expenditures are incurred for purposes for which restricted and unrestricted (committed, assigned, and unassigned) fund balance is 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.

**SENECA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2013  
(CONTINUED)

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

**P. Operating Revenues and Expenses**

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the County, these revenues are charges for services of the EMS and County Sewer District operations. Operating expenses are the necessary costs incurred to provide the service that is the primary activity of the fund. Revenues and expenses not meeting these definitions are reported as non-operating.

**Q. Capital Contributions**

Capital contributions on the proprietary fund financial statements arise from contributions from governmental activities, from outside contributions of capital assets, from grants, or from outside contributions of resources restricted to capital acquisition and construction. During 2013, the County Sewer District fund recognized capital contributions of \$2,098,314 in grant revenue intended for capital asset acquisition and construction.

**R. Interfund Transactions**

Transfers between governmental and business-type activities on the government-wide financial statements are reported in the same manner as general revenues.

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after non-operating revenues/expense in proprietary funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

**S. Extraordinary and Special Items**

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of management and are either unusual in nature or infrequent in occurrence. No events of this nature occurred during 2013.

**T. Estimates**

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE**

**A. Change in Accounting Principles**

For fiscal year 2013, the County has implemented GASB Statement No. 61, "*The Financial Reporting Entity: Omnibus an Amendment of GASB Statements No. 14 and No. 34*" and GASB Statement No. 66, "*Technical Corrections-2012*".

**SENECA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2013  
(CONTINUED)

**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)**

GASB Statement No. 61 modifies certain requirements for inclusion of component units in the financial reporting entity. The Statement amends the criteria for reporting component units as if they were part of the primary government in certain circumstances. Finally, the Statement also clarifies the reporting of equity interests in legally separate organizations. The implementation of GASB Statement No. 61 did not have an effect on the financial statements of the County.

GASB Statement No. 66 enhances the usefulness of financial reports by resolving conflicting accounting and financial reporting guidance that could diminish the consistency of financial reporting. The implementation of GASB Statement No. 66 did not have an effect on the financial statements of the County.

**B. Deficit Fund Balances**

Fund balances at December 31, 2013 included the following individual fund deficits:

<u>Nonmajor governmental funds:</u>	<u>Deficit</u>
Capital facilities note retirement debt service	\$ 298,595
Wolf creek ditch project capital projects	15,000
County Road 16 petition ditch capital projects	12,130
Guardrail project capital projects	4,154
Youth center construction capital projects	50,886
Energy improvement construction capital projects	448,722

The general fund is liable for any deficits in these funds and provides transfers when cash is required, not when accruals occur. The deficit fund balances resulted from adjustments for accrued liabilities.

**NOTE 4 - DEPOSITS AND INVESTMENTS**

Monies held by the County are classified by State statute into two categories. Active monies are public monies determined to be necessary to meet current demands upon the County treasury and must be maintained as cash in the County Treasury, or in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Monies held by the County which are not considered active are classified as inactive and can be deposited or invested in the following securities:

1. United States treasury bills, bonds, notes or any other obligations or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or other obligations or securities issued by any federal government agency, or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

## SENECA COUNTY, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2013 (CONTINUED)

#### NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio, its political subdivisions, provided that such political subdivisions are located wholly or partly with the County;
5. Time certificates of deposit or savings or deposit accounts, including, but not limited, to passbook accounts;
6. No load money market mutual funds consisting exclusively of obligations described in (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio);
8. Securities lending agreements in which the County lends securities and the eligible institution agrees to exchange either securities described in 1 or 2 above, or cash, or both securities and cash, equal value for equal value;
9. High grade commercial paper in an amount not to exceed 5 percent of the County's total average portfolio; and,
10. Bankers acceptances for a period not to exceed two-hundred-seventy days and in an amount not to exceed 10 percent of the County's total average portfolio.

Protection of the County's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the Treasurer by the financial institution, or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited by the institution.

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives, are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the County, and must be purchased with the expectation that it will be held to maturity.

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Treasurer or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

**SENECA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2013  
(CONTINUED)

**NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)**

**A. Deposits with Financial Institutions**

At December 31, 2013, the carrying amount of the County's deposits was \$33,359,375 of which \$561,794 is held in segregated accounts. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of December 31, 2013, \$31,161,546 of the County's bank balance of \$34,256,249 was exposed to custodial risk as discussed below, while \$3,094,703 was covered by the Federal Deposit Insurance Corporation.

Custodial credit risk is the risk that, in the event of bank failure, the County's deposits may not be returned. All deposits are collateralized with eligible securities in amounts equal to at least 105% of the carrying value of the deposits. Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at Federal Reserve Banks, or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the County. The County has no deposit policy for custodial credit risk beyond the requirements of State statute. Although the securities were held by the pledging institutions' trust department and all statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the County to a successful claim by the FDIC.

**B. Cash on Hand**

At year end, the County had \$2,007 in undeposited cash on hand which is included on the financial statements as a component of "equity in pooled cash and investments".

**C. Investments**

As of December 31, 2013, the County had the following investments and maturities.

Investment Type	Fair Value	Investment Maturities			
		6 Months or Less	7 to 12 Months	13 to 18 Months	19 to 24 Months
STAR Ohio	\$ 7,227	\$ 7,227	\$ -	\$ -	\$ -
U.S. Bank commercial paper	1,200,000	1,200,000	-	-	-
Negotiable CDs	974,622	243,966	243,895	243,200	243,561
U.S. Government money market	3,844	3,844	-	-	-
<b>Total</b>	<b>\$ 2,185,693</b>	<b>\$ 1,455,037</b>	<b>\$ 243,895</b>	<b>\$ 243,200</b>	<b>\$ 243,561</b>

The weighted average maturity of investments is 0.71 years.

*Interest Rate Risk:* As a means of limiting its exposure to fair value losses arising from rising interest rates and according to State law, the County's investment policy limits maturities only to matching anticipated cash flow requirements.

**SENECA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2013  
(CONTINUED)

**NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)**

*Credit Risk:* STAR Ohio and the U.S. Government money market account assigned an AAAM rating from Standard & Poor's. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The U.S. Bank commercial paper was given a short-term rating of Prime-1 (P-1) from Moody's Investor Services. The County has no investment policy that addresses credit risk.

*Custodial Credit Risk:* For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The County's U.S. Bank commercial paper account was exposed to custodial credit risk, while the County's negotiable CDs were covered by the FDIC. The County's investment policy addresses custodial credit risk.

*Concentration of Credit Risk:* The County places no limit on the amount that may be invested in any one issuer. The percentage of each investment type held by the County as of December 31, 2013 is as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>% of Total</u>
STAR Ohio	\$ 7,227	0.33
U.S. Bank commercial paper	1,200,000	54.90
Negotiable CDs	974,622	44.59
U.S. Government money market	<u>3,844</u>	<u>0.18</u>
Total	<u>\$ 2,185,693</u>	<u>100.00</u>

**D. Reconciliation of Cash and Investments to the Statement of Net Position**

The following is a reconciliation of cash and investments for the primary government as reported in the note above to cash and investments as reported on the statement of net position as of December 31, 2013:

<u>Cash and investments per note</u>	
Carrying amount of deposits	\$ 33,359,375
Investments	2,185,693
Cash on hand	<u>2,007</u>
Total	<u>\$ 35,547,075</u>
<u>Cash and investments per statement of net position</u>	
Governmental activities	\$ 27,381,882
Business-type activities	861,604
Agency funds	<u>7,303,589</u>
Total	<u>\$ 35,547,075</u>

**SENECA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2013  
(CONTINUED)

**NOTE 5 - INTERFUND TRANSACTIONS**

- A.** Long-term interfund loans to/from other funds consisted of the following at December 31, 2013, as reported on the fund financial statements:

<u>Receivable fund</u>	<u>Payable funds</u>	<u>Amount</u>
General	<i>Nonmajor Governmental Funds:</i>	
	Sheriff highway safety grant special revenue	\$ 8,000
	County Road 16 petition ditch capital projects	12,130
<i>Nonmajor governmental fund:</i>	<i>Nonmajor governmental fund:</i>	
County capital projects	Youth center construction capital projects	<u>250,000</u>
	Total loans to/from other funds	<u>\$ 270,130</u>

The long-term interfund loans were made in order to cover costs incurred in these funds. These loans will be repaid once the anticipated revenues are received. Long-term interfund loans between governmental funds are eliminated for reporting on the statement of net position.

- B.** Short-term interfund loans receivable/payable consisted of the following at December 31, 2013, as reported on the fund financial statements:

<u>Receivable fund</u>	<u>Payable funds</u>	<u>Amount</u>
General	<i>Nonmajor governmental funds:</i>	
	Sheriff highway safety grant special revenue	\$ 8,000
	Community Block Development Grants special revenue	3,000
	Homeland security special revenue	4,602
	Wolf Creek ditch project capital projects	15,000
Maintenance and repair	<i>Nonmajor governmental funds:</i>	
	County Road 12/38/592 bridge rehabilitation capital projects	75,000
	Guardrail project capital projects	173,000
Seneca County Opportunity Center	<i>Nonmajor governmental funds:</i>	
	Energy improvement construction capital projects	910,000
	Capital facilities note retirement debt service	<u>306,000</u>
	Total short-term interfund loans payable/receivable	<u>\$ 1,494,602</u>

Interfund loans receivable balances in the Seneca County Opportunity Center fund are from internal borrowing consisting of capital improvement notes to finance County projects internally rather than through outside parties. The internal notes are identified as to which funds are liable for repayment; however, the actual borrowing occurs from a pool of funds rather than specific funds. The borrowings pay interest to specified funds based on the percentage of fund balances. The internal notes were issued on November 7, 2013 and mature on November 6, 2014 at an interest rate of 0.75 percent.

The short-term interfund loans receivable balances in the general and maintenance and repair funds resulted from advances made to provide working capital for operations and other projects. All advances

**SENECA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2013  
(CONTINUED)

**NOTE 5 - INTERFUND TRANSACTIONS - (Continued)**

were authorized by resolution of the County Commissioners. Short-term interfund loans between governmental funds are eliminated for reporting on the statement of net position.

- C. Amounts due to/from other funds consisted of the following at December 31, 2013, as reported on the fund financial statements:

Due to other funds (payable):	Due from other funds (receivable):			
	General	Maintenance and Repair	Nonmajor governmental	Total
General	\$ -	\$ 1,196	\$ -	\$ 1,196
Maintenance and repair	35	-	-	35
Seneca County Opportunity Center	-	9,169	-	9,169
Nonmajor governmental funds	28,518	43,477	57,360	129,355
EMS enterprise	4	649	-	653
County sewer district enterprise	394	-	-	394
Total	<u>\$ 28,951</u>	<u>\$ 54,491</u>	<u>\$ 57,360</u>	<u>\$ 140,802</u>

Amounts due to/from other funds between governmental funds are eliminated for reporting on the statement of net position. Amounts due to/from other funds between governmental funds and enterprise funds are reported as a component of internal balance on the statement of net position.

- D. Transfers are used to move revenues from the fund that statute or budget required to collect them to (1) the fund that statute or budget requires to expend them and (2) to use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Interfund transfers for the year ended December 31, 2013, consisted of the following, as reported on the fund financial statements:

Transfer to:	Transfer from:			
	General	Maintenance and Repair	Nonmajor Governmental	Total
General	\$ -	\$ -	\$ 69,712	\$ 69,712
Nonmajor governmental funds	1,445,711	327,234	72,434	1,845,379
EMS enterprise	155,000	-	-	155,000
Total	<u>\$ 1,600,711</u>	<u>\$ 327,234</u>	<u>\$ 142,146</u>	<u>\$ 2,070,091</u>

The transfer from the nonmajor governmental funds to the general fund was a transfer of residual equity upon fund closure.

Transfers among the governmental funds and transfers among the enterprise funds are eliminated on the government-wide financial statements.

**SENECA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2013  
(CONTINUED)

**NOTE 6 - PROPERTY TAXES**

Property taxes include amounts levied against all real and public utility property located in the City. Taxes collected from real property taxes (other than public utility) in one calendar year are levied in the preceding calendar year on the assessed value as of January 1 of that preceding year, the lien date. Assessed values are established by the County Auditor at 35 percent of appraised market value. All property is required to be revaluated every six years. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits later payment dates to be established.

Public utility real and tangible personal property taxes collected in one calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of the second year preceding the tax collection year, the lien date. Public utility tangible personal property is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2013 public utility property taxes became a lien December 31, 2012, are levied after October 1, 2013, and are collected in 2014 with real property taxes. Public utility property taxes are payable on the same dates as real property taxes described previously.

The County Treasurer collects property taxes on behalf of all taxing districts in the County. The County Auditor periodically remits to taxing districts their portion of the taxes collected. Property taxes receivable represents real property taxes, public utility taxes, delinquent tangible personal property taxes and other outstanding delinquencies which are measurable as of December 31, 2013 and for which there is an enforceable legal claim. In the governmental funds, property and other taxes receivable has been offset by a deferred inflow of resources for the current portion, since the current taxes were not levied to finance 2013 operations, and for the delinquent portion, since the collection of the taxes during the available period is not subject to reasonable estimation. On an accrual basis, collectible delinquent property taxes have been recorded as a revenue while on a modified accrual basis this amount is recorded as a deferred inflow of resources.

The full tax rate for all County operations for the year ended December 31, 2013 was \$8.10 per \$1,000 of assessed value. \$1.90 per \$1,000 of assessed value is levied for the general operations, while the remaining \$6.20 is levied for the Seneca County Opportunity Center.

The assessed values of real and tangible personal property upon which 2013 property tax receipts were based are as follows:

Real Property	\$ 921,725,070	94.39 %
Public Utility Personal Property	<u>54,798,030</u>	<u>5.61 %</u>
Total Assessed Value	<u>\$ 976,523,100</u>	<u>100.00 %</u>

**SENECA COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2013  
(CONTINUED)**

**NOTE 7 - PERMISSIVE SALES AND USE TAX**

In November, 1988, the Citizens of Seneca County passed a one percent sales and use tax on all retail sales except sales of motor vehicles made in the County and on the storage, use or consumption in the County of tangible personal property. On January 1, 2004 the Commissioners imposed a four-year temporary one-half of one percent sales tax effective January 1, 2004 through December 31, 2007. On February 6, 2007 the Commissioners passed a resolution to make the one-half of one percent sales tax permanent. Proceeds of the tax are credited entirely to the General fund.

Vendor collections of the tax are paid to the State Treasurer by the twenty-third day of the month following collection. The State Tax Commissioner certifies the amount of the tax to be returned to the County. The Tax Commissioner's certification must be made within the forty-five days after the end of each month. The Office of Budget and Management then has five days in which to draw the warrant payable to the County.

A receivable is recognized at year-end for amounts that will be received from sales, which occurred during 2013. On an accrual basis, the full amount of the receivable is recognized as revenue. On a modified accrual basis, the amount of the receivable not collected within the available period is recorded as a deferred inflow of resources.

**NOTE 8 - RECEIVABLES**

Receivables at December 31, 2013 consisted of taxes, interest, accounts (billings for user charged services including unbilled utility services), loans (community development block grant monies loaned to local businesses) and intergovernmental receivables arising from grants, entitlements and shared revenues. All intergovernmental revenues are considered collectible in full. Sewer enterprise fund receivables are considered collectible in full. Delinquent accounts receivable may be certified and collected as a special assessment, subject to foreclosure for nonpayment.

Receivables recorded on the County's financial statements are recorded to the extent the amounts are determined material and substantiated, not only by supporting documentation, but also by a reasonable systematic method of determining their existence, completeness, valuations and collectibility. Using these criteria, the County has elected to not record child support arrearages in the agency funds. These amounts, while potentially significant, are not considered measurable and, because collections are often significantly in arrears, the County is unable to determine a reasonable value.

Loans receivable to be collected in the CDBG fund (a nonmajor governmental fund) amount to \$45,927, of which \$42,499 is expected to be collected in more than one year.

A summary of the principal items of intergovernmental receivables follows:

**SENECA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2013  
(CONTINUED)

**NOTE 8 – RECEIVABLES – (Continued)**

<i>Fund Type/Fund</i>	<i>Description</i>	<i>Amount</i>
<b>Major Funds</b>		
<b>General Fund</b>	Local Government	\$ 396,450
	Homestead and Rollback	118,739
	Miscellaneous Grants	13,209
	Casino revenue	333,311
	Fees and Reimbursements	6,328
	<i>Total General Fund</i>	<u>868,037</u>
<b>Maintenance and Repair</b>	Motor Vehicle License	936,027
	Gasoline Tax	1,126,507
	<i>Total Maintenance and Repair</i>	<u>2,062,534</u>
<u>Public Assistance</u>	State Incentive Grant	
<b>Seneca County Opportunity Center</b>	Homestead and Rollback	219,289
	Title VI-B Grant	23,248
	Title XX Grant	46,381
	Title XIX	231,455
	National School Lunch Subsidy	846
	Excess costs	128,147
	Reimbursements and Local Services	74,406
	<i>Total Seneca County Opportunity Center</i>	<u>723,772</u>
<b>Other Governmental Funds</b>		
CDBG Projects	Federal Grant	260,816
Workforce Investment Act Grant	Federal Grant	605,939
Children Services	Federal Grant	69,290
Children Services	Reimbursements	15,567
Emergency Management Agency	Local Services	536
Victims of Crime Act Grant	Federal and State Grants	17,171
Victims of Crime Act Grant	Local Services	234
Public assistance	Local Services	8,035
Public assistance	State Grant	168,955
Sheriff Highway Safety Grant	Federal Grant	33,314
Child Support Enforcement Grant	Local Services	640
County Road 12/28/592 Bridge Replacement	State Grant	88,905
Guardrail Project	Federal and State Grants	130,403
Youth Center Construction	State Grant	42,403
	<i>Total Nonmajor Governmental Funds</i>	<u>1,442,208</u>
<b>Total Governmental Funds</b>		<b><u>\$ 5,096,551</u></b>

**SENECA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2013  
(CONTINUED)

**NOTE 9 - CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2013:

<b>Governmental Activities:</b>	Balance 12/31/12	Additions	Deletions	Balance 12/31/13
<i>Non-depreciable Capital Assets</i>				
Land and Improvements	\$ 21,177,931	\$ -	\$ (348,155)	\$ 20,829,776
Construction in Progress	5,732,937	508,314	(5,698,529)	542,722
Total Non-depreciable Capital Assets	<u>26,910,868</u>	<u>508,314</u>	<u>(6,046,684)</u>	<u>21,372,498</u>
<i>Depreciable Capital Assets:</i>				
Land Improvements	-	385,222	-	385,222
Buildings and Improvements	24,717,153	5,379,087	-	30,096,240
Machinery and Equipment	11,260,961	545,764	(300,579)	11,506,146
Infrastructure	46,944,988	5,196,559	(2,336,432)	49,805,115
Total Depreciable Capital Assets	<u>82,923,102</u>	<u>11,506,632</u>	<u>(2,637,011)</u>	<u>91,792,723</u>
Less: Accumulated Depreciation:				
Land Improvements	-	(25,681)	-	(25,681)
Buildings and Building Improvements	(14,503,553)	(756,244)	-	(15,259,797)
Machinery and Equipment	(9,086,946)	(692,625)	250,983	(9,528,588)
Infrastructure	(15,681,156)	(1,734,382)	1,656,686	(15,758,852)
Total Accumulated Depreciation	<u>(39,271,655)</u>	<u>(3,208,932)</u>	<u>1,907,669</u>	<u>(40,572,918)</u>
Total Depreciable Capital Assets, Net	<u>43,651,447</u>	<u>8,297,700</u>	<u>(729,342)</u>	<u>51,219,805</u>
Total Governmental Activities Capital Assets, Net	<u>\$ 70,562,315</u>	<u>\$ 8,806,014</u>	<u>\$ (6,776,026)</u>	<u>\$ 72,592,303</u>

Depreciation expense was charged to governmental functions as follows:

<u>Governmental Activities:</u>	
General government:	
Legislative and executive	\$ 803,821
Judicial	32,863
Public safety	154,905
Public works	2,036,749
Health	115,140
Human services	41,605
Conservation and recreation	23,849
Total Depreciation Expense	<u>\$ 3,208,932</u>

**SENECA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2013  
(CONTINUED)

**NOTE 9 - CAPITAL ASSETS - (Continued)**

<b>Business-type Activities:</b>	Balance 12/31/12	Additions	Deletions	Balance 12/31/13
<i>Non-depreciable Capital Assets</i>				
Land and Improvements	\$ 26,243	\$ -	\$ -	\$ 26,243
Construction in progress	2,151,903	1,972,516	(4,124,419)	-
	2,178,146	1,972,516	(4,124,419)	26,243
<i>Depreciable Capital Assets</i>				
Buildings and Improvements	218,465	-	-	218,465
Machinery and Equipment	1,034,021	30,543	(9,273)	1,055,291
Infrastructure	2,583,937	4,124,419	-	6,708,356
Total Depreciable Capital Assets	3,836,423	4,154,962	(9,273)	7,982,112
Less: Accumulated Depreciation:				
Buildings and Improvements	(123,202)	(6,282)	-	(129,484)
Machinery and Equipment	(975,170)	(39,113)	9,273	(1,005,010)
Infrastructure	(563,434)	(74,814)	-	(638,248)
Total Accumulated Depreciation	(1,661,806)	(120,209)	9,273	(1,772,742)
<i>Total Depreciable Capital Assets, Net</i>	2,174,617	4,034,753	-	6,209,370
Business-Type Activities Capital Assets, Net	\$ 4,352,763	\$ 6,007,269	\$ (4,124,419)	\$ 6,235,613

Depreciation expense was charged to business-type activities as follows:

<u>Business-Type Activities:</u>	
EMS enterprise	\$ 36,511
County Sewer District enterprise	83,698
Total Depreciation Expense	\$ 120,209

**NOTE 10 - CAPITAL LEASES - LESSEE DISCLOSURE**

In prior years the County entered into lease agreements for copier and scanning equipment. Capital lease payments have been reclassified and are reflected as debt service expenditures in the basic financial statements for the governmental funds. These expenditures are reported as function expenditures in the budgetary statements.

Principal and interest payments during 2013 totaled \$8,867 and were paid by the general fund. As of December 31, 2013, the liability for capital lease obligation included in the long-term liabilities of governmental activities totaled \$14,490.

**SENECA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2013  
(CONTINUED)

**NOTE 10 - CAPITAL LEASES - LESSEE DISCLOSURE - (Continued)**

The following is a schedule of the future minimum lease payments required under the capital lease and the present value of the minimum lease payments as of December 31, 2013:

Year Ended <u>December 31,</u>	<u>Amount</u>
2014	\$ 8,163
2015	4,228
2016	3,000
2017	<u>250</u>
Total	15,641
Less: amount representing interest	<u>(1,151)</u>
Present value of net minimum lease payments	<u><u>\$ 14,490</u></u>

**NOTE 11 - LONG-TERM OBLIGATIONS**

Long-term obligation activity for the year ended December 31, 2013 is as follows:

	<u>Outstanding 12/31/12</u>	<u>Additions</u>	<u>Deductions</u>	<u>Outstanding 12/31/13</u>	<u>Amount Due Within One Year</u>
<b><i>Governmental Activities</i></b>					
General Obligation Bonds	\$ 3,585,000	\$ -	\$ (460,000)	\$ 3,125,000	\$ 475,000
Compensated Absences	1,650,221	98,051	(95,657)	1,652,615	399,132
OWDA On-Lot Septic Loan	55,800	-	(5,314)	50,486	5,314
OPWC Loan	-	272,752	-	272,752	136,376
Capital Lease Payable	<u>22,061</u>	<u>-</u>	<u>(7,571)</u>	<u>14,490</u>	<u>7,441</u>
Governmental Activities	<u><u>\$ 5,313,082</u></u>	<u><u>\$ 370,803</u></u>	<u><u>\$ (568,542)</u></u>	<u><u>\$ 5,115,343</u></u>	<u><u>\$ 1,023,263</u></u>
<b><i>Business-type Activities</i></b>					
<b>Sewer District Improvement</b>					
Revenue Bonds	\$ 2,954,452	\$ 192,200	\$ (16,000)	\$ 3,130,652	\$ 49,000
Compensated Absences	14,904	-	(8,782)	6,122	2,852
OPWC Sewer Project Loan	8,556	-	(684)	7,872	684
WSOS Bascom Sewer Project Loan	<u>11,023</u>	<u>-</u>	<u>(11,023)</u>	<u>-</u>	<u>-</u>
Business-type Activities	<u><u>\$ 2,988,935</u></u>	<u><u>\$ 192,200</u></u>	<u><u>\$ (36,489)</u></u>	<u><u>\$ 3,144,646</u></u>	<u><u>\$ 52,536</u></u>

**SENECA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2013  
(CONTINUED)

**NOTE 11 - LONG-TERM OBLIGATIONS - (Continued)**

***General Obligation Bonds***

On June 9, 2009, the County issued \$5,285,000 in general obligation refunding bonds to refund other general obligation bonds. General obligation bonds pledge the full faith and credit of the government. The general obligation bonds mature on December 1, 2023, and bear an annual interest rate of 2.00-5.00 percent. At December 31, 2013, the County had \$3,125,000 in general obligation bonds outstanding. The general obligation refunding bonds are paid from the bond retirement fund (a nonmajor governmental fund) by money received from the leases to the various departments and other offices that also occupy the building and the balance from the General fund.

The County issued general obligation refunding bonds to provide resources to purchase U. S. Government State and Local Government Series securities that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of \$5,070,000 of general obligation bonds. The investments and fixed earnings are sufficient to fully service the defeased debt until the debt is called or matures. For financial reporting purposes, the debt has been considered defeased and therefore removed as a liability from the County's government-wide financial statements. As of December 31, 2013, the amount of defeased debt amounted to \$3,065,000.

***Sewer District Improvement Revenue Bonds***

On June 21, 2012, the County authorized the issuance of \$3,212,000 in sewer district improvement revenue bonds at an interest rate of 2.75% for the acquisition and construction of sewer systems throughout the County. This issuance is composed of \$1,712,000 in series 2012A revenue bonds, \$400,000 in series 2012B revenue bonds, and \$1,100,000 in series 2012C revenue bonds. The bonds are liabilities of the County Sewer District enterprise fund, are payable with charges for sewer service, and are backed by the full faith and credit of the County should these revenues be insufficient to satisfy future debt service requirements. Principal and interest payments on the bonds during 2013 required 56.13 percent of net revenues and 22.24 percent of total revenues. The total principal and interest remaining to be paid on the bonds is \$5,060,377. Principal and interest paid for the current year was \$96,802, total net revenues were \$172,459 and total revenues were \$435,266.

Proceeds from the series 2012A and 2012B sewer district improvement revenue bonds were used for the construction of sewer lines and a wastewater treatment facility in the unincorporated community of Bascom in Hopewell Township. Principal payments on the series 2012A and 2012B bonds are payable annually on October 1, beginning in 2014 and continuing through 2051. Proceeds from the series 2012C sewer district improvement revenue bonds were used to acquire the Village of New Riegel's sewer operations through the retirement of the Village of New Riegel's outstanding sewer system mortgage revenue bonds. Principal payments on the series 2012C bonds began on October 1, 2012, and continue annually through 2051.

***Loans Payable***

The County has a loan with WSOS Community Action Commission for the Bascom Sewer Project bearing an interest rate of 4 percent. The loan is reported as a liability of the County Sewer District enterprise fund and is paid from user fees charges to residents of the sewer district.

**SENECA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2013  
(CONTINUED)

**NOTE 11 - LONG-TERM OBLIGATIONS - (Continued)**

The County has an interest-free Ohio Water Development Authority (OWDA) loan which is paid directly from the EPA On-Lot Septic Grant capital projects fund with money received from repayment of loans to individuals. The OWDA loan is an interest free loan. Disbursement of the proceeds was not capitalized as an asset, therefore the balance of the OWDA loan is not included in the calculation of the County's net investment in capital assets.

The County has two loans from the Ohio Public Works Commission (OPWC). The first OPWC loan for the Honey Creek Sewer Separation Project is reported as a liability of the County Sewer District enterprise fund and is paid directly from the user fees charged to residents of the sewer district. The second OPWC loan for County Road 20/36/62 Pavement Resurfacing is reported as a liability of the governmental activities, payments for which will be made from the Maintenance and Repair fund. The OPWC loans are interest free loans.

**Capital Lease Obligation** - Capital lease payments are made from the General fund. See Note 10 for detail on capital lease obligations.

**Compensated Absences** - Compensated absences will be paid from the fund from which the employees' salaries are paid. Among the County's governmental activities, these funds include General fund and the following nonmajor governmental funds: Real Estate Assessment, Ditch Maintenance, CSEA, Maintenance and Repair, DRETAC, Public Assistance, Dog and Kennel, Seneca County Opportunity Center, Community Corrections Grant, Emergency Medical Services, Emergency Management Agency, Delinquent Care and Custody Grant, Allen Eiry Guardianship, Victims of Crime Act Grant, Probate Court Programs, and Juvenile Court Programs. Compensated absences of the business-type activities will be made from the EMS enterprise fund.

**Legal Debt Margin**

The Ohio Revised Code provides that the net general obligation debt of the County, exclusive of certain exempt debt, issued without a vote of the electors shall never exceed one percent of the total assessed valuation of the County.

The Code further provides that the total voted and unvoted net debt of the County, less the same exempt debt, shall never exceed a sum equal to three percent of the first \$100,000,000 of the assessed valuation, plus one and one-half percent of such valuation in excess of \$100,000,000 and not in excess of \$300,000,000, plus two and one-half percent of such valuation in excess of \$300,000,000. The assessed valuation used in determining the County's legal debt margin has been modified by House Bill 530 which became effective March 30, 2006. In accordance with House Bill 530, the assessed valuation used in calculating the County's legal debt margin calculation excludes tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property, and personal property owned or leased by a railroad company and used in railroad operations. The statutory limitations on debt are measured by a direct ratio of net debt to tax valuation and expressed in terms of a percentage. Based on this calculation, the County's voted legal debt margin was \$21,246,516 at December 31, 2013 and the unvoted legal debt margin was \$8,098,669 at December 31, 2013.

**SENECA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2013  
(CONTINUED)

**NOTE 11 - LONG-TERM OBLIGATIONS - (Continued)**

The following is a summary of the County's future annual debt service principal and interest requirements for long-term obligations of the governmental activities:

Year Ended	General Obligation Bonds			OWDA On-Lot Septic Loan		
	Principal	Interest	Total	Principal	Interest	Total
2014	\$ 475,000	\$ 100,917	\$ 575,917	\$ 5,314	\$ -	\$ 5,314
2015	485,000	89,043	574,043	5,314	-	5,314
2016	485,000	75,705	560,705	5,314	-	5,314
2017	510,000	61,155	571,155	5,314	-	5,314
2018	530,000	44,580	574,580	5,314	-	5,314
2019 - 2023	640,000	81,756	721,756	23,916	-	23,916
Total	<u>\$ 3,125,000</u>	<u>\$ 453,156</u>	<u>\$ 3,578,156</u>	<u>\$ 50,486</u>	<u>\$ -</u>	<u>\$ 50,486</u>

Year Ended	OPWC Pavement Resurfacing Loan		
	Principal	Interest	Total
2014	\$ 136,376	\$ -	\$ 136,376
2015	136,376	-	136,376
Total	<u>\$ 272,752</u>	<u>\$ -</u>	<u>\$ 272,752</u>

The following is a summary of the County's future annual debt service requirements for long-term obligations of the business-type activities:

Year Ended	OPWC Sewer Project Loan			Sewer District Improvement Revenue Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2014	\$ 684	\$ -	\$ 684	\$ 49,000	\$ 86,093	\$ 135,093
2015	684	-	684	50,000	84,745	134,745
2016	684	-	684	51,000	83,371	134,371
2017	684	-	684	53,000	81,967	134,967
2018	684	-	684	54,000	80,510	134,510
2019 - 2023	3,424	-	3,424	296,000	379,314	675,314
2024 - 2028	1,028	-	1,028	336,000	336,440	672,440
2029 - 2033	-	-	-	386,000	287,656	673,656
2034 - 2038	-	-	-	443,000	231,475	674,475
2039 - 2043	-	-	-	504,000	167,288	671,288
2044 - 2048	-	-	-	580,000	93,864	673,864
2049 - 2051	-	-	-	328,652	17,002	345,654
Total	<u>\$ 7,872</u>	<u>\$ -</u>	<u>\$ 7,872</u>	<u>\$ 3,130,652</u>	<u>\$ 1,929,725</u>	<u>\$ 5,060,377</u>

**SENECA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2013  
(CONTINUED)

**NOTE 12 - RISK MANAGEMENT**

**A. Property and Liability**

The County is exposed to various risks of loss related to torts; damage to and theft or destruction of assets; errors and omissions; injuries to employees and natural disasters. The County maintains liability insurance in the amount of \$1,000,000 general aggregate. In addition, the County maintains replacement cost insurance on all buildings and their contents, with a \$2,500 deductible on contents. Blanket building and personal property insurance are in the amount of \$118,096,064, which includes builders risk coverage.

The County has additional insurance coverage in the following amounts for various items:

General Liability .....	\$1,000,000	Foster Parents .....	\$5,000,000
Crime Coverage.....	\$1,000,000	Valuable Papers.....	\$1,275,000
Errors and Omissions Liability.....	\$1,000,000	Prosecuting Attorney Defense.....	\$25,000
Employee Dishonesty.....	\$1,000,000	Fleet Insurance:	
Law Enforcement Liability .....	\$1,000,000	Deductible .....	\$2,500
Equipment Breakdown Coverage.....	\$100,000,000	Liability .....	\$1,000,000
Stop Gap Liability .....	\$1,000,000	Uninsured/Underinsured Motorist.....	\$250,000
Excess Liability .....	\$4,000,000	Sewer Lines.....	\$3,802,115
Flood .....	\$100,000,000	Earthquake.....	\$100,000,000

Settled claims have not exceeded coverage in any of the last three years.

**B. Worker's Compensation**

The County participates in the County Commissioners Association of Ohio Workers' Compensation Group Rating Program (the Program), an insurance purchasing pool. The Program is intended to achieve lower workers' compensation rates while establishing safe working conditions and environments for the participants. The workers' compensation experience of the participating counties is calculated as one experience and a common premium rate is applied to all participants of the Program. Each participant pays its workers' compensation premium to the State based on the rate for the Program rather than its individual rate. In order to allocate the savings derived by formation of the Program, and to maximize the number of participants in the Program, the Program's executive committee then collects rate contributions from or pays rate equalization rebates to the various participants. Participation in the Program is limited to counties that can meet the Plan's selection criteria. The firm of CompManagement, Inc., provides administrative, cost control, and actuarial services to the Program to cover the costs of administering the Program.

The County may withdraw from the Program if written notice is provided sixty days prior to the prescribed application deadline of the Ohio Bureau of Workers' Compensation; however, the participant is not relieved of the obligation to pay any amounts owed to the program prior to withdrawal, and any participant leaving the Program allows representatives of the Program to access loss experience for three years following the last year of participation.

## SENECA COUNTY, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2013 (CONTINUED)

#### NOTE 12 - RISK MANAGEMENT - (Continued)

##### C. Natural Gas

The County participates in the County Commissioners Association of Ohio Service Corporation Natural Gas Program (the Program), a natural gas cost savings pool. In 1999 the CCAO Service Corporation (CCAOSC) Board of Trustees authorized the establishment of a Natural Gas Program for CCAO members. The 31 counties that enrolled in the program save money in two ways: 1) Pre-payment - 1 bcf of gas was purchased from CMS, a Michigan corporation, for the next ten years. Members save \$.07 per mcf below the FERC index. 2) Aggregation - buying as a group.

CCAOSC Natural Gas Program currently has 31 member counties enrolled in the program. The program was designed by Seasongood and Mayer. Taxable bonds in the amount of \$29,890,000 were issued by Hamilton County on October 31, 2000 to assist the CCAOSC and the CCAOSC Natural Gas Program member counties. The program began on November 1, 2000. Huntington Bank is the trustee for the program.

Counties sign up for the program through CCAO, who also receives payments and handles administrative duties. The gas commodity is managed by Exelon Energy. CCAO earns approximately \$20,000 to defray expenses. No staff salaries are paid from the program. CCAO established the program as a service to the Counties.

#### NOTE 13 – OTHER EMPLOYEE BENEFITS

County employees earn vacation and sick leave at varying rates depending on length of service and department policy. All accumulated, unused vacation time, not to exceed vacation earned in three years, is paid upon separation if the employee has at least one year of service with the County. Sick leave time may be accrued without limit. Accumulated, unused sick leave is paid at varying rates depending on length of service to employees who retire.

#### NOTE 14 - PENSION PLANS

##### A. Ohio Public Employees Retirement System

Plan Description - The County participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The Traditional Pension Plan is a cost-sharing, multiple-employer defined benefit pension plan. The Member-Directed Plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20% per year). Under the Member-Directed Plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The Combined Plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the Combined Plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the Traditional Pension Plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the Member-Directed Plan. While members in the State and local divisions may participate in all three plans, law enforcement (generally sheriffs, deputy sheriffs and township police) and public safety divisions exist only within the Traditional Pension Plan.

**SENECA COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2013  
(CONTINUED)**

**NOTE 14 - PENSION PLANS - (Continued)**

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the Traditional Pension and the Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report which may be obtained by visiting <https://www.opers.org/investments/cafr.shtml>, writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642 or by calling (614) 222-5601 or (800) 222-7377.

Funding Policy - The Ohio Revised Code provides statutory authority for member and employer contributions. For 2013 member and contribution rates were consistent across all three plans. While members in the State and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the Traditional Plan. The 2013 member contribution rates were 10.00% for members in State and local classifications. Public safety and law enforcement members contributed 12.00% and 12.60%, respectively. The County's contribution rate for 2013 was 14.00%, except for those plan members in law enforcement or public safety, for whom the County's contribution was 18.10% of covered payroll.

The County's contribution rate for pension benefits for members in the Traditional Plan for 2013 was 13.00%. The County's contribution rate for pension benefits for members in the Combined Plan was 13.00%. For those plan members in law enforcement and public safety pension contributions were 17.10%. The County's required contributions for pension obligations to the Traditional Pension and Combined Plans for the years ended December 31, 2013, 2012, and 2011 were \$2,136,829, \$1,646,160, and \$1,704,382, respectively; 91.83% has been contributed for 2013 and 100% has been contributed for 2012 and 2011. The remaining 2013 pension liability has been reported as due to other governments on the basic financial statements. Contributions to the member-directed plan for 2013 were \$28,432 made by the County and \$20,309 made by the plan members.

**B. State Teachers Retirement System of Ohio**

Plan Description - The County participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing, multiple-employer public employee retirement plan. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a stand-alone financial report that may be obtained by writing to STRS Ohio, 275 East Broad Street, Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS Ohio website at [www.strsoh.org](http://www.strsoh.org), under "Publications".

## SENECA COUNTY, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2013 (CONTINUED)

#### **NOTE 14 - PENSION PLANS - (Continued)**

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on a member's lifetime contributions and earned interest matched by STRS Ohio funds divided by an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5 percent of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal. The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The DB portion of the Combined Plan payment is payable to a member on or after age 60; the DC portion of the account may be taken as a lump sum or converted to a lifetime monthly annuity at age 50. Benefits are established by Chapter 3307 of the Ohio Revised Code.

A DB or Combined Plan member with five or more years credited service who becomes disabled may qualify for a disability benefit. Eligible spouses and dependents of these active members who die before retirement may qualify for survivor benefits. Members in the DC Plan who become disabled are entitled only to their account balance. If a member of the DC Plan dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

Funding Policy - For 2013, plan members were required to contribute 10 percent of their annual covered salaries. The County was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The County's required contributions for pension obligations to STRS Ohio for the years ended December 31, 2013, 2012, and 2011 were \$67,434, \$66,845, and \$74,025, respectively; 100 percent has been contributed for 2013, 2012, and 2011.

#### **NOTE 15 - POSTRETIREMENT BENEFIT PLANS**

##### **A. Ohio Public Employees Retirement**

Plan Description - OPERS maintains a cost-sharing multiple employer defined benefit post-employment healthcare plan, which includes a medical plan, prescription drug program and Medicare Part B premium reimbursement, to qualifying members of both the Traditional Pension and the Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage.

To qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have ten years or more of qualifying Ohio service credit. The Ohio Revised Code permits, but does not mandate, OPERS to provide OPEB benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

## SENECA COUNTY, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2013 (CONTINUED)

#### **NOTE 15 - POSTEMPLOYMENT BENEFIT PLANS - (Continued)**

Disclosures for the healthcare plan are presented separately in the OPERS financial report which may be obtained by visiting <https://www.opers.org/investments/cafr.shtml>, writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642 or by calling (614) 222-5601 or (800) 222-7377.

Funding Policy - The post-employment healthcare plan was established under, and is administrated in accordance with, Internal Revenue Code Section 401(h). State statute requires that public employers fund post-employment healthcare through contributions to OPERS. A portion of each employer's contribution to the Traditional or Combined Plans is set aside for the funding of post-employment health care.

Employer contribution rates are expressed as a percentage of the covered payroll of active employees. In 2013 local government employers contributed 14.00% of covered payroll (18.10% for public safety and law enforcement). Each year the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for the funding of the postemployment health care benefits. The portion of employer contributions allocated to fund post-employment healthcare for members in the Traditional Plan for 2013 was 1.00%. The portion of employer contributions allocated to fund post-employment healthcare for members in the Combined Plan for 2013 was 1.00%.

The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits provided, by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. Active members do not make contributions to the post-employment healthcare plan.

The County's contributions allocated to fund post-employment health care benefits for the years ended December 31, 2013, 2012, and 2011 were \$160,446, \$644,704, and \$665,686, respectively; 91.83% has been contributed for 2013 and 100% has been contributed for 2012 and 2011. The remaining 2013 post-employment health care benefits liability has been reported as due to other governments on the basic financial statements.

Changes to the health care plan were adopted by the OPERS Board of Trustees on September 19, 2012, with a transition plan commencing January 1, 2014. With the recent passage of pension legislation under State Bill 343 and the approved health care changes, OPERS expects to be able to consistently allocate 4 percent of the employer contributions toward the health care fund after the end of the transition period.

#### **B. State Teachers Retirement System of Ohio**

Plan Description - The County contributes to the cost sharing, multiple employer defined benefit Health Plan (the "Plan") administered by the State Teachers Retirement System of Ohio (STRS Ohio) for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS Ohio. Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare Part B premiums. The Plan is included in the report of STRS Ohio which may be obtained by visiting [www.strsoh.org](http://www.strsoh.org), under "Publications" or by calling (888) 227-7877.

**SENECA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2013  
(CONTINUED)

**NOTE 15 - POSTEMPLOYMENT BENEFIT PLANS - (Continued)**

Funding Policy - Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2013, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The County's contributions for health care for the years ended December 31, 2013, 2012, and 2011 were \$5,187, \$5,141, and \$5,694, respectively; 100 percent has been contributed for 2013, 2012, and 2011.

**NOTE 16 - BUDGETARY BASIS OF ACCOUNTING**

While reporting financial position, results of operations, and changes in fund balance on the basis of accounting principles generally accepted in the United States of America (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts and disbursements.

The statement of revenue, expenditures and changes in fund balance - budget and actual (non-GAAP budgetary basis) presented for the general fund, maintenance and repair fund and Seneca County Opportunity Center fund are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are that:

- (a) Revenues and other financing sources are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);
- (b) Expenditures and other financing uses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis);
- (c) In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, total outstanding encumbrances (budget basis) are recorded as the equivalent of an expenditure, as opposed to assigned or committed fund balance for that portion of outstanding encumbrances not already recognized as an account payable (GAAP basis);
- (d) Advances-in and advances-out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis);
- (e) Investments are reported at fair value (GAAP basis) rather than cost (budget basis); and,
- (f) Some funds are included in the general fund (GAAP basis), but have separate legally adopted budgets (budget basis).

**SENECA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2013  
(CONTINUED)

**NOTE 16 - BUDGETARY BASIS OF ACCOUNTING - (Continued)**

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements (as reported in the fund financial statements) to the budgetary basis statements for all governmental funds for which a budgetary basis statement is presented:

**Net Change in Fund Balance**

	<u>General Fund</u>	<u>Maintenance and Repair Fund</u>	<u>Seneca County Opportunity Center</u>
Budget basis	\$ 672,608	\$ 274,589	\$ (1,344,348)
Net adjustment for revenue accruals	67,996	6,795	41,239
Net adjustment for expenditure accruals	(160,408)	18,396	29,333
Net adjustment for other sources/uses	(454,559)	248,000	-
Funds budgeted elsewhere	82,053	-	-
Adjustment for encumbrances	<u>932,228</u>	<u>318,189</u>	<u>498,646</u>
GAAP basis	<u>\$ 1,139,918</u>	<u>\$ 865,969</u>	<u>\$ (775,130)</u>

Certain funds that are legally budgeted in separate special revenue funds are considered part of the general fund on a GAAP basis. These include the metal expense rotary fund, sheriff rotary fund, unclaimed monies fund, hazardous materials fund, clerk of courts title administration fund, public safety rental fund, recorder equipment fund, employee benefits fund, and underground storage tank fund.

**NOTE 17 - CONTINGENT LIABILITIES**

The County has received federal and State grants for specific purposes that are subject to review and audit by the grantor agencies on their designee. These audits could lead to a request for reimbursement to the grantor agency for expenditures disallowed under terms of the grant. Based on prior experience, the County Commissioners believe such disallowances, if any, will be not be material.

The County is named among defendants in pending litigation. Plaintiffs are seeking damages in excess of one million dollars from all defendants; however, as of December 31, 2013, the likelihood of a successful claim against the County is not known.

**NOTE 18 - CONDUIT DEBT OBLIGATIONS**

The County has previously issued Hospital and Healthcare Facilities Revenue Refunding Bonds to provide financial assistance to the Flat Rock Homes, Good Shepherd Home, St. Francis Home, Inc., Project and Catholic Healthcare Partners. During 2013 the County issued Health Care Facilities Revenue Bonds to provide assistance to Volunteers of America Rehabilitation Centers, Inc. and Economic Development and Lease Revenue Bonds to provide assistance to Heidelberg University. The bonds are secured by the properties financed and are payable solely from the payments received on the underlying leases. Upon repayment of the bonds, ownership of the acquired facilities transfers to the entities served by the issuances. Neither Seneca County, the State of Ohio, nor any political subdivision thereof is obligated in any manner for the repayment of the bonds or lease; therefore, these obligations are not reported as liabilities in the accompanying financial statements. As of December 31, 2013, an estimated \$684,352,527 in revenue bond obligations were outstanding.

## SENECA COUNTY, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2013 (CONTINUED)

#### NOTE 19 - PUBLIC ENTITY RISK POOLS

##### A. County Risk Sharing Authority (CORSA)

The County is a member of CORSA, which is a public entity risk sharing pool of thirty-nine counties in Ohio. CORSA was formed as an Ohio nonprofit corporation for the purpose of establishing the CORSA Insurance/Self Insurance Program, a group primary and excess insurance/self-insurance and risk management program. Member counties agree to jointly participate in coverage of losses and pay all contributions necessary for the specified insurance coverage provided by CORSA. This coverage includes comprehensive general liability, automobile liability, certain property insurance and public officials' errors and omissions liability insurance. Each member county has one vote on all matters requiring a vote, to be cast by a designated representative. The affairs of the Corporation are managed by an elected board of not more than nine trustees. Only county commissioners of member counties are eligible to serve on the board. No county may have more than one representative on the board at any time. Each member county's control over the budgeting and financing of CORSA is limited to its voting authority and any representation it may have on the Board of Trustees. CORSA has issued certificates of participation in order to provide adequate cash reserves. The certificates are secured by the member counties' obligations to make coverage payments to CORSA. The participating counties have no responsibility for the payment of the certificates. Financial statements may be obtained by contacting the County Commissioners Association of Ohio in Columbus, Ohio.

##### B. County Commissioners Association of Ohio Service Corporation (CCAOSC)

The County is participating in the County Commissioners Association of Ohio Service Corporation (CCAOSC), a pool established under the rules of Ohio Revised Code Section 4123.29, which permits the establishment of employer group rating plans. The CCAOSC was established through the County Commissioners Association of Ohio (CCAO) in order to group the experience of employers for workers' compensation rating purposes.

CCAOSC retains the services of a third party administrator (TPA) in the administration of workers' compensation claims. A Group Executive Committee consists of seven members. Two of the members are president and treasurer, the remaining five members, who must be county commissioners, are elected by the participants. The Group Executive Committee calculates annual rate contributions and rebates, approves the selection of a TPA, approves proposed TPA fees and determines eligibility of participants. The County may withdraw from the group with sixty days written notice and is responsible for payment of its workers' compensation with no further responsibilities or equity. Further financial information for the County Commissioner Association of Ohio Service Corporation can be seen in the CCAO Treasurer's Report as of December 31, 2013.

**SENECA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2013  
(CONTINUED)

**NOTE 20 - JOINT VENTURES**

**A. Sandusky County-Seneca County-City of Tiffin Port Authority**

Seneca County joined Sandusky County and the City of Tiffin in a joint venture, as described in Note 1, to purchase a railroad line from Tiffin to Woodville. The Port Authority may be dissolved at any time upon the enactment of an ordinance by the City and resolutions by the Counties. Any real or personal property will be returned to the subdivision from which it was received. Upon dissolution of the Port Authority, any personal property belonging to the Port Authority will be distributed equally to the City and the Counties after paying all expenses and debts. Non-interest revenue bonds were issued by the Port Authority during 1989 to purchase 25.1 miles of railroad in May 1990. Debt service requirements are secured by future revenue from shippers who will utilize the railroad. Principal is payable on the bonds through 2028. Summary financial information for the Port Authority for the year ended December 31, 2013 is presented below. Further financial information is in the Sandusky County-Seneca County-City of Tiffin Port Authority financial report for the year ending December 31, 2013.

	Joint Venture	County Share	
Total Assets	\$ 4,914,757	\$ 1,638,252	
Total Liabilities	(818,882)	(272,960)	
Net Position	\$ 4,095,875	\$ 1,365,292	
Revenues	\$ 302,859	\$ 100,953	
Expenses	(241,728)	(80,576)	
Increase in Net Position	\$ 61,131	\$ 20,377	

**B. Ottawa, Sandusky, Seneca Solid Waste District**

Seneca County has also entered into a joint venture with Ottawa and Sandusky Counties to form the Ottawa, Sandusky, Seneca County Solid Waste District. The Counties contributed no initial funding and the District is funded entirely by fees. In the event that fees are not sufficient for the operations, the counties shall share all operating costs and expenses incurred in the same proportions as the populations of the respective counties bears to the total population of all counties. Seneca County's share of the total is approximately 35.58 percent. Summary financial information as of, and for the fiscal year ended December 31, 2013 is presented below:

	Joint Venture	County Share		Population	Equity Percent
Beginning Net Position	\$ 3,856,875	\$ 1,372,146	Ottawa	41,153	26.18%
			Sandusky	60,098	38.24%
Revenues	1,289,015	458,588	Seneca	55,914	35.58%
Expenses	(1,515,196)	(539,056)	Total	157,165	100.00%
Ending Net Position	\$ 3,630,694	\$ 1,291,678			

Summary financial information on the Ottawa, Sandusky, Seneca County Solid Waste District is unaudited cash basis financial data. Further information was not available at this time. Additional financial information can be obtained from the Sandusky County, Ohio Auditor.

**SENECA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2013  
(CONTINUED)

**NOTE 20 - JOINT VENTURES - (Continued)**

**C. Mental Health and Recovery Services Board (MHRS)**

The Mental Health and Recovery Services Board (MHRS) is a governmental joint venture between Seneca, Sandusky and Wyandot counties. The MHRS Board provides mental health education, consultation, training and referral services to the public. Seneca County serves as the fiscal agent of the MHRS Board. The counties share in the equity of the MHRS Board based on the percentages of population within the three counties.

Summary financial information as of, and for the year ended December 31, 2013 is presented below. Further financial information can be found in the Annual Financial Report of the Mental Health and Recovery Services Board of Seneca, Sandusky and Wyandot Counties as of December 31, 2013.

	<u>Joint Venture</u>	<u>County Share</u>		<u>Population</u>	<u>Equity Percent</u>
Beginning Net Position	\$ 3,479,386	\$ 1,405,083	Sandusky	60,098	43.41%
			Seneca	55,914	40.38%
Revenues	3,600,580	1,454,025	Wyandot	22,447	16.21%
Expenses	<u>(3,400,137)</u>	<u>(1,373,080)</u>	Total	<u>138,459</u>	<u>100.00%</u>
Ending Net Position	<u>\$ 3,679,829</u>	<u>\$ 1,486,028</u>			

**D. Northland Homes and Properties, Inc.**

Northland Homes and Properties, Inc. is a not-for-profit corporation organized for charitable purposes under Section 501(c)(3) of the Internal Revenue Code of 1986. The corporation is a joint effort of the DD Boards of Seneca, Sandusky and Marion counties to provide a lifetime of affordable housing and residential services to citizens with developmental disabilities. The corporation is governed by a board of at least ten Trustees with each participating county board of developmental disabilities appointing two. The Trustees shall serve a maximum of three consecutive three-year terms. The housing purchases are financed by State grants that are distributed to each Board of DD and then to the Corporation. The Boards of DD also fund the operational costs of the Corporation.

Upon dissolution of the corporation, the Board of Trustees shall distribute all remaining assets of the corporation to the participating county boards of developmental disabilities.

Summary financial information as of, and for the fiscal year ended December 31, 2013 is presented below. Further financial information can be found in the Northland Homes and Properties, Inc. financial report as of December 31, 2013.

	<u>Joint Venture</u>	<u>County Share</u>
Total Assets	\$ 2,932,583	\$ 977,528
Total Liabilities	<u>(1,237,919)</u>	<u>(412,640)</u>
Net Position	<u>\$ 1,694,664</u>	<u>\$ 564,888</u>
Revenues	\$ 554,721	\$ 184,907
Expenses	<u>(593,257)</u>	<u>(197,752)</u>
Increase in Net Position	<u>\$ (38,536)</u>	<u>\$ (12,845)</u>

## SENECA COUNTY, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2013 (CONTINUED)

#### NOTE 21 - SENECA RE-AD INDUSTRIES, INC. - COMPONENT UNIT

Seneca Re-Ad Industries, Inc. is a not-for-profit corporation duly organized under Chapter 1702 O.R.C., and classified as a 501(c)(3) nonprofit corporation. It has contracted with the Seneca County Board of DD to provide sheltered employment for developmentally disabled or handicapped adults in Seneca County. Responsibility for the provision of sheltered employment is with the Board of Trustees of Seneca Re-Ad Industries, Inc., an eight member self-appointing board that operates within the defined duties and stated rules of Seneca County Board of DD. The Seneca Re-Ad Industries, Inc. receives all reasonable and just utility costs for the basic operation of this program from Seneca County Board of DD. The staff, facilities, equipment, supplies and materials necessary for basic operation and care of the grounds and facility for the Seneca Re-Ad Industries, Inc. program are also provided by Seneca County Board of DD. In the event of dissolution of the non-profit corporation or the cancellation of the contract between Seneca County Board of DD and Seneca Re-Ad Industries, Inc., all materials and equipment purchased by the Seneca Re-Ad Industries, Inc. Board would become the property of the Seneca County Board of DD.

Seneca Re-Ad Industries, Inc. has a June 30 reporting year-end; therefore, all information pertaining to the industries will be presented as of and for the year ended June 30, 2013. Further financial information can be seen in the Seneca Re-Ad Industries, Inc. Financial Report as of June 30, 2013 available from Reichert & Associates, CPA's, 206 West Hardin Street, Findlay, OH 45840.

Seneca Re-Ad Industries, Inc. provides therapeutic activities, vocational training, and sheltered employment for developmentally disabled persons of Seneca County, Ohio. Seneca Re-Ad Industries, Inc. also fosters the development of integrated programs and promotes the general welfare of the developmentally disabled without regard to race, color, creed, sex or national origin.

- A. Significant Accounting Policies - Basis of Accounting: The financial statements have been prepared on the accrual basis of accounting. The accounts of the entity are organized on the basis of one operating fund.

*Unrestricted Funds* represent amounts received from service charges from industry, interest income and donations. Unrestricted funds represent the portion of expendable funds that are available for the budgeted operations of the entity.

*Temporarily Restricted Funds* consist of program revenues received from varying funding sources. Satisfaction of the temporary restriction is made when the revenue is applied to the cost of a project or when authorization is received from the grantor for special purchases. Temporarily restricted funds must be used in accordance with grant agreements with the funding sources. There are no temporarily restricted funds at fiscal year end.

*Capital Assets:* Equipment values, purchased and donated, are assigned original acquisition costs. Donated capital assets are capitalized at fair value on the date donated. Seneca Re-Ad maintains a capitalization threshold of five hundred dollars.

*Estimates:* The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**SENECA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2013  
(CONTINUED)

**NOTE 21 - SENECA RE-AD INDUSTRIES, INC. - COMPONENT UNIT - (Continued)**

**B. Cash and Cash Equivalents** - Cash and cash equivalents are made up of the following:

	Fair Value		Fair Value
PNC Bank	19,371	Southeast Financial Credit Union	61,725
Croghan Colonial Bank	92,158	Republic Bank	74,805
First Bank	91,338	First National Bank	137,629
Fifth Third CD	74,977	Sutton Bank	94,543
FirstMerit CD	86,455	Huntington Bank	58,262
U.S. Bank CD	90,155	Petty Cash Funds	540
Old Fort Bank CD	68,116		
		<i>Total Cash and Short-Term Investments</i>	<b>\$ 950,074</b>

FDIC Insurance insures all funds except for petty cash funds.

**C. Capital Assets** - A summary of changes in capital assets by class during the fiscal year ended June 30, 2013 are as follows:

	Balance at 6/30/2012	Additions	Deletions	Balance at 6/30/2013
Land	\$ 2,945	\$ -	\$ -	\$ 2,945
Building	130,590	-	-	130,590
Furniture and Fixtures	83,634	1,001	-	84,635
Machinery and Equipment	445,808	-	-	445,808
Vehicles	103,897	-	-	103,897
<i>Subtotal</i>	766,874	1,001	-	767,875
Accumulated Depreciation	(497,366)	(40,346)	-	(537,712)
<i>Net Capital Assets</i>	<b>\$ 269,508</b>	<b>\$ (39,345)</b>	<b>\$ -</b>	<b>\$ 230,163</b>

Depreciation is provided using the straight-line basis over the estimated useful lives of the assets. Depreciable lives used for the building is forty years and for vehicles, machinery and equipment is five or ten years.

**D. Federal Taxes** - The entity has been classified as a publicly supported organization that is not a private foundation under Section 509(a) of the Internal Revenue Code and is exempt from federal income tax under Section 501(c)(3).

**E. Lease Agreements** - Seneca Re-Ad Industries, Inc. has a lease agreement with the Seneca County Board of Developmental Disabilities. The Seneca County Board of Developmental Disabilities is to provide the workshop with a facility, staff and other expenses at the Seneca County Opportunity Center for \$1 per year. In return, the workshop is to provide the equipment and operating expenses. The lease agreement is renewed annually and can be renewed at the end of each three-year term for another three-year term.

**SENECA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2013  
(CONTINUED)

**NOTE 21 - SENECA RE-AD INDUSTRIES, INC. - COMPONENT UNIT - (Continued)**

- F. Board of DD In-Kind Contributions - Roppe Rubber has entered into an agreement with the Seneca County Commissioners. Roppe Rubber is providing building space to carry on workshop activities including maintenance, insurance, and taxes. As long as the workshop performs work and assembles parts and products for Roppe Rubber, no rent will be charged for the use of the building. An in-kind contribution has been added to the financial statement totaling \$69,600 calculated at \$5,800 per month for 21,600 square feet.

The Seneca Board of Developmental Disabilities provides salaries, benefits, workshop space and other costs to Seneca Re-Ad Industries. The value of the in-kind contribution has been determined in accordance with the formula developed by the Ohio Association of Adult Services. In-kind contributions from the Seneca Board of DD amounted to \$539,722.

- G. Accrued Vacation - A liability for accrued vacation for \$11,900 has been recognized. Vacation is accumulated based on length of service. Employees are eligible for five days paid vacation after one year of employment and ten days paid vacation after five years of employment.

**NOTE 22 - RELATED PARTY TRANSACTIONS**

For the year ended December 31, 2013 the County participated in the following related party transactions:

<u>Related Party</u>	<u>Purpose</u>	<u>Amount</u>
Soil and Water Conservation District	Flood Plain Administration	\$ 10,000
Soil and Water Conservation District	Local Grant Matching Funds	130,000
Seneca County Regional Planning Commission	Assessment	<u>28,373</u>
Total		<u>\$ 168,373</u>

**NOTE 23 - FUND BALANCE**

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the County is bound to observe constraints imposed upon the use of resources in the governmental funds.

**SENECA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2013  
(CONTINUED)

**NOTE 23 - FUND BALANCE - (Continued)**

Constraints placed on fund balances for the governmental funds are presented below:

Fund balance	General	Maintenance and Repair	Seneca County Opportunity Center	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable:					
Materials and supplies inventory	\$ 47,168	\$ 404,138	\$ 6,180	\$ 2,080	\$ 459,566
Prepayments	155,721	502	53,678	25,407	235,308
Unclaimed monies	150,012	-	-	-	150,012
Long-term loans	<u>20,130</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>20,130</u>
Total nonspendable	<u>373,031</u>	<u>404,640</u>	<u>59,858</u>	<u>27,487</u>	<u>865,016</u>
Restricted:					
Capital projects	-	-	-	81,246	81,246
Grants and specific programs	-	-	-	3,543,555	3,543,555
SCOC programs	-	-	5,433,936	-	5,433,936
Human services programs	-	-	-	1,923,962	1,923,962
Roads and bridges	-	12,155,397	-	-	12,155,397
Community and economic development	<u>-</u>	<u>-</u>	<u>-</u>	<u>441,116</u>	<u>441,116</u>
Total restricted	<u>-</u>	<u>12,155,397</u>	<u>5,433,936</u>	<u>5,989,879</u>	<u>23,579,212</u>
Committed:					
Underground storage tank	<u>11,855</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,855</u>
Total committed	<u>11,855</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,855</u>
Assigned:					
Debt service	-	-	-	98,438	98,438
Capital projects	-	-	-	857,641	857,641
Grants and specific programs	4,362	-	-	-	4,362
General government	1,099,923	-	-	-	1,099,923
Public safety	47,236	-	-	-	47,236
Public works	304	-	-	-	304
Health	11,257	-	-	-	11,257
Human services	51,938	-	-	-	51,938
Employee benefits	<u>61,706</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>61,706</u>
Total assigned	<u>1,276,726</u>	<u>-</u>	<u>-</u>	<u>956,079</u>	<u>2,232,805</u>
Unassigned (deficit)	<u>3,722,562</u>	<u>-</u>	<u>-</u>	<u>(829,487)</u>	<u>2,893,075</u>
Total fund balances	<u>\$ 5,384,174</u>	<u>\$ 12,560,037</u>	<u>\$ 5,493,794</u>	<u>\$ 6,143,958</u>	<u>\$ 29,581,963</u>

**SENECA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2013  
(CONTINUED)

**NOTE 24 - CONTRACTUAL COMMITMENTS**

As a result of construction in progress, the County had the following contractual commitments outstanding as of December 31, 2013:

Vendor	Contract Amount	Payments Made	Contract Outstanding
<i>Energy Improvement Construction nonmajor capital projects fund</i>			
Warner Mechanical	\$ 419,368	\$ (391,737)	\$ 27,631
Wadsworth Slawson NW	81,320	-	81,320
Palmer Conservations Consulting	94,000	(83,927)	10,073
Total Contractual Commitments	<u>\$ 594,688</u>	<u>\$ (475,664)</u>	<u>\$ 119,024</u>

**NOTE 25 - OTHER COMMITMENTS**

The County utilizes encumbrance accounting as part of its budgetary controls. Encumbrances outstanding at year end may be reported as part of restricted, committed, or assigned classifications of fund balance. At year end, the County's commitments for encumbrances in the governmental funds were as follows:

Fund	Encumbrances
General fund	\$ 588,692
Maintenance and Repair fund	255,253
Seneca County Opportunity Center	361,427
Nonmajor governmental funds	760,223
Total	<u>\$ 1,965,595</u>

**SENECA COUNTY, OHIO  
FEDERAL AWARDS EXPENDITURES SCHEDULE  
FOR THE YEAR ENDED DECEMBER 31, 2013**

<b>FEDERAL GRANTOR</b> <i>Pass Through Grantor</i> Program Title	Federal CFDA Number	Project Number	Disbursements
<b>U.S. DEPARTMENT OF AGRICULTURE</b>			
<b>Direct Loan</b>			
Water and Waste Disposal Systems for Rural Communities	10.760	2012A	\$ 441,114
Water and Waste Disposal Systems for Rural Communities	10.760	2012B	112,643
<b>Direct Grant</b>			
Water and Waste Disposal Systems for Rural Communities Total CFDA # 10.760	10.760	N/A	<u>2,117,364</u> 2,671,121
<b>Passed Through Ohio Department of Job and Family Services</b>			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561		280,665
<b>Passed Through Ohio Department of Education</b>			
<b>Child Nutrition Cluster</b>			
School Breakfast Program	10.553	IRN093286	12,277
National School Lunch Program - food Distribution Program	10.555	IRN066241	2,380
National School Lunch -	10.555	IRN066241	13,985
National School Lunch Program	10.555	IRN093286	<u>22,631</u>
Total CFDA # 10.555			38,996
<b>Total Child Nutrition Cluster</b>			<u>51,273</u>
Total U.S. Department of Agriculture			<u><b>3,003,059</b></u>
<b>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>			
<b>Passed Through Ohio Development Services Agency</b>			
Community Development Block Grant/State's Program	14.228	B-F-10-1CQ-1	51,265
Community Development Block Grant/State's Program	14.228	B-C-11-1CQ-1&2	351,856
Community Development Block Grant/State's Program	14.228	B-F-12-1CQ-1	11,314
Community Development Block Grant/State's Program	14.228	B-F-11-1CQ-1	57,376
CDBG Revolving Loan Fund	14.228		<u>1,388</u>
Total CFDA # 14.228			473,199
Total U.S. Department of Housing and Urban Development			<u><b>473,199</b></u>
<b>U.S. DEPARTMENT OF JUSTICE</b>			
<b>Direct</b>			
ARRA - Assistance to Rural Law Enforcement to Combat Crime and Drugs Competitive Grant Program	16.810	2009-SD-B9-0102	25,637
<b>Passed Through Ohio Attorney General</b>			
Crime Victim Assistance	16.575	2013VAGENE252	75,045
Crime Victim Assistance	16.575	2013SAGENE252	7,815
Crime Victim Assistance	16.575	2014VAGENE252	21,703
Crime Victim Assistance	16.575	2014SAGENE252	<u>1,526</u>
Total CFDA #16.575			106,089
<b>Passed Through Ohio Office of Criminal Justice</b>			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2012-JG-LLE-5069	8,100
Total U.S. Department of Justice			<u><b>139,826</b></u> (Continued)

**SENECA COUNTY  
FEDERAL AWARDS EXPENDITURES SCHEDULE  
FOR THE YEAR ENDED DECEMBER 31, 2013  
(CONTINUED)**

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program Title	Federal CFDA Number	Project Number	Disbursements
<b>U.S. DEPARTMENT OF LABOR</b>			
<i>Passed Through Montgomery County WIA Area 7</i>			
<b>WIA Cluster</b>			
WIA - Adult Program	17.258		142,918
WIA - Youth Activities Program	17.259		178,201
WIA - Dislocated Worker Formula Grants	17.278		68,698
<b>Total WIA Cluster</b>			<u>389,817</u>
Total U.S. Department of Labor			<u><b>389,817</b></u>
<b>U.S. DEPARTMENT OF TRANSPORTATION</b>			
<i>Direct</i>			
Airport Improvement Program	20.106	3-39-0076-1012	175,293
<i>Passed Through Ohio Department of Transportation</i>			
Highway Planning and Construction	20.205	#80374	329,214
Highway Planning and Construction	20.205	#85080	968,302
Highway Planning and Construction	20.205	#86919	675,312
Highway Planning and Construction	20.205	#92232	49,559
Total CFDA # 20.205			<u>2,022,387</u>
ARRA - Formula Grants for Rural Areas	20.509	RPTS-0074-004-094	385,560
		RPTS-0074-002-094	25,218
Total CFDA # 20.509			<u>410,778</u>
State and Community Highway Safety	20.600	HVEO-2013-74	24,086
		HVEO-2014-74	2,309
Total CFDA # 20.600			<u>26,395</u>
<i>Passed Through Ohio Department of Public Safety</i>			
Interagency Hazardous Materials Public Sector - Planning	20.703		12,203
Interagency Hazardous Materials Public Sector - Training	20.703		737
Total CFDA # 20.703			<u>12,940</u>
Total U.S. Department of Transportation			<u><b>2,647,793</b></u>
			(Continued)

**SENECA COUNTY  
FEDERAL AWARDS EXPENDITURES SCHEDULE  
FOR THE YEAR ENDED DECEMBER 31, 2013  
(CONTINUED)**

<b>FEDERAL GRANTOR</b> <i>Pass Through Grantor</i> Program Title	Federal CFDA Number	Project Number	Disbursements
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			
<b><i>Passed Through Ohio Department of Job and Family Services</i></b>			
Temporary Assistance for Needy Families (TANF)	93.558	G-1213-11-0112	1,212,952
Child Care and Development Block Grant	93.575	G-1213-11-0112	49,569
Child Support Enforcement	93.563	G-1213-11-0112	541,239
Grants to States for Access and Visitation Programs	93.597	G-1213-11-0112	45,940
Foster Care Title IV-E	93.658	G-1213-11-0112	100,432
Adoption Assistance	93.659	G-1213-11-0112	5,751
Chafee Foster Care Independence Program	93.674	G-1213-11-0112	601
Promoting Safe and Stable Families	93.556	G-1213-11-0112	12,246
Community-Based Child Abuse Prevention Grants	93.590	G-1213-11-0112	1,827
Stephanie Tubbs Jones Child Welfare Services Program	93.645	G-1213-11-0112	25,611
<b><i>Passed Through Ohio Secretary of State</i></b>			
Voting Access for Individuals with Disabilities - Grants to States	93.617		3,180
<b><i>Passed Through Ohio Department of Job and Family Services</i></b>			
Social Services Block Grant	93.667	G-1213-11-0112	845,582
<b><i>Passed Through Ohio Department of Developmental Disabilities</i></b>			
Social Services Block Grant	93.667		44,373
Total CFDA # 93.667			<u>889,955</u>
<b><i>Passed Through Ohio Department of Job and Family Services</i></b>			
Medical Assistance Program	93.778	G-1213-11-0112	119,177
<b><i>Passed Through Ohio Department of Developmental Disabilities</i></b>			
Medical Assistance Program	93.778		199,222
Total CFDA # 93.778			<u>318,399</u>
Total U.S. Department of Health and Human Services			<u><b>3,207,702</b></u>
<b>U.S. DEPARTMENT OF HOMELAND SECURITY</b>			
<b><i>Passed Through Ohio Emergency Management Agency</i></b>			
Hazard Mitigation Program Grant	97.039	FEMA-DR-4002-OH	6,000
Emergency Management Performance Grant	97.042		63,233
Citizens - Community Resilience Innovation Challenge	97.053		3,392
Homeland Security Grant Program	97.067	2010-SS-T0-0012	22,336
Total U.S. Department of Homeland Security			<u><b>94,961</b></u>
<b>U.S. DEPARTMENT OF EDUCATION</b>			
<b><i>Passed Through Ohio Department of Education</i></b>			
Special Education_ Grants to States	84.027	IDEA-B	25,363
Total U.S. Department of Education			<u><b>25,363</b></u>
<b>TOTAL FEDERAL AWARDS EXPENDITURES</b>			<u><u><b>\$ 9,981,720</b></u></u>

SEE ACCOMPANYING NOTES TO THE FEDERAL AWARDS EXPENDITURES SCHEDULE

## SENECA COUNTY

### NOTES TO THE FEDERAL AWARDS EXPENDITURES SCHEDULE FOR THE YEAR ENDED DECEMBER 31, 2013

#### **NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

The accompanying Schedule of Federal Awards Expenditures Schedule (the Schedule) reports the Seneca County, (the County's) federal award programs' disbursements. The Schedule has been prepared on the cash basis of accounting.

#### **NOTE B - SUBRECIPIENTS**

The County passes certain federal awards received from U.S. Department of Labor and the U. S. Department of Health and Human Services to other governments or not-for-profit agencies (subrecipients). As Note A describes, the County reports expenditures of Federal awards to subrecipients when paid in cash.

As a subrecipient, the County has certain compliance responsibilities, such as monitoring its subrecipients to help assure they use these subawards as authorized by laws, regulations, and the provisions of contracts or grant agreements, and that subrecipients achieve the award's performance goals. The amount passed through to subrecipients was \$207,619.

#### **NOTE C - CHILD NUTRITION CLUSTER**

The County commingles cash receipts from the U.S. Department of Agriculture with similar State grants. When reporting expenditures on this Schedule, the County assumes it expends federal monies first.

#### **NOTE D – FOOD DONATION PROGRAM**

The County reports commodities consumed on the Schedule at the entitlement value. The County allocated donated food commodities to the program that benefitted from the use of those donated food commodities.

#### **NOTE E - COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) REVOLVING LOAN PROGRAMS**

The County has a revolving loan fund (RLF) program to provide low-interest loans to businesses to create jobs for low to moderate income persons and also to lend money to eligible persons to rehabilitate homes. The federal Department of Housing and Urban Development (HUD) grants money for these loans to the County, passed through the Ohio Development Services Agency. The Schedule reports loans made and administrative costs as disbursements on the Schedule. Loans repaid, including interest, are used to make additional funds. Subsequent loans are subject to the same compliance requirements imposed by HUD as the initial loans.

These loans are collateralized by mortgages on the property.

Activity in the CDBG revolving loan fund during 2013 is as follows:

**SENECA COUNTY**

**NOTES TO THE FEDERAL AWARDS EXPENDITURES SCHEDULE  
FOR THE YEAR ENDED DECEMBER 31, 2013  
(Continued)**

Beginning loans receivable balance as of January 1, 2013	\$56,670
Loans made	
Loan principal repaid	10,743
Ending loans receivable balance as of December 31, 2013	<u>\$45,927</u>
Cash balance on hand in the revolving loan fund as of December 31, 2013	<u>\$145,102</u>
Administrative costs expended during 2013	\$1,388
Other grant expenditures administrated through the 14.228	
Total Federal Expenditures	<u>\$ 1,388</u>

The table above reports gross loans receivable. Of the loans receivable as of December 31, 2013, the County estimates 100% to be collectible.

**NOTE F - MATCHING REQUIREMENTS**

Certain Federal programs require the County to contribute non-Federal funds (matching funds) to support the Federally-funded programs. The County has met its matching requirements. The Schedule does not include the expenditure of non-Federal matching funds.

**NOTE G - TRANSFERS BETWEEN FEDERAL PROGRAMS**

During fiscal year 2013, the County made allowable transfers of \$401,733 from the Temporary Assistance for Needy Families (TANF) (93.558) program to the Social Services Block Grant (SSBG) (93.667) program. The Schedule shows the County spent approximately \$1,212,952 on the TANF program. The amount reported for the TANF program on the Schedule excludes the amount transferred to the SSBG program. The amount transferred to the SSBG program is included as SSBG expenditures when disbursed. The following table shows the gross amount drawn for the TANF program during fiscal year 2013 and the amount transferred to the Social Services Block Grant program.

Temporary Assistance for Needy Families	\$ 1,614,685
Transfer to Social Services Block Grant	<u>(401,733)</u>
<b>Total Temporary Assistance for Needy Families</b>	<b><u>\$ 1,212,952</u></b>

**This page intentionally left blank.**



# Dave Yost • Auditor of State

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

Seneca County  
111 Madison Street  
Tiffin, Ohio 44883-2824

To the Board of County Commissioners:

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 governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Seneca County, Ohio (the County) as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the County's basic financial statements and have issued our report thereon dated September 19, 2014. Our report refers to other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits from the Comptroller General of the United States' *Government Auditing Standards*. Other auditors audited the financial statements of the Seneca Re-Ad Industries, Inc., the discretely presented component unit, as described in our report on the County's financial statements. The financial statements of Seneca Re-Ad Industries, Inc. the discretely presented component unit were not audited in accordance with *Government Auditing Standards*.

### ***Internal Control Over Financial Reporting***

As part of our financial statement audit, we considered the County'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 County's internal control. Accordingly, we have not opined on it.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

***Compliance and Other Matters***

As part of reasonably assuring whether the County's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

***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 County's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

**Dave Yost**  
Auditor of State

Columbus, Ohio

September 19, 2014



# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

Seneca County  
111 Madison Street  
Tiffin, Ohio 44883-2824

To the Board of County Commissioners:

### ***Report on Compliance for Each Major Federal Program***

We have audited Seneca County, Ohio's (the County) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect each of the County's major federal programs for the year ended December 31, 2013. The *Summary of Audit Results* in the accompanying schedule of findings identifies the County's major federal programs.

### ***Management's Responsibility***

The County's Management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

### ***Auditor's Responsibility***

Our responsibility is to opine on the County's compliance for each of the County's major federal programs based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. These standards and OMB Circular A-133 require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our compliance opinion on the County's major programs. However, our audit does not provide a legal determination of the County's compliance.

### ***Opinion on Each Major Federal Program***

In our opinion, Seneca County complied, in all material respects with the compliance requirements referred to above that could directly and materially affect each of its major federal programs for the year ended December 31, 2013.

One Government Center, Suite 1420, Toledo, Ohio 43604-2246  
Phone: 419-245-2811 or 800-443-9276 Fax: 419-245-2484  
[www.ohioauditor.gov](http://www.ohioauditor.gov)

***Report on Internal Control Over Compliance***

The County's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the County's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on each major federal program's compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the County's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program's applicable compliance requirement. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with federal program's applicable compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

This report only describes the scope of our internal control compliance tests and the results of this testing based on OMB Circular A-133 requirements. Accordingly, this report is not suitable for any other purpose.



**Dave Yost**  
Auditor of State

Columbus, Ohio

September 19, 2014

**SENECA COUNTY**  
**SCHEDULE OF FINDINGS**  
**OMB CIRCULAR A -133 § .505**  
**DECEMBER 31, 2013**

**1. SUMMARY OF AUDITOR'S RESULTS**

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unmodified
<i>(d)(1)(ii)</i>	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material internal control weaknesses reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unmodified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510(a)?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	CFDA # 17.258, 17.259, and 17.278 - Workforce Investment Act Cluster CFDA # 20.205 - Highway Planning and Construction. CFDA # 20.509 - ARRA - Formula Grants for Rural Areas. CFDA # 93.558 - Temporary Assistance for Needy Families. CFDA # 93.778 - Medicaid Assistance Program.
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	Low

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

None.

**3. FINDINGS FOR FEDERAL AWARDS**

None.

**This page intentionally left blank.**



# Dave Yost • Auditor of State

## FINANCIAL CONDITION

### SENECA 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 2, 2014